

2Q23

**Quarterly Financial
Report**

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Basis of presentation

The consolidated income statement and balance sheet as of the end of June 2023 and 2022, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated interim financial statements as of 30 June 2023.

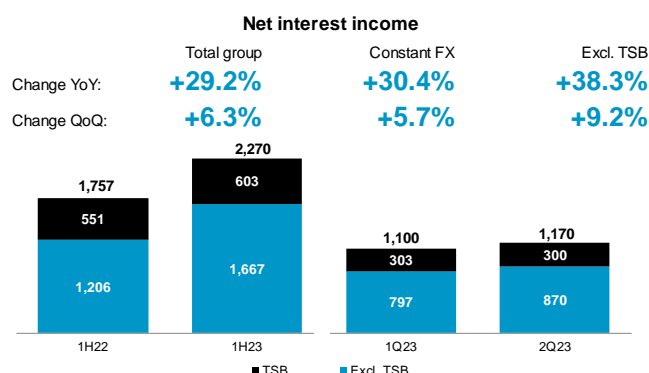
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative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

1. Summary

Net interest income

Net interest income followed a positive trend, reaching 2,270 million euros as of the end of June 2023, representing year-on-year growth of 29.2%, due to a higher customer margin and improved revenue from the fixed-income portfolio, underpinned by higher interest rates, all of which served to offset the higher wholesale funding costs.

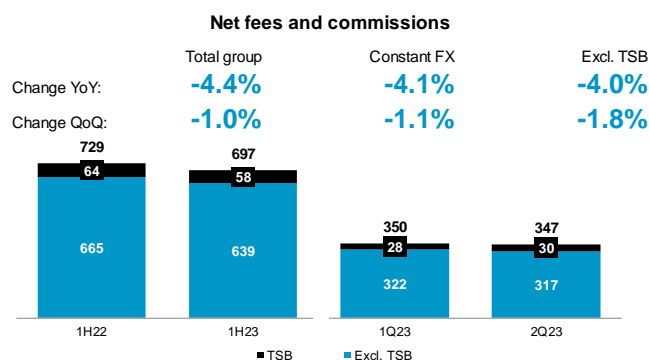
In the quarter, net interest income increased by 6.3%, also supported mainly by the higher customer margin and the larger ALCO portfolio contribution, offsetting the higher wholesale funding costs.



Net fees and commissions

Net fees and commissions amounted to 697 million euros as of the end of June 2023, representing a year-on-year reduction of -4.4%, due mainly to lower service fees, as well as lower asset under management fees, in particular pension funds and insurance fees due to a change in the insurance product mix.

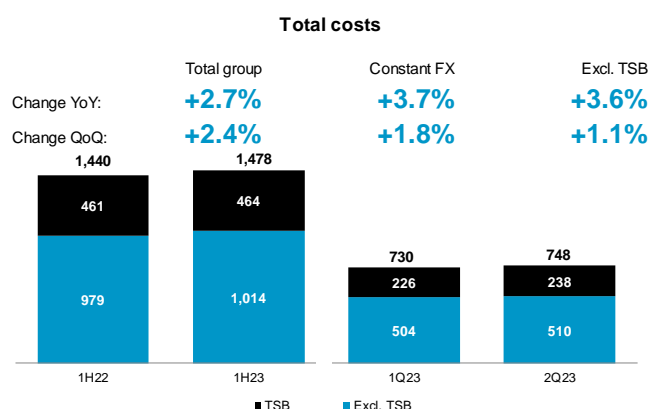
Quarter-on-quarter, they decreased by -1.0%, mainly due to reduced asset under management fees, notably pension funds and insurance fees. Service fees remained stable.



Total costs

Total costs amounted to 1,478 million euros as of the end of June 2023, reflecting a year-on-year increase of 2.7%, primarily due to higher staff and general expenses, mainly marketing expenses.

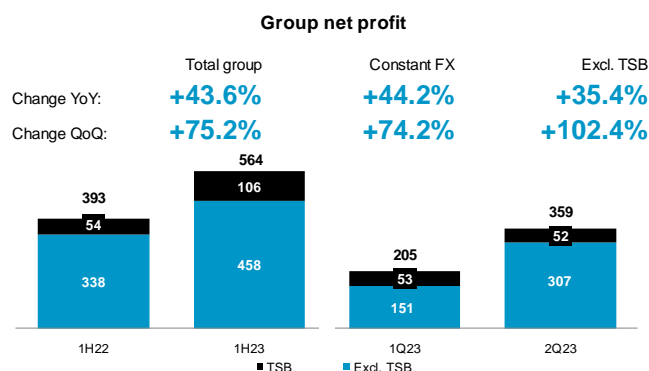
In quarterly terms, total costs increased by 2.4% due to higher staff expenses.



Net profit of the Group

As of the end of June 2023, the Group's net profit amounted to 564 million euros, with net profit ex-TSB amounting to 458 million euros, impacted both by the -157 million euros payment corresponding to the new banking tax in Spain and by the recognition of the -76 million euros contribution to the Single Resolution Fund (SRF), while net profit at TSB amounted to 106 million euros. Group's ROTE stood at 10.8%.

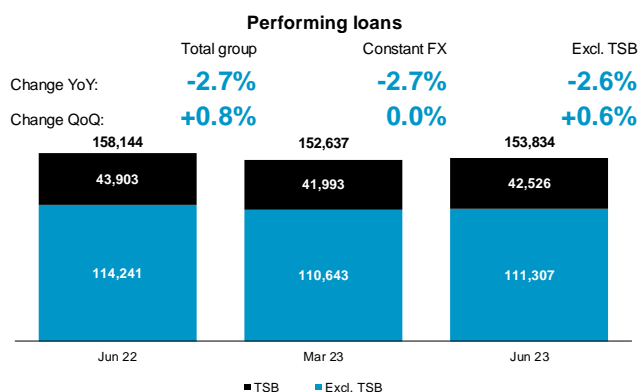
It is worth highlighting the good performance of core results (net interest income + fees and commissions – costs), which increased by 42.3% year-on-year and by 6.8% quarter-on-quarter, supported by the increase of net interest income.



Performing loans

Performing loans decreased by -2.7% year-on-year, mainly due to reduced mortgage volumes in both Spain and the United Kingdom, to lower volumes in SME and corporate loans, and to the maturity of Treasury loans in public sector.

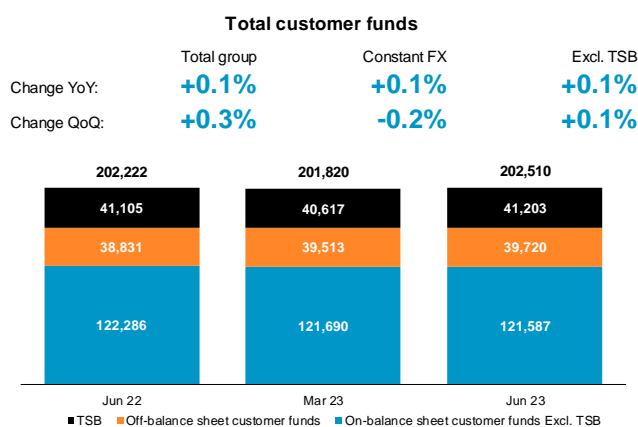
Quarter-on-quarter, lending increased slightly by 0.8%, while at a constant exchange rate it remained flat compared to the previous quarter.



Customer funds

On-balance sheet customer funds dropped slightly by -0.4% year-on-year, mainly as a result of the reduced volume of sight accounts, which was partially offset by term deposits and the retail issuances, particularly commercial paper. In the quarter, customer funds increased by 0.3%, impacted by the exchange rate as, considering constant FX, they fell by -0.4%.

Off-balance sheet customer funds grew by 2.3% year-on-year and by 0.5% in the quarter. In both cases, it is particularly worth mentioning mutual funds on one hand, which showed a positive volume of net inflows and improved profitability, and wealth management on the other.



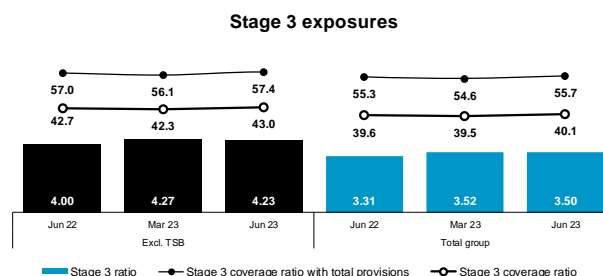
Non-performing assets

The balance of NPAs amounted to 6,971 million euros (gross) as of the end of June 2023, with a coverage of 53.1% considering total provisions.

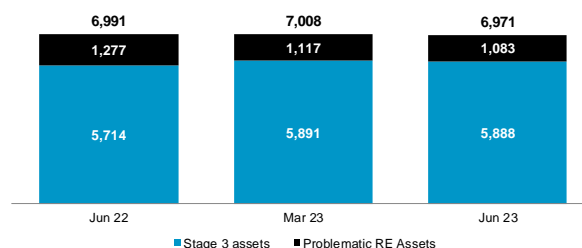
The Group's stage 3 ratio stood at 3.5% and the stage 3 coverage ratio considering total provisions rose to 55.7%. The stage 3 coverage ratio also increased during the quarter to 40.1%.

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 45 bps and the total cost of risk stood at 56 bps as of the end of June 2023, improving by 1 bp compared to the end of March 2023.

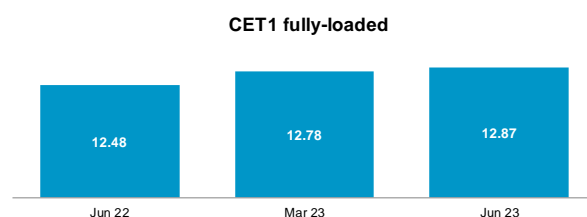


Problematic assets



Capital ratio

The fully-loaded CET1 ratio increased by 9 bps in the quarter to 12.87%, while the total capital ratio rose to 18.10%. The MDA buffer stood at 422 bps, above requirements.



2. Key figures

	Excl. TSB			Total group		
	30.06.22	30.06.23	YoY (%) ⁽⁶⁾	30.06.22	30.06.23	YoY (%) ⁽⁶⁾
Profit and loss account (€ million)						
Net interest income	1206	1667	38.3	1,757	2,270	29.2
Core revenues	1,871	2,306	23.3	2,486	2,967	19.4
Gross operating income	1,910	2,163	13.2	2,507	2,809	12.1
Pre-provisions income	931	1,149	23.3	1,067	1,331	24.8
Attributable net profit	338	458	35.4	393	564	43.6
Balance sheet (€ million)						
Total assets	205,047	190,823	-6.9	257,229	243,453	-5.4
Performing gross loans	114,241	111,307	-2.6	158,144	153,834	-2.7
Gross loans to customers	119,238	116,466	-2.3	163,814	159,653	-2.5
On-balance sheet customer funds	122,286	121,587	-0.6	163,391	162,790	-0.4
Off-balance sheet customer funds	38,831	39,720	2.3	38,831	39,720	2.3
Total customer funds	161,118	161,306	0.1	202,222	202,510	0.1
Net equity	--	--	--	13,051	13,520	3.6
Shareholders' equity	--	--	--	13,524	13,990	3.4
Profitability and efficiency ratios (%)						
ROA	--	--	--	0.31	0.49	--
RORWA	--	--	--	0.95	1.56	--
ROE	--	--	--	5.70	8.86	--
ROTE	--	--	--	7.04	10.78	--
Efficiency	41.71	37.22	--	46.91	42.39	--
Efficiency with amortisation & depreciation	51.75	46.22	--	57.86	52.03	--
Risk management ⁽¹⁾						
Stage 3 exposures (€ million)	5,132	5,292	3.1	5,714	5,888	3.0
Total problematic assets (€ million)	6,409	6,375	-0.5	6,991	6,971	-0.3
Stage 3 ratio (%)	4.00	4.23	--	3.31	3.50	--
Stage 3 coverage ratio (%)	42.7	43.0	--	39.6	40.1	--
Stage 3 coverage ratio with total provisions (%)	57.0	57.4	--	55.3	55.7	--
Problematic assets coverage (%)	53.4	54.2	--	52.3	53.1	--
Liquidity management (%)						
Loan-to-deposits ratio	94.0	92.5	--	97.4	95.4	--
LCR	257	229	--	225	200	--
NSFR	-- ⁽²⁾	--	--	142	141	--
Capital management						
Risk weighted assets (RWA) (€ million)	--	--	--	80,524	78,537	-2.5
Common Equity Tier 1 (%)	--	--	--	12.61	12.88	--
Common Equity Tier 1 fully-loaded (%)	--	--	--	12.48	12.87	--
Tier 1 (%)	--	--	--	14.65	15.11	--
Total capital ratio (%)	--	--	--	17.11	18.11	--
MREL (% RWA)	--	--	--	24.68	27.21	--
MREL (% LRE)	--	--	--	7.65	8.86	--
Leverage ratio (%)	--	--	--	4.54	4.92	--
Share data (period end)						
Number of shareholders	--	--	--	223,927	220,614	--
Total number of shares (million)	--	--	--	5,627	5,627	--
Share price (€)	-- ⁽³⁾	--	--	0.761	1.054	--
Market capitalisation (€ million)	--	--	--	4,255	5,891	--
Earnings per share (EPS) (€)	-- ⁽⁴⁾	--	--	0.11	0.20	--
Book value per share (€)	--	--	--	2.41	2.51	--
TBV per share (€)	--	--	--	1.96	2.07	--
Price / Tangible book value (times)	--	--	--	0.39	0.51	--
Price / Earnings ratio (P/E) (times)	--	--	--	6.68	5.31	--
Other data						
Branches	1,305	1,236	--	1,525	1,447	--
Employees	13,380	13,787	--	18,975	19,405	--

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

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

(3) Historical values not adjusted.

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

(5) The cumulative EUR/GBP exchange rate as of 30.06.2023 applied throughout the report is 0.8765 in the case of the income statement and 0.8583 in the case of the balance sheet.

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

3. Performance review

Macroeconomic environment

Global economic, political and financial context

During the second quarter, concerns regarding US regional banks receded, as no sharp decline in bank credit was observed and deposits showed a somewhat more favourable evolution. The financial stress generated by the disruption was less severe than the stress caused by the conflict in Ukraine or the pandemic. Furthermore, an agreement was reached in the United States to suspend the debt ceiling, allowing Biden's administration to stave off a US Treasury default. The agreement reached with the Republicans includes certain public spending cuts and is expected to have a limited impact on activity.

With regard to activity, the global economic environment has grown increasingly fragile. High interest rates are proving to be a particular burden for the real estate market and the industrial sector, which is also undergoing an adjustment process following the post-pandemic boom. In addition, the bank lending surveys of both the Fed and the ECB confirmed a sharp curtailment of supply, as well as a significant decline in demand for credit, particularly lending items aimed at businesses and commercial real estate.

The Eurozone stood out in a negative light, entering a technical recession in Q1 2023 after recording two consecutive quarters of slightly negative growth (-0.1%), hindered by internal demand. Activity indicators point towards anaemic growth in Q2 2023, after a disappointing post-Covid economic recovery in China.

However, there are several exceptions to this fragile environment. For example, the economic situation in the European periphery, which is somewhat better thanks to the recovery of tourism, the boost delivered by NGEU funds and the region's reduced exposure to Russian gas. Similarly, the economy in the United States is proving to be more resilient than expected, although analysts still anticipate a slight recession towards the end of the year. Lastly, labour markets have remained very tight, with unemployment rates at record lows in the main developed economies.

In terms of prices, the disinflation process has continued in the Eurozone and the United States, helped along by lower energy prices and the resolution of bottlenecks on a global scale. Core inflation, which excludes energy and food items, particularly that of the service industry, remains at high levels.

Economic situation in Spain

After Spain's Office for National Statistics (INE) revised its growth forecasts upwards for the last quarters of 2022 and for Q1 2023 (to 0.6% quarter-on-quarter in the latter case), the first activity indicators in relation to Q2 2023 pointed towards faster growth. In both April and May, a solid rate of job creation was recorded, together with good consumption figures, underpinned by the good progress of the service and tourism sectors. However, labour market data in June showed a certain amount of weakness and industrial production figures also deteriorated as business confidence levels declined. This all occurred against a backdrop of weak industrial and real estate sectors.

As for inflation, this ended the quarter below the ECB's target (annual inflation of 2.0%) for the first time since 2021 (June 2023: 1.6%). The drop in the annual rate of headline inflation was influenced by the base effect of energy and food prices, with no impact on core inflation (which excludes these components), which remained at 4.3% year-on-year.

In terms of economic policy, it is worth noting the government's approval of the addendum to the Recovery Plan, which envisages borrowing close to 94 billion euros from the EU through the NGEU funds. Part of these funds will go to bolstering Spain's strategic projects for economic recovery and transformation (*proyectos estratégicos para la recuperación y transformación económica*, or PERTE), while the remainder will be used to support renewable energies and energy efficiency. Lastly, the government also extended various economic policy measures which ended in June to the end of the year. These measures include (i) the VAT cut for basic food products, (ii) the public transport subsidies, (iii) the eviction moratorium for vulnerable families, (iv) the price cap on butane gas cylinders, and (v) the waiver of electricity access charges for electricity-intensive companies.

Economic situation in the United Kingdom

The economy performed better than expected, although growth was subdued. That said, the service sector showed good momentum, while the manufacturing sector continued to contract.

Price dynamics were worse than in the Eurozone and the United States. In May, headline inflation (CPI) stood at an annual 7.1%, while core inflation exceeded analysts' expectations and rebounded to 8.7%.

The strength of the labour market is partly behind the increase in prices. In particular, the unemployment rate (4% in May) fell almost to a record low level, while wage pressures continued to be substantial (above 7%). The number of vacancies is well above the historical average, while job creation continued to be robust.

On the other hand, interest rates rose sharply in the quarter, even surpassing the highest levels reached after the mini-budget episode in September 2022. Financial costs for households consequently increased, in particular for those with variable rate mortgages or newly granted mortgages. However, for the time being, the situation in the real estate market is more stable, after the price correction at the end of 2022.

Economic situation in Mexico

The Mexican economy continued to show resilience. Activity indicators followed a positive trend. Inflation indicators also showed signs that it is easing off, although certain upside risks do remain. In June, headline inflation fell to an annual rate of 5.1% (peak: 8.7% in August 2022), the lowest since March 2021, while core inflation dropped to 6.9%. On a more negative note, food prices continue to be relatively high and could climb even further due to the effects of the El Niño phenomenon. In this context, the Mexican currency

performed well, standing out among the more resilient emerging currencies, as it followed a solid trend of appreciation, reaching its highest level since 2015.

Fixed-income markets

The ECB raised interest rates by 50 bps throughout the quarter, with the deposit rate reaching 3.50%, the highest it has been since 2001. The central bank maintained a hawkish tone and left the door open to further interest rate hikes, given the high level of core inflation. The central bank also insisted that it would keep interest rates at sufficiently restrictive levels to allow inflation to return to the target of 2.0%. In terms of its balance sheet policy, the ECB stopped reinvesting proceeds from traditional quantitative easing (QE) in July. Banks also repaid a considerable amount of liquidity injected through TLTRO III (over 500 billion euros).

The Fed, for its part, pressed pause on its rate hike cycle after ten consecutive rate hikes, as it waited for more information to become available regarding the future prospects of the economy. It kept the Fed funds rate in the range of 5.00%-5.25%, the highest level recorded since 2007, but its forecasts signalled additional rate hikes for this year. In its most recent forecasts, the Fed indicated that rates would reach 5.60% at the end of 2023 and 4.60% 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 5.00%, the highest rate since 2008. After poor inflation data and with a tightening labour market, the central bank remained open to the possibility of raising the base rate again if the situation shows no signs of improving. The BoE also continued with its asset sales and, at the end of

the second quarter of 2023, it barely had any corporate bonds on its balance sheet.

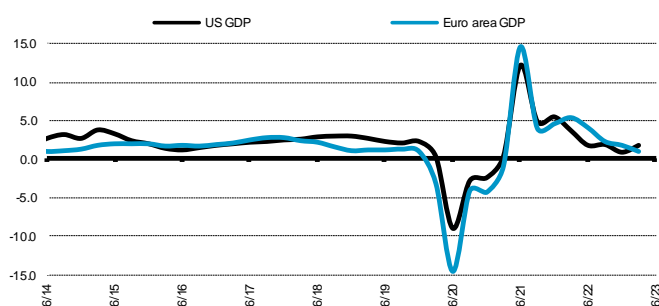
Long-term government bond yields rebounded on both sides of the Atlantic during the quarter, although rates remained within the range at which they have been trading since the end of last year. This rebound was driven by the good tone of economic data in the United States, the agreement reached in the United States regarding the public debt ceiling, reduced concerns over US regional banks and the hawkish tone of central banks.

Risk premiums in the periphery contracted, supported by the favourable economic progression of these countries. Countries in the periphery benefited from the recovery of tourism, their reduced exposure to Russian gas and the rollout of the NGEU funds.

Equity markets

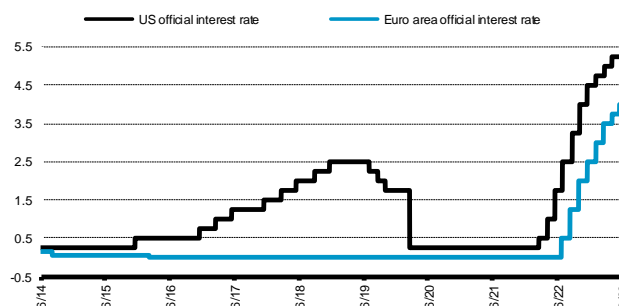
Equity markets did well in Q2 2023, with the majority of gains taking place in June, in spite of the monetary policy tightening in the main developed economies and the hawkish tone of central banks. The good progression of equity markets was influenced by expectations that the economy on a global scale will have a “soft landing”. The S&P 500 (+8.30%; +7.81% in euros) recorded the biggest gains, underpinned by positive economic data in the US and the surge of the tech industry, in turn driven by developments in Artificial Intelligence. In Europe, the IBEX 35 (+3.90% in euros) experienced a sharper upswing than the Euro STOXX 50 (+1.95%), after a slightly worse first quarter and thanks to more positive figures related to tourism, among other aspects.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	30.06.22	30.09.22	31.12.22	31.03.23	30.06.23
USD	1.0387	0.9748	1.0666	1.0875	1.0866
GBP	0.8582	0.8830	0.8869	0.8792	0.8583
MXN	20.9641	19.6393	20.8560	19.6392	18.5614

Source: Bank of Spain

Income statement

Summary of results:

Banco Sabadell Group generated an attributable net profit of 564 million euros as of the end of June 2023, of which 458 million euros were recorded ex-TSB and 106 million euros corresponded to TSB, bringing the Group's ROTe to 10.8%.

This Group net profit was mainly driven by the good performance of core results (net interest income + fees and commissions – costs), which increased by 42.3% year-on-year, due to the improvement of net interest income, mainly supported by higher interest rates.

Yearly income statement

(€ million)	Excl. TSB					Total group					
	1H22	1H22 (*)	1H23	YoY (%)	YoY (%) (*)	1H22	1H22 (*)	1H23	YoY (%)	YoY (%) at constant	YoY (%) (*)
Net interest income	1,206	1,206	1,667	38.3	38.3	1,757	1,757	2,270	29.2	30.4	29.2
Net fees and commissions	665	665	639	-4.0	-4.0	729	729	697	-4.4	-4.1	-4.4
Core revenues	1,871	1,871	2,306	23.3	23.3	2,486	2,486	2,967	19.4	20.2	19.4
Net trading income and exchange differences	80	80	26	-67.5	-67.5	83	83	31	-62.1	-61.1	-62.1
Income from equity method and dividends	84	99	72	-14.9	-27.3	84	99	72	-14.9	-14.9	-27.3
Other operating income/expense	-126	-126	-241	92.2	92.2	-147	-147	-261	78.2	80.1	78.2
Gross operating income	1,910	1,925	2,163	13.2	12.4	2,507	2,521	2,809	12.1	12.9	11.4
Operating expenses	-789	-789	-817	3.5	3.5	-1,167	-1,167	-1,204	3.1	4.2	3.1
Personnel expenses	-519	-519	-538	3.8	3.8	-694	-694	-717	3.2	4.1	3.2
Other general expenses	-270	-270	-278	3.0	3.0	-473	-473	-487	3.0	4.5	3.0
Amortisation & depreciation	-190	-190	-198	4.1	4.1	-272	-272	-274	0.5	1.5	0.5
Total costs	-979	-979	-1,014	3.6	3.6	-1,440	-1,440	-1,478	2.7	3.7	2.7
Pre-provisions income	931	946	1,149	23.3	21.4	1,067	1,082	1,331	24.8	25.2	23.1
Provisions for NPLs	-359	-359	-401	11.8	11.8	-380	-380	-433	13.9	14.0	13.9
Provisions for other financial assets	-29	-29	-16	-46.2	-46.2	-40	-40	-7	-82.7	-82.5	-82.7
Other impairments	-56	-56	-29	-48.1	-48.1	-56	-56	-29	-48.1	-48.1	-48.1
Gains on sale of assets and other results	-19	-19	-14	-28.4	-28.4	-19	-19	-13	-30.7	-31.8	-30.7
Profit before tax	469	483	689	47.1	42.7	572	587	849	48.4	49.3	44.7
Income tax	-116	-116	-230	98.1	98.1	-166	-166	-285	71.8	73.8	71.8
Minority interest	14	14	1	-95.1	-95.1	14	14	1	-95.1	-95.1	-95.1
Attributable net profit	338	353	458	35.4	29.8	393	407	564	43.6	44.2	38.5
Memorandum item:											
Core results (NII + net fees and commissions - costs)	892	892	1,292	44.8	44.8	1,046	1,046	1,489	42.3	42.8	42.3

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

Quarterly income statement

(€ million)	Excl. TSB						Total group					
	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ (%)	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ (%) at constant FX
Net interest income	619	669	773	797	870	9.2	899	965	1,077	1,100	1,170	6.3
Net fees and commissions	337	349	342	322	317	-18	371	388	372	350	347	-10
Core revenues	956	1,018	1,115	1,119	1,187	6.0	1,269	1,354	1,449	1,450	1,517	4.6
Net trading income and exchange differences	53	22	-4	-6	32	--	50	30	-9	1	30	--
Income from equity method and dividends	26	28	12	31	40	28.8	26	28	12	31	40	28.8
Other operating income/expense	-115	-3	-113	-161	-80	-50.2	-124	-12	-178	-172	-89	-48.0
Gross operating income	919	1,066	1,009	983	1,180	19.9	1,222	1,400	1,273	1,311	1,498	14.3
Operating expenses	-390	-396	-400	-405	-412	17	-577	-586	-584	-593	-611	3.1
Personnel expenses	-258	-259	-258	-264	-274	3.9	-345	-348	-349	-350	-367	4.8
Other general expenses	-132	-137	-142	-141	-138	-2.3	-232	-238	-235	-243	-244	0.6
Amortisation & depreciation	-96	-99	-99	-100	-98	-1.6	-137	-137	-136	-138	-136	-0.8
Total costs	-485	-495	-499	-504	-510	11	-714	-723	-720	-730	-748	2.4
Pre-provisions income	434	571	510	479	670	39.8	508	677	553	581	750	29.2
Provisions for NPLs	-175	-159	-243	-200	-201	0.7	-184	-180	-265	-217	-216	-0.2
Provisions for other financial assets	-18	-18	-25	-11	-4	-62.5	-28	-38	-34	-14	7	--
Other impairments	-36	-16	-24	-6	-23	--	-36	-16	-24	-6	-23	--
Gains on sale of assets and other results	-6	3	-7	-3	-11	--	-6	3	-7	-3	-11	288.8
Profit before tax	199	382	210	259	430	65.6	253	447	223	342	507	48.2
Income tax	-54	-104	-58	-108	-122	13.3	-73	-130	-77	-137	-148	7.5
Minority interest	1	0	-3	0	1	--	1	0	-3	0	1	--
Attributable net profit	144	278	155	151	307	102.4	179	317	149	205	359	75.2
Memorandum item:												
Core results (NII + net fees and commissions - costs)	470	523	615	615	677	10.1	555	631	729	720	769	6.8

Net interest income:

Net interest income continued with its positive trend and amounted to 2,270 million euros as of the end of June 2023, representing a growth of 29.2% year-on-year and of 6.3% in the quarter.

The year-on-year growth is mainly due to a higher customer margin and an increased fixed-income portfolio contribution, underpinned by the increase in interest rates of recent quarters, which served to offset the higher wholesale funding costs.

In the same way, the increase during the quarter was mainly driven by the higher customer margin, greater fixed-income revenues and improved liquidity, which served to offset the higher wholesale funding costs.

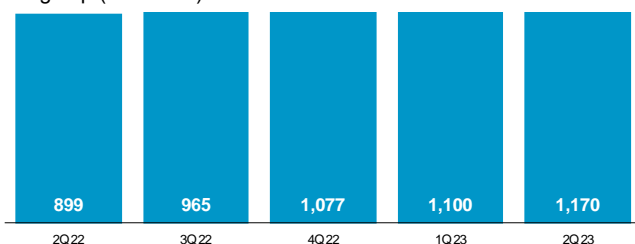
Customer spread and net interest margin:

The customer spread increased by 16 bps in the quarter and by 66 bps year-on-year, standing at 2.89%, driven by the increase in loan yields, which offset the higher cost of deposits.

Similarly, the net interest margin as a percentage of average total assets rose by 9 bps in the quarter and by 48 bps year-on-year, reaching 1.88%.

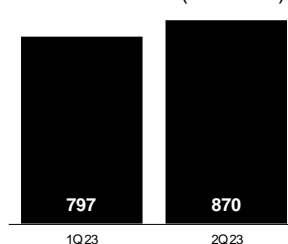
Evolution of net interest income

Total group (€ millions)



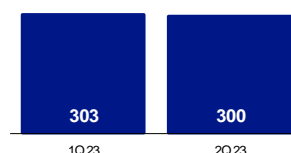
	Total group	Constant FX
Change YoY:	+29.2%	+30.4%
Change QoQ:	+6.3%	+5.7%

Sabadell ex - TSB (€ millions)



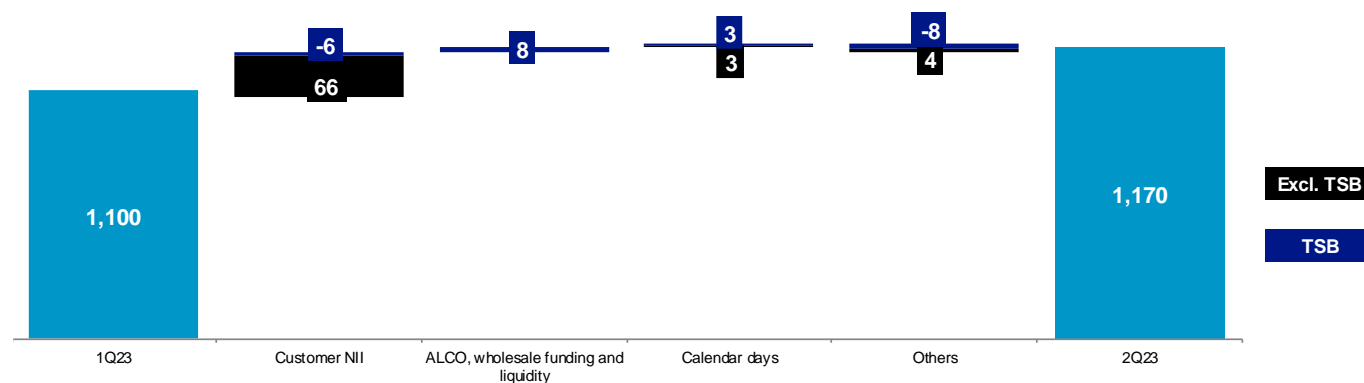
Change YoY:	+38.3%
Change QoQ:	+9.2%

TSB (€ millions)

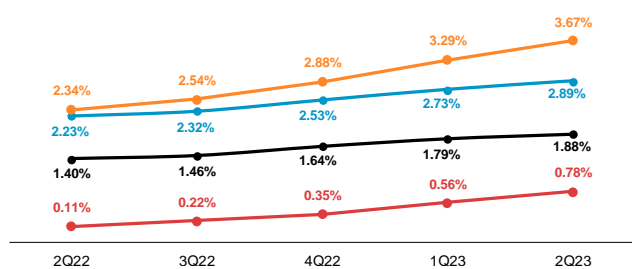


Change YoY:	+9.4%
+13.9% Constant FX	
Change QoQ:	-1.2%
-2.6% Constant FX	

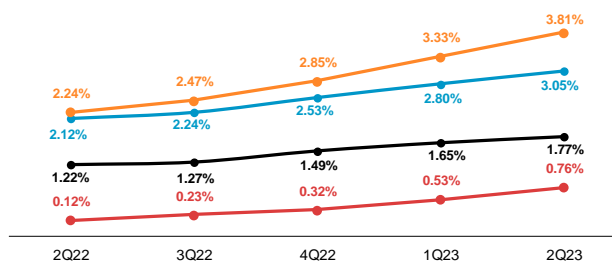
Quarterly evolution of net interest income (€ million)



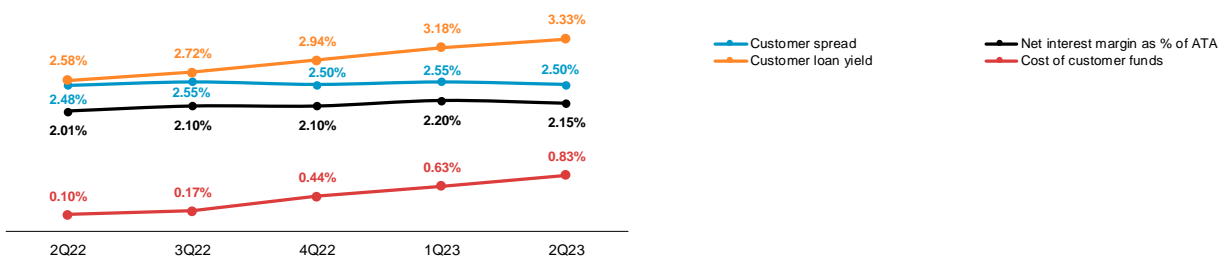
Net interest income, Group (%)



Net interest income, ex-TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

(€ million)	2 Q22			3 Q22			4 Q22			1Q23			2 Q23		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	54,056	-0.13	-18	54,979	0.39	54	49,632	1.62	202	44,352	2.75	301	45,491	3.44	390
Loans to customers (net)	157,837	2.34	919	159,007	2.54	1,018	158,716	2.88	1,150	155,284	3.29	1,258	154,297	3.67	1,413
Fixed-income securities	25,315	0.85	54	27,926	1.14	81	28,483	1.70	122	28,818	2.34	166	28,961	2.80	202
Equity securities	921	--	--	925	--	--	922	--	--	743	--	--	835	--	--
Tang. & intang. assets	4,842	--	--	4,785	--	--	4,752	--	--	4,659	--	--	4,584	--	--
Other assets	13,323	0.93	31	14,553	1.40	51	17,405	1.93	85	15,056	2.70	100	15,076	3.10	116
Total assets	256,295	1.54	987	262,174	1.82	1,203	259,909	2.38	1,559	248,912	2.97	1,825	249,243	3.41	2,122
Financial institutions (2)	49,144	0.53	65	49,752	-0.03	-4	46,426	-1.09	-127	36,788	-2.60	-236	36,073	-3.35	-301
Customer deposits	162,073	-0.11	-46	164,089	-0.22	-90	163,043	-0.35	-144	161,138	-0.56	-221	160,352	-0.78	-310
Capital markets	22,108	-1.13	-62	22,332	-1.33	-75	22,602	-2.11	-120	25,074	-2.57	-159	26,425	-3.21	-211
Other liabilities	9,954	-1.78	-44	12,698	-2.14	-69	14,438	-2.50	-91	12,870	-3.43	-109	13,377	-3.88	-130
Shareholders' equity	13,017	--	--	13,304	--	--	13,400	--	--	13,042	--	--	13,017	--	--
Total funds	256,295	-0.14	-88	262,174	-0.36	-238	259,909	-0.74	-482	248,912	-1.18	-725	249,243	-1.53	-952
Net interest income			899			965			1,077			1,100			1,170
Customer spread		2.23			2.32			2.53			2.73			2.89	
Net interest margin as % of ATA		1.40			1.46			1.64			1.79			1.88	

(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 financial institutions heading on the liabilities side includes negative interest rates applied to balances of financial institutions, the most significant item being TLTRO III borrowing in 2022.

Sabadell ex-TSB

(€ million)	2 Q22			3 Q22			4 Q22			1Q23			2 Q23		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	48,660	-0.22	-27	49,867	0.29	37	43,854	1.49	165	38,630	2.63	250	39,363	3.32	326
Loans to customers (net)	113,279	2.24	633	114,829	2.47	715	114,851	2.85	825	112,346	3.33	922	111,722	3.81	1,060
Fixed-income securities	22,575	0.90	51	25,136	1.14	72	25,915	1.64	107	26,435	2.29	149	26,615	2.73	181
Other assets	19,044	0.29	14	19,565	0.39	19	21,050	0.57	30	18,988	0.52	24	19,013	0.59	28
Total assets	203,557	1.32	671	209,397	1.60	843	205,669	2.17	1,127	196,399	2.78	1,346	196,713	3.25	1,596
Financial institutions (2)	42,336	0.76	80	43,070	0.20	22	39,442	-0.78	-78	30,939	-2.38	-181	31,270	-3.18	-248
Customer deposits	120,644	-0.12	-36	123,482	-0.23	-73	122,462	-0.32	-99	120,722	-0.53	-158	119,805	-0.76	-226
Capital markets	20,023	-1.09	-55	20,232	-1.27	-65	20,725	-2.06	-108	23,018	-2.51	-143	23,788	-3.11	-184
Other liabilities and shareholders' equity	20,555	-0.81	-41	22,614	-1.03	-59	23,040	-1.21	-70	21,720	-1.25	-67	21,851	-1.23	-67
Total funds	203,557	-0.10	-52	209,397	-0.33	-174	205,669	-0.68	-354	196,399	-1.13	-549	196,713	-1.48	-725
Net interest income			619			669			773			797			870
Customer spread		2.12			2.24			2.53			2.80			3.05	
Net interest margin as % of ATA		1.22			1.27			1.49			1.65			1.77	

(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 financial institutions heading on the liabilities side includes negative interest rates applied to balances of financial institutions, the most significant item being TLTRO III borrowing in 2022.

Net trading income and exchange differences:

As of the end of June 2023, this item amounted to 31 million euros, representing a reduction compared to the same period of the previous year, when it stood at 83 million euros. This is because the first half of 2022 included higher profits on trading and hedging derivatives and higher gains on sales from the fixed-income portfolio.

In quarter-on-quarter terms, there was a positive variation of 29 million euros, mainly due to improved profits on hedging and trading derivatives.

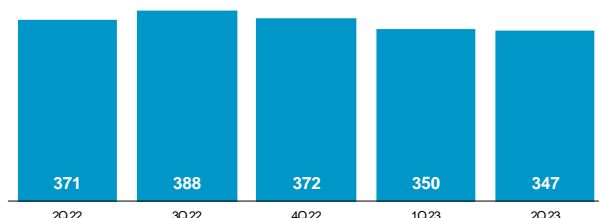
Net fees and commissions:

Net fees and commissions fell by -4.4% year-on-year and ended the first half of 2023 at 697 million euros, mainly due to lower service fees, as well as reduced asset under management fees, in particular pension funds and insurance brokerage fees, due to a change in the insurance product mix.

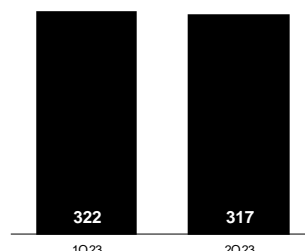
Quarter-on-quarter, they decreased by -1.0%, mainly due to reduced asset under management fees, mainly pension funds and insurance brokerage fees. Service fees remained stable.

Evolution of net fees and commissions

Total group (€ millions)



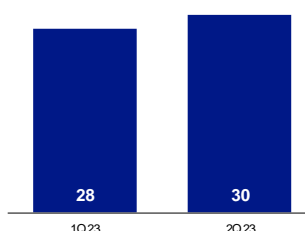
Sabadell ex - TSB (€ millions)



Change YoY:
-4.0%

Change QoQ:
-1.8%

TSB (€ millions)



Change YoY:
-9.2%

-5.5% Constant FX

Change QoQ:

+7.9%

+6.4% Constant FX

	Total group	Constant FX
Change YoY:	-4.4%	-4.1%
Change QoQ:	-1.0%	-1.1%

Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q23	2Q23	QoQ (%)	1Q23	2Q23	QoQ (%)	1H22	1H23	YoY (%)	1H22	1H23	YoY (%)
Lending fees	46	45	-1.2	46	45	-1.2	88	91	2.8	88	91	2.8
Guarantees commissions	26	26	-0.7	26	26	-0.7	50	52	3.0	50	52	3.0
Risk transaction fees	72	71	-1.0	72	71	-1.0	139	143	2.9	139	143	2.8
Cards	39	44	14.2	57	64	11.9	88	83	-5.3	124	121	-2.9
Payment orders	21	20	-4.5	22	21	-4.5	39	41	5.9	40	42	5.7
Securities	14	14	1.6	14	14	1.6	29	28	-4.8	29	28	-4.8
Sight accounts	64	61	-3.8	71	68	-2.9	119	125	5.1	139	139	0.1
Foreign currency and notes exchange	23	23	-2.6	29	30	0.2	57	46	-19.7	70	59	-15.5
Other transactions	13	8	-41.3	7	2	-77.4	30	20	-32.1	19	8	-57.0
Commissions for services	174	170	-2.1	199	198	-0.6	362	344	-5.1	421	397	-5.8
Mutual funds	29	29	-0.7	29	29	-0.7	62	59	-5.8	62	59	-5.8
Pension funds and insurance brokerage	42	41	-2.9	45	43	-3.1	91	83	-8.3	96	88	-7.9
Wealth management	5	5	0.3	5	5	0.3	11	11	-5.4	11	11	-5.4
Asset Under Management commissions	77	76	-1.8	80	78	-2.0	164	153	-7.1	169	158	-7.0
Total commissions	322	317	-1.8	350	347	-1.0	665	639	-4.0	729	697	-4.4

Income from equity method and dividends:

This item amounted to 72 million euros as of the end of June 2023, lower than in the same period of the previous year, when it amounted to 84 million euros, mainly because the first half of 2022 included higher earnings recorded by BS Capital investees, which were partially offset by the increased contribution of the insurance business in the first half of 2023.

In quarter-on-quarter terms, there was a positive variation of 9 million euros, due to a higher contribution of the insurance business.

Other operating income and expenses:

This item amounted to -261 million euros as of the end of June 2023, compared to -147 million euros in the first half of 2022, mainly due to the record of -157 million euros for the new banking tax recognised in the first quarter of 2023, which was offset by the lower contribution to the Single Resolution Fund (SRF) compared to the previous year (76 million euros in the second quarter of 2023 compared to 100 million euros during the same period in 2022), given the reduction of the SRB's target.

With the contributions made in 2023, the SRF is now fully built up. As it is a dynamic fund, the next contributions will be determined based on deposit growth.

The positive quarterly change of 82 million euros is explained by the two aspects mentioned above.

Total costs:

Total costs amounted to 1,478 million euros as of the end of June 2023, reflecting a year-on-year increase of 2.7%, primarily due to higher staff expenses, including wage increases due to inflationary pressures, and also general expenses, particularly marketing expenses.

In the quarter, costs rose by 2.4%, mainly due to higher staff expenses.

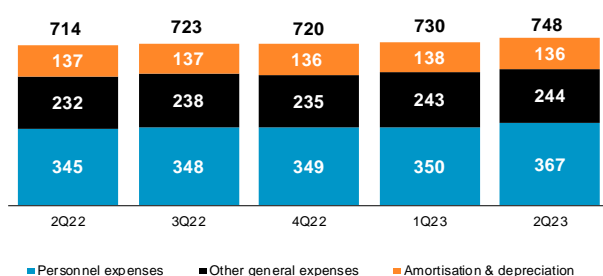
It is worth noting that the cost-to-income ratio improved compared to the figures recorded at the end of March 2023 and at the end of June 2022, standing at 42.4% and at 52.0% when including amortisations.

Total costs

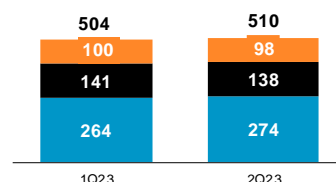
(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q23	2Q23	QoQ (%)	1Q23	2Q23	QoQ (%)	1H22	1H23	YoY (%)	1H22	1H23	YoY (%)
Personnel expenses	-264	-274	3.9	-350	-367	4.8	-519	-538	3.8	-694	-717	3.2
IT and communications	-55	-56	0.9	-108	-111	3.2	-113	-111	-1.5	-217	-219	1.0
Advertising	-11	-13	18.3	-17	-24	38.9	-19	-23	19.1	-33	-41	23.9
Premises and office supplies	-10	-7	-32.4	-17	-15	-15.6	-19	-17	-11.0	-32	-32	-1.6
Technical reports and judicial expenses	-5	-6	8.0	-9	-9	-8.1	-11	-11	-2.3	-20	-18	-10.5
Subcontracted administrative services	-14	-12	-8.9	-33	-31	-8.0	-22	-26	15.6	-57	-64	12.1
Contributions and taxes	-24	-23	-5.6	-27	-25	-4.5	-50	-48	-5.1	-57	-52	-8.6
Others	-22	-21	-1.2	-31	-30	-3.9	-35	-43	21.2	-57	-61	8.4
Other general expenses	-141	-138	-2.3	-243	-244	0.6	-270	-278	3.0	-473	-487	3.0
Amortisation & depreciation	-100	-98	-1.6	-138	-136	-0.8	-190	-198	4.1	-272	-274	0.5
Total costs	-504	-510	1.1	-730	-748	2.4	-979	-1,014	3.6	-1,440	-1,478	2.7
Memoandum item:												
Efficiency ratio (%)							41.71	37.22		46.91	42.39	
Efficiency ratio with amortisation & depreciation (%)							51.75	46.22		57.86	52.03	

Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)



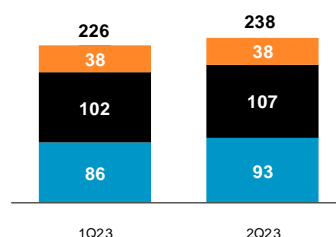
Change YoY:

+3.6%

Change QoQ:

+1.1%

TSB (€ millions)



Change YoY:

+0.6%

+4.7% Constant FX

Change QoQ:

+5.2%

+3.7% Constant FX

	Total group	Constant FX
Change YoY:	+2.7%	+3.7%
Change QoQ:	+2.4%	+1.8%

Core results:

Core results (net interest income + fees and commissions – costs) followed a positive trend, standing at 1,489 million euros as of the end of June 2023, growing by 42.3% year-

on-year, as a result of the good evolution of net interest income. In the same way, core results in the quarter increased by 6.8% due to the growth of net interest income mentioned above.

(€ million)	Total group					
	1Q23	2Q23	QoQ (%)	1H22	1H23	YoY (%)
Net interest income	1,100	1,170	6.3	1,757	2,270	29.2
Net fees and commissions	350	347	-1.0	729	697	-4.4
Costs	-730	-748	2.4	-1,440	-1,478	2.7
Core results	720	769	6.8	1,046	1,489	42.3

Provisions for loan losses and other impairments:

This item amounted to a total of 468 million euros as of the end of June 2023, compared to 475 million euros as of the end of the previous June, falling by -1.4% due to the record of lower provisions for real estate and litigation, which were partly offset by the higher provisions for credit losses.

Provisions in the quarter showed a -1.4% reduction. Credit provisions remained in line with the previous quarter, while the release of provisions for litigation was partially offset by the increase in provisions for real estate.

This level of provisions resulted in a Group credit cost of risk of 45 bps, which remained stable in the quarter, and a total cost of risk of 56 bps as of the end of June 2023, improving by 1 bp compared to March 2023.

Gains on sale of assets and other results:

Gains on the sale of assets and other results amounted to -13 million euros as of the end of June 2023, falling in year-on-year terms due to the recognition of fewer IT asset write-offs.

In the quarter, this item stood at -11 million euros, showing an increase compared to the previous quarter, when only -3 million euros were recorded, for the same reason mentioned previously.

Net profit:

The Group's net profit amounted to 564 million euros as of the end of June 2023, increasing by 43.6% year-on-year, mainly driven by improved net interest income.

Balance sheet

Highlights:

Performing loans decreased in year-on-year terms, due to reduced mortgage volumes in both Spain and the United Kingdom, lower volumes of SME and corporate loans, and the maturity of Treasury loans in public sector. In the quarter, lending increased slightly, driven by currencies appreciation, while at a constant exchange rate it remained flat compared to the previous quarter.

On-balance sheet customer funds showed a slight drop year-on-year, with a particularly reduction in sight accounts as customers searched for higher returns on their savings.

This reduction was almost fully offset by the increase in term deposits and in retail issuances, mainly commercial paper. There was a slight increase in the quarter, driven by currencies appreciation.

Off-balance sheet funds also increased, both year-on-year and during the quarter, thanks to the positive evolution of mutual funds, in terms of both profitability and net inflows, and also thanks to wealth management.

Balance sheet

(€million)	30.06.22	30.06.22 (*)	31.03.23	30.06.23	Change		
					YoY (%)	YoY (%) (*)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	45,284	45,284	38,093	30,755	-32.1	-32.1	-19.3
Financial assets held for trading and fair value with changes in PL	4,324	4,324	3,769	4,134	-4.4	-4.4	9.7
Financial assets in fair value OCI	6,067	6,067	5,834	5,612	-7.5	-7.5	-3.8
Financial assets at amortised cost	186,579	186,579	185,824	187,805	0.7	0.7	1.1
Loans and advances to customers	160,835	160,835	155,413	166,549	-2.7	-2.7	0.7
Loans and advances of central banks and credit institutions	6,116	6,116	8,285	9,316	52.3	52.3	12.4
Debt securities	19,628	19,628	22,126	21,940	11.8	11.8	-0.8
Investments in subsidiaries, joint ventures and associates	556	366	432	450	-19.1	22.9	4.3
Tangible assets	2,669	2,669	2,473	2,445	-8.4	-8.4	-1.1
Intangible assets	2,511	2,511	2,464	2,444	-2.7	-2.7	-0.8
Other assets	9,238	9,238	9,592	9,807	6.2	6.2	2.2
Total assets	257,229	257,039	248,480	243,453	-5.4	-5.3	-2.0
Financial liabilities held for trading and fair value with changes in PL	2,811	2,811	3,429	3,868	37.6	37.6	12.8
Financial liabilities at amortised cost	239,180	239,180	229,901	223,887	-6.4	-6.4	-2.6
Central banks	38,296	38,296	18,521	9,721	-74.6	-74.6	-47.5
Credit institutions	8,222	8,222	17,304	17,813	116.7	116.7	2.9
Customer deposits	164,619	164,619	161,567	161,626	-1.8	-1.8	0.0
Debt securities issued	20,696	20,696	25,878	26,299	27.1	27.1	1.6
Other financial liabilities	7,347	7,347	6,632	8,428	14.7	14.7	27.1
Provisions	624	624	615	553	-11.4	-11.4	-10.1
Other liabilities	1,562	1,562	1,390	1,624	4.0	4.0	16.9
Subtotal liabilities	244,178	244,178	235,335	229,932	-5.8	-5.8	-2.3
Shareholders' equity	13,524	13,303	13,657	13,990	3.4	5.2	2.4
Accumulated other comprehensive income	-511	-480	-546	-504	-1.4	5.1	-7.8
Minority interest	38	38	34	35	-8.2	-8.2	2.1
Net equity	13,051	12,861	13,145	13,520	3.6	5.1	2.9
Total liabilities and equity	257,229	257,039	248,480	243,453	-5.4	-5.3	-2.0
Financial guarantees granted	2,046	2,046	1,990	2,016	-1.5	-1.5	1.3
Commitments for loans granted	28,252	28,252	26,443	26,944	-4.6	-4.6	1.9
Other commitments granted	7,693	7,693	9,124	8,586	11.6	11.6	-5.9

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

Assets:

The Group's total assets amounted to 243,453 million euros, dropping by -5.4% year-on-year, affected by the 27,000 million euros TLTRO III repayment and the 1,500 million pounds repayment made under the TFSME (Term Funding Scheme with additional incentives

for SMEs) to the Bank of England. In the quarter, assets declined by -2.0%, affected by the 8,500 million euros TLTRO III repayment made in June 2023.

Excluding TSB, total assets amounted to 190,823 million euros, falling by -6.9% year-on-year and by -3.0% in the quarter.

Loans and advances to customers:

Performing loans ended June 2023 with a balance of 153,834 million euros, declining by -2.7% year-on-year and increasing by 0.8% in the quarter, driven by currencies appreciation. At a constant exchange rate, performing loans remained flat with respect to the previous quarter.

In Spain, lending decreased by -2.9% year-on-year, impacted by the maturity of Treasury loans and by reduced lending to SMEs and corporates. In the quarter, they increased slightly by 0.4%.

Performing loans of foreign branches (Europe and Miami included in the Spain perimeter) amounted to 9,179 million euros, remaining flat in year-on-year terms. In the quarter, they increased by 2.0%, mainly due to the good performance of branches in Europe.

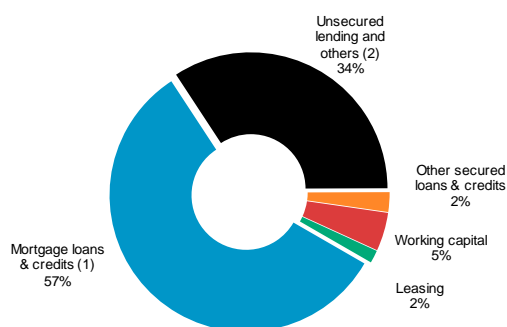
In TSB, performing loans declined by -3.1% year-on-year, due to lower new lending. With respect to the previous quarter, lending was impacted by the appreciation of the pound sterling, recording growth of 1.3%, while considering a constant exchange rate it dropped by -1.1%, due to the aforesaid decline in new mortgage lending.

Mexico saw year-on-year growth of 6.8%, supported by the appreciation of the Mexican peso. Compared to the previous quarter, it grew by 5.4%. At constant exchange rates, year-on-year growth was 3.0%, while the quarter saw an increase of 2.4%.

Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	30.06.22	31.03.23	30.06.23	Change		30.06.22	31.03.23	30.06.23	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,573	48,903	48,525	-2.1	-0.8	90,533	88,261	88,356	-2.4	0.1
Other secured loans & credits	2,965	2,978	3,211	8.3	7.8	3,456	3,370	3,589	3.8	6.5
Working capital	6,745	6,739	7,002	3.8	3.9	6,745	6,739	7,002	3.8	3.9
Leasing	2,151	2,237	2,311	7.4	3.3	2,151	2,237	2,311	7.4	3.3
Unsecured lending and others	52,807	49,786	50,259	-4.8	1.0	55,259	52,029	52,576	-4.9	1.1
Performing gross loans	114,241	110,643	111,307	-2.6	0.6	158,144	152,637	153,834	-2.7	0.8
Stage 3 assets (customer)	4,652	4,948	4,940	6.2	-0.2	5,233	5,524	5,534	5.8	0.2
Accruals	-8	107	89	--	-17.0	84	174	155	85.2	-11.0
Gross loans to customers (excluding repos)	118,885	115,698	116,336	-2.1	0.6	163,460	158,335	159,523	-2.4	0.8
Reverse repos	353	120	130	-63.1	8.8	353	120	130	-63.1	8.8
Gross loans to customers	119,238	115,818	116,466	-2.3	0.6	163,814	158,454	159,653	-2.5	0.8
NPL and country-risk provisions	-2,761	-2,818	-2,877	4.2	2.1	-2,978	-3,041	-3,105	4.2	2.1
Loans and advances to customers	116,477	113,000	113,589	-2.5	0.5	160,835	155,413	156,549	-2.7	0.7

Loans and advances to customers, by product 30.06.2023 (%) ^(*)

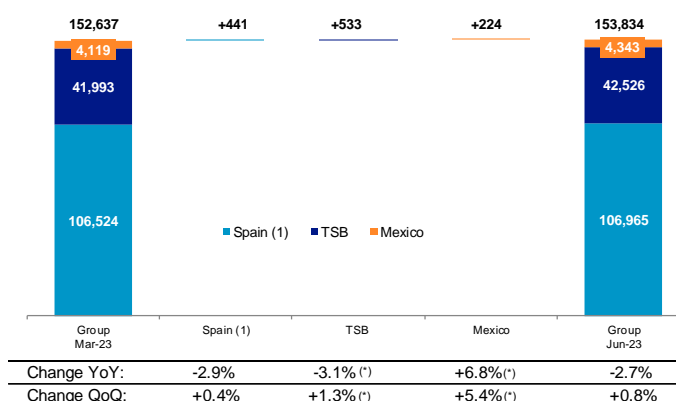


(1) Includes mortgage loans and credits both to individuals and companies.

(2) Includes IOO loans.

(*) Excluding stage 3 assets and accrual adjustments.

Gross performing loans, by geography (€ million)



(*) In TSB -3.1% YoY and -1.1% QoQ in GBP and in Mexico +3.0% YoY and +2.4% QoQ in MXN.

(1) Spain includes foreign branches (€9,179M in Jun 23 and €8,995M in Mar 23).

Liabilities:

Customer funds:

As of the end of June 2023, on-balance sheet customer funds came to a total of 162,790 million euros, dropping by -0.4% year-on-year, while compared to the previous quarter they increased by 0.3% (-0.4% at constant exchange rate). In both cases, it is worth mentioning the reduction of sight accounts, which was partially offset by term deposits and retail issuances, mainly commercial paper, as funds flowed through to products that offered higher returns.

Sight account balances amounted to 140,056 million euros, representing a reduction of -5.3% compared to June 2022 and of -1.8% compared to the previous quarter.

Term deposits came to a total of 21,484 million euros, representing an increase of 34.4% year-on-year and of 16.9% in the quarter.

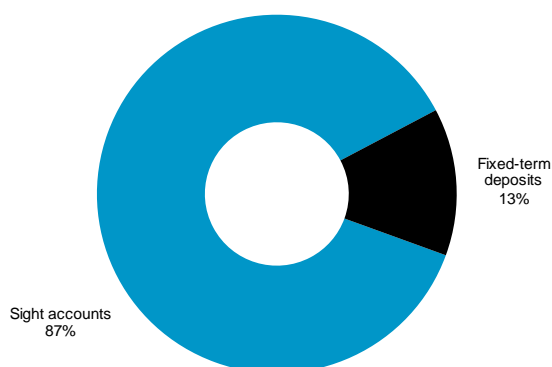
Total off-balance sheet customer funds amounted to 39,720 million euros as of the end of June 2023, increasing by 2.3% year on-year and by 0.5% compared to the previous quarter. This growth is mainly explained by the good evolution of mutual funds and wealth management. In terms of mutual funds, these recorded positive net inflows and an improvement in profitability, both in a quarterly and yearly basis.

Funds under management and third-party funds:

This item amounted to a total of 227,645 million euros, representing a year-on-year increase of 1.6% and a quarterly increase of 0.3%.

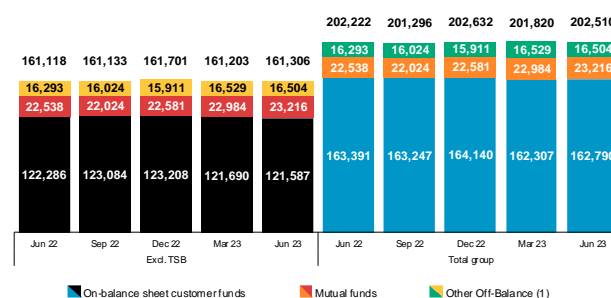
Exposure to central banks includes 5,000 million euros with the ECB and 4,000 million pounds with the Bank of England, falling by 8,500 million euros compared to the previous quarter due to the repayment of part of TLTRO III.

Customer deposits, 30.06.2023 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*)

Change YoY: **-0.6%**

Change QoQ: **-0.1%**

Total group (*)

Change YoY: **-0.4%**

Change QoQ: **+0.3%**

(*) Change on on-balance sheet customer funds.

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

Customer funds

(€million)	Excl. TSB					Total group				
	30.06.22	31.03.23	30.06.23	Change		30.06.22	31.03.23	30.06.23	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Financial liabilities at amortised cost	188,016	179,783	173,293	-7.8	-3.6	239,180	229,901	223,887	-6.4	-2.6
Non-retail financial liabilities	65,730	58,093	51,706	-21.3	-11.0	75,789	67,594	61,097	-19.4	-9.6
Central banks	31,867	13,348	5,009	-84.3	-62.5	38,296	18,521	9,721	-74.6	-47.5
Credit institutions	8,213	17,303	17,812	116.9	2.9	8,222	17,304	17,813	116.7	2.9
Institutional issues	19,511	22,443	22,411	14.9	-0.1	21,924	25,138	25,135	14.6	0.0
Other financial liabilities	6,138	4,999	6,475	5.5	29.5	7,347	6,632	8,428	14.7	27.1
On-balance sheet customer funds	(1) 122,286	121,690	121,587	-0.6	-0.1	163,391	162,307	162,790	-0.4	0.3
Customer deposits	123,142	120,823	120,331	-2.3	-0.4	164,619	161,567	161,626	-1.8	0.0
Sight accounts	(1) 108,447	106,185	103,687	-4.4	-2.4	147,892	142,624	140,056	-5.3	-1.8
Fixed-term deposits	(1) 14,320	14,194	16,650	16.3	17.3	16,980	18,372	21,484	34.4	16.9
Repos	371	455	0	-100.0	-100.0	737	517	0	-100.0	-100.0
Accruals and derivative hedging adjustments	4	-12	-5	--	-56.6	9	54	87	--	60.0
Debt and other marketable securities	(1) 15,191	19,218	19,588	28.9	1.9	17,231	21,786	22,220	29.0	2.0
Subordinated liabilities	(2) 3,465	4,092	4,079	17.7	-0.3	3,465	4,092	4,079	17.7	-0.3
On-balance sheet funds	141,798	144,133	143,998	1.6	-0.1	185,315	187,445	187,925	1.4	0.3
Mutual funds	22,538	22,984	23,216	3.0	1.0	22,538	22,984	23,216	3.0	1.0
Dedicated investment companies	1,121	638	551	-50.8	-13.6	1,121	638	551	-50.8	-13.6
Third-party funds	21,417	22,345	22,664	5.8	1.4	21,417	22,345	22,664	5.8	1.4
Wealth management	3,519	3,669	3,730	6.0	1.7	3,519	3,669	3,730	6.0	1.7
Pension funds	3,245	3,229	3,213	-1.0	-0.5	3,245	3,229	3,213	-1.0	-0.5
Individual	2,107	2,097	2,087	-0.9	-0.5	2,107	2,097	2,087	-0.9	-0.5
Company	1,133	1,126	1,122	-1.0	-0.4	1,133	1,126	1,122	-1.0	-0.4
Group	5	5	5	-8.3	-6.9	5	5	5	-8.3	-6.9
Third-party insurance products	9,529	9,631	9,560	0.3	-0.7	9,529	9,631	9,560	0.3	-0.7
Off-balance sheet customer funds	38,831	39,513	39,720	2.3	0.5	38,831	39,513	39,720	2.3	0.5
Funds under management and third-party funds	180,629	183,646	183,718	1.7	0.0	224,146	226,957	227,645	1.6	0.3

- (1) On-balance sheet customer funds at the Group level as of 30.06.2023 included 140,056 million euros of sight deposit accounts (142,624 million euros as of 31.03.2023 and 147,892 million euros as of 30.06.2022), 21,018 million euros of term deposits excluding multi-seller covered bonds, subordinated deposits and Yankee CD (17,907 million euros as of 31.03.2023 and 15,134 million euros as of 30.06.2022) and 1,715 million euros of retail issuances (commercial paper), included in 'debt and other marketable securities' (1,777 million euros as of 31.03.2023 and 365 million euros as of 30.06.2022).
- (2) Subordinated liabilities of debt securities.

Equity:

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

Equity

(€million)	30.06.22	30.06.22 (*)	31.03.23	30.06.23	Change		
					YoY	YoY (*)	QoQ
Shareholders' equity	13,524	13,303	13,657	13,990	465	687	333
Issued capital	703	703	703	703	0	0	0
Reserves	12,440	12,204	12,777	12,750	310	546	-27
Other equity	18	18	20	18	0	0	-1
Less: treasury shares	-30	-30	-48	-46	-16	-16	2
Attributable net profit	393	407	205	564	171	157	359
Less: interim dividends	0	0	0	0	0	0	0
Accumulated other comprehensive income	-511	-480	-546	-504	7	-24	42
Minority interest	38	38	34	35	-3	-3	1
Net equity	13,051	12,861	13,145	13,520	469	660	376

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

Risk management

Highlights:

The Group's stage 3 ratio stood at 3.5% as of the end of June 2023, falling by -3 bps with respect to the previous quarter. The ratio increased by 19 bps compared to the previous June.

In the last year, non-performing assets (NPAs) were reduced by -20 million euros, while in the quarter they fell by -37 million euros, of which -3 million euros correspond to a smaller balance of stage 3 loans and -34 million euros correspond to foreclosed assets.

With regard to the breakdown of loans by stages, it should be noted that 88.5% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 8.0% of the total with a coverage of 3.8%, while the balance of stage 3 loans represents 3.5% of the total with a coverage of 40.1%, reflecting an improvement on the previous quarter, when it was 39.5%. Excluding TSB, the stage 3 coverage ratio as of June 2023 stood at 43.0%, improving from 42.3% as of March 2023.

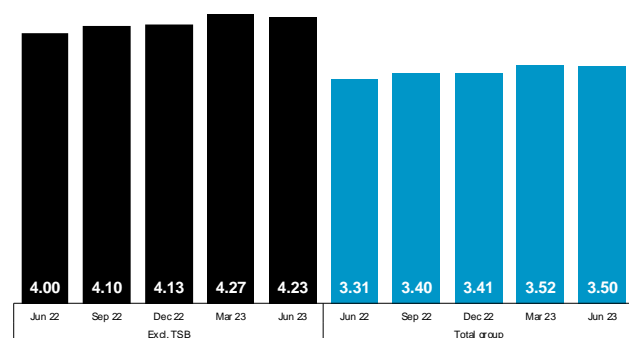
The coverage ratio of non-performing assets including total provisions stood at 53.1% in the quarter, improving from 52.0% in the previous quarter. The stage 3 coverage ratio considering total provisions as of June 2023 stood at 55.7%, also improving from 54.6% in the previous quarter. The coverage ratio of foreclosed assets stood at 38.7% as of June 2023, remaining broadly stable with respect to the previous quarter.

Risk management:

Non-performing assets showed a balance of 6,971 million euros as of the end of June 2023, of which 5,888 million euros correspond to stage 3 loans and 1,083 million euros correspond to foreclosed assets.

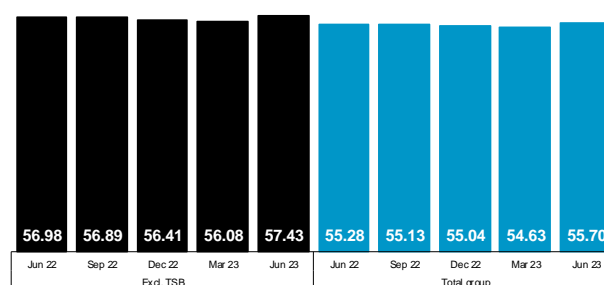
The gross NPA ratio stood at 4.1%, while the net NPA ratio considering total provisions stood at 1.9%, improving with respect to the previous quarter.

Stage 3 ratios (%) ^(*)



(*) Calculated including contingent exposures.

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

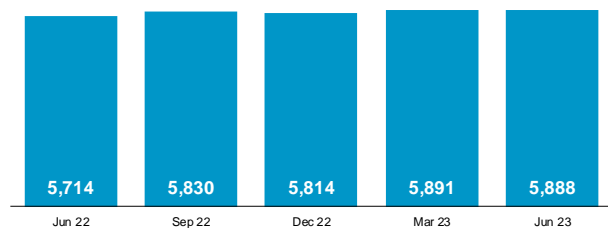


Stage 3 ratios, by segment ^(*)

Total group	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Real estate development and/or construction purposes	7.77%	8.23%	6.95%	7.30%	7.19%
Construction purposes non-related to real estate dev.	12.04%	11.28%	7.06%	9.17%	6.80%
Large corporates	2.21%	2.00%	2.02%	2.22%	2.29%
SME and small retailers and self-employed	5.84%	6.33%	7.62%	7.87%	7.69%
Individuals with 1st mortgage guarantee assets	2.35%	2.37%	2.08%	2.14%	2.19%
Stage 3 ratio	3.31%	3.40%	3.41%	3.52%	3.50%

(*) Calculated including contingent exposures.

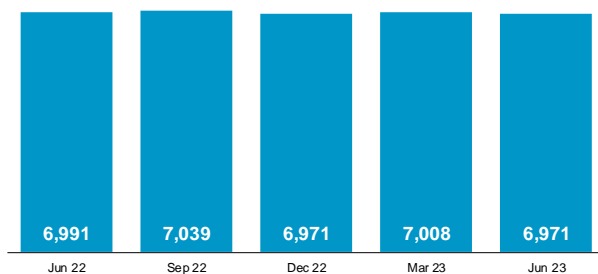
Evolution of stage 3 loans (€ million) ^(*)



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



Evolution of non-performing assets (€ million) ^(*)



(*) Calculated including contingent exposures.

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

Evolution of Group stage 3 loans and foreclosed assets

(€million)	2Q22	3Q22	4Q22	1Q23	2Q23
Gross entries (stage 3)	586	670	978	687	751
Recoveries and sales	-1,007	-462	-90	-504	-641
Net stage 3 entries	-421	208	68	183	111
Gross entries (foreclosed assets)	21	13	17	12	46
Sales	-43	-81	-70	-52	-79
Change in foreclosed assets	-22	-68	-53	-40	-34
Net stage 3 entries + Change in foreclosed assets	-443	140	15	143	77
Write-offs	-74	-92	-83	-106	-114
Foreclosed assets and stage 3 quarterly change	-517	48	-68	37	-37

Evolution of Group non-performing assets coverage ^(*)

(€ million)	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Stage 3 exposures	5,714	5,830	5,814	5,891	5,888
Total provisions	3,159	3,214	3,200	3,219	3,280
Stage 3 coverage ratio with total provisions (%)	55.3%	55.1%	55.0%	54.6%	55.7%
Stage 3 exposures	5,714	5,830	5,814	5,891	5,888
Stage 3 provisions	2,263	2,273	2,292	2,328	2,361
Stage 3 coverage ratio (%)	39.6%	39.0%	39.4%	39.5%	40.1%
Problematic RE Assets	1,277	1,209	1,157	1,117	1,083
Provisions	499	470	443	429	419
Problematic Real Estate coverage ratio (%)	39.0%	38.9%	38.3%	38.4%	38.7%
Total problematic assets	6,991	7,039	6,971	7,008	6,971
Provisions	3,658	3,684	3,644	3,648	3,699
Problematic assets coverage (%)	52.3%	52.3%	52.3%	52.0%	53.1%
Gross loans to customers excluding repos + guarantees granted + problematic RE Assets	174,040	172,594	171,910	168,347	169,497
Gross NPA ratio (%)	(1) 4.0%	4.1%	4.1%	4.2%	4.1%
Net problematic assets	3,334	3,355	3,327	3,360	3,272
Net NPA ratio (%)	(1) 1.9%	1.9%	1.9%	2.0%	1.9%
Net problematic assets as % of total assets	1.3%	1.3%	1.3%	1.4%	1.3%

(*) Includes contingent exposures.

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

Forbearance and restructured loans

The outstanding balance of forbore and restructured loans as of the end of June 2023 is as follows:

(€million)	Jun 22		Sep 22		Dec 22		Mar 23		Jun 23	
	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3
Public sector	9	7	9	7	8	7	8	7	7	1
Companies and self employed	4,553	1,830	4,354	1,911	4,016	1,804	3,920	1,822	3,693	1,792
Of which: Financing for construction and real estate development	293	151	283	153	257	136	247	137	245	140
Individuals	1,755	993	1,674	992	1,570	933	1,605	969	1,605	1,015
Total	6,317	2,830	6,037	2,910	5,594	2,744	5,533	2,797	5,304	2,807
Provisions	1,142	1,009	1,146	1,033	1,081	981	1,020	925	1,119	1,023
Coverage ratio	18.1%	35.6%	19.0%	35.5%	19.3%	35.7%	18.4%	33.1%	21.1%	36.4%

Foreclosed assets (*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	474	194
Finished buildings	430	168
Housing	250	84
Rest	180	84
Buildings under construction	5	3
Housing	4	3
Rest	0	0
Land	40	23
Building land	21	11
Other land	19	12
Real estate assets deriving from home loan mortgages	585	216
Real estate assets acquired in discharge of debts	24	9
Total real-estate portfolio	1,083	419

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

Breakdown of loans and provisions, by stages

(€ million)	Stage 1	Stage 2	Stage 3
Gross loans to customers excluding repos and guarantees granted	149,070	13,456	5,888
<i>Change QoQ</i>	1.2%	-4.3%	-0.1%
Provisions	410	509	2,361
% Stage / Total Loans	88.5%	8.0%	3.5%
Coverage group	0.3%	3.8%	40.1%
Coverage excl. TSB	0.3%	4.7%	43.0%

Liquidity management

Highlights:

The Group has a sound liquidity position, with an LCR (Liquidity Coverage Ratio) of 200% as of the end of June 2023 (229% excluding TSB and 177% at TSB) and total liquid assets of 57,840 million euros.

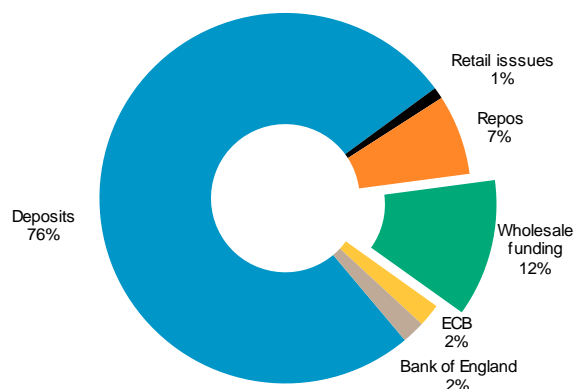
The loan-to-deposit ratio as of the end of June 2023 was 95.4%, with a balanced retail funding structure.

It is worth highlighting the instruments issued by Banco Sabadell in the first half of the year, which included 1,000 million euros of covered bonds, 750 million euros of Senior non Preferred debt, 750 million euros of Senior Preferred debt (green bonds), 500 million euros of Additional Tier 1 preferred securities and 500 million euros of Tier 2 subordinated debt. TSB issued 1,000 million pounds in covered bonds.

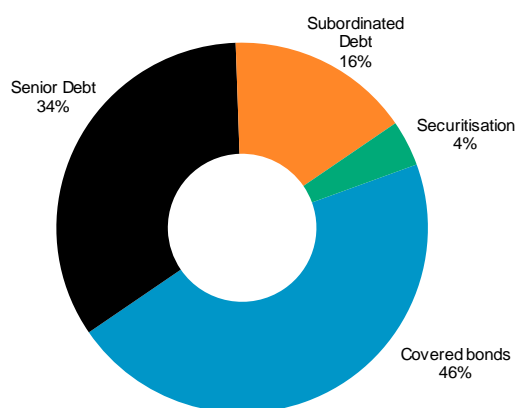
(€ million)		30.06.22	31.03.23	30.06.23
Loans and advances to customers	(1)	160,482	155,293	156,419
Brokered loans		-1,340	-1,177	-1,136
Adjusted net loans and advances		159,142	154,116	155,282
On-balance sheet customer funds		163,391	162,307	162,790
Loan-to-deposits ratio (%)		97.4	95.0	95.4

(1) Excludes reverse repos.

Funding structure, 30.06.2023 (%)



Wholesale market breakdown, 30.06.2023 (%)



Maturities

(€million)	2023	2024	2025	2026	2027	2028	>2028	Outstanding balance
Covered bonds	1,138	2,724	836	1,390	2,265	1,568	1,450	11,371
Senior preferred	1	758	1,489	0	500	750	750	4,248
Senior non preferred	0	975	500	1,317	18	500	945	4,255
Subordinated Debt	0	0	0	500	0	500	1,315	2,315
Total	1,139	4,457	2,825	3,207	2,783	3,318	4,460	22,189

New issuances in the year

(€ million)	1Q23	2Q23	3Q23	4Q23
Covered bonds	2,137			
Senior preferred		750		
Senior non preferred	750			
Subordinated Debt	500			
AT1	500			
Total	3,887	750		

Maturities in the year

(€ million)	1Q23	2Q23	3Q23	4Q23
Covered bonds	0	250	50	1,088
Senior preferred	1,004	9	0	1
Senior non preferred	0	0	0	0
AT1	400	0	0	0
Total	1,404	259	50	1,089

Capital management and credit ratings

Highlights:

The phase-in CET1 ratio stood at 12.88% as of the end of June 2023, increasing by 10 bps compared to March 2023.

The fully-loaded CET1 ratio stood at 12.87%, growing by 9 bps in the quarter, of which 19 bps correspond to capital organic generation, -3 bps to fair value reserve adjustments and -7 bps to the reduction of risk-weighted assets.

The minimum prudential requirements applicable to Banco Sabadell following the Supervisory Review and Evaluation Process (SREP) are 8.66% for CET1 and 13.10% for Total Capital.

The phase-in Total Capital ratio stood at 18.11% as of the end of June 2023, thus remaining above requirements with an MDA buffer of 422 bps.

The phase-in leverage ratio was 4.92%.

The MREL ratio as a percentage of RWAs stood at 27.21%, above the requirement for the year 2024 (25.35%⁽¹⁾), while the MREL ratio as a percentage of the Leverage Ratio Exposure (LRE) was 8.86%, also above the requirement for 2024 (6.36%).

⁽¹⁾ The ratio includes the Combined Buffer Requirement, estimated at 3.13% for 2024.

Capital ratios

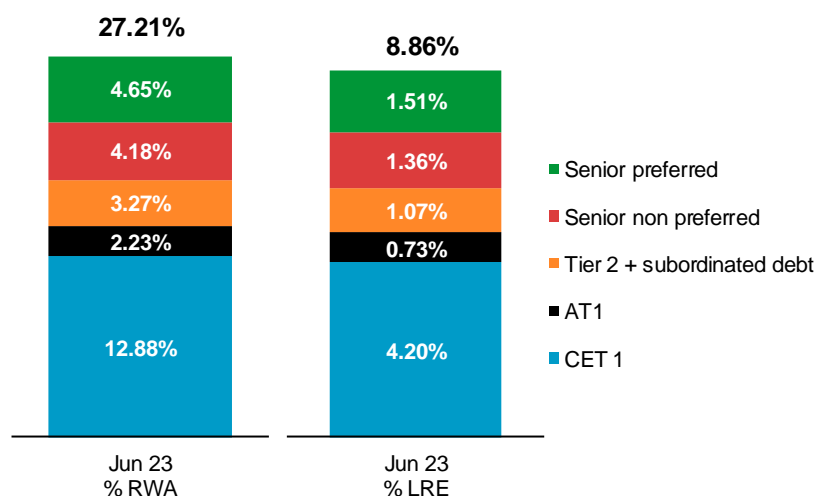
(€million)	Phase-in			Fully-loaded		
	30.06.22	31.03.23	30.06.23	30.06.22	31.03.23	30.06.23
Issued capital	703	703	703	703	703	703
Reserves	12,721	12,694	12,845	12,721	12,694	12,845
Deductions	(1) -3,273	-3,471	-3,429	-3,373	-3,475	-3,438
Common Equity Tier 1	10,151	9,926	10,119	10,051	9,922	10,110
CET 1 (%)	12.61%	12.78%	12.88%	12.48%	12.78%	12.87%
Preference shares and other	1,650	1,750	1,750	1,650	1,750	1,750
Primary capital	11,801	11,676	11,869	11,701	11,672	11,860
Tier I (%)	14.65%	15.04%	15.11%	14.53%	15.03%	15.10%
Secondary capital	1,973	2,375	2,354	1,973	2,375	2,354
Tier II (%)	2.45%	3.06%	3.00%	2.45%	3.06%	3.00%
Total capital	13,774	14,051	14,223	13,674	14,047	14,214
Total capital ratio (%)	17.11%	18.09%	18.11%	16.98%	18.09%	18.10%
Risk weighted assets (RWA)	80,524	77,659	78,537	80,538	77,655	78,527
Leverage ratio (%)	4.54%	4.72%	4.92%	4.50%	4.71%	4.92%
CET 1 - BS (non-consolidated basis) (%)	13.57%	13.30%	13.48%			
Tier I - BS (non-consolidated basis) (%)	15.63%	15.48%	15.68%			
Tier II - BS (non-consolidated basis) (%)	2.36%	2.90%	2.88%			
Total capital ratio - BS (non-consolidated basis) (%)	17.99%	18.39%	18.55%			
ADIs	(2) 2,701	2,943	3,223			

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

(1) Includes IFRS 9 transitional adjustments.

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

Evolution of Group MREL (% RWAs, % LRE)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	24.05.2023	A (low)	R-1 (low)	Stable
S&P Global Rating ⁽¹⁾	25.05.2023	BBB	A-2	Positive
Moody's	31.05.2023	Baa3	P-2	Positive
Fitch Ratings	30.06.2023	BBB-	F3	Positive

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

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

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', respectively, 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 maintained at 'P-2'. The rating was reaffirmed in the full report issued on 31 May 2023.

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

Results, by business unit

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

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

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

In terms of the other criteria applied, segment information is first structured with a breakdown by geographical 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 for personal use. 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 and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers custom structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from deposits, customer sight deposit accounts and mutual funds. The main services also include collection/payment solutions such as cards and POS terminals, as well as import and export services.
- 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 1H23

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,573	603	94	2,270
Net fees and commissions	635	58	4	697
Core revenues	2,208	661	98	2,967
Net trading income and exchange differences	26	5	0	31
Income from equity method and dividends	72	0	0	72
Other operating income/expense	-232	-20	-10	-261
Gross operating income	2,074	646	89	2,809
Operating expenses	-780	-387	-37	-1,204
Amortisation & depreciation	-185	-76	-12	-274
Total costs	-965	-464	-49	-1,478
Pre-provisions income	1,109	183	40	1,331
Total provisions & impairments	-430	-23	-15	-468
Gains on sale of assets and other results	-12	0	-1	-13
Profit before tax	666	160	23	849
Income tax	-228	-55	-2	-285
Minority interest	1	0	0	1
Attributable net profit	437	106	21	564
ROTE	10.8%	10.9%	9.1%	10.8%
Efficiency	37.1%	59.9%	41.2%	42.4%
Efficiency w ith amortisation & depreciation	45.8%	71.7%	55.1%	52.0%
Stage 3 ratio	4.3%	1.4%	3.1%	3.5%
Stage 3 coverage ratio w ith total provisions	57.2%	40.4%	65.8%	55.7%

Profit and loss 1H22

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,139	551	67	1,757
Net fees and commissions	660	64	5	729
Core revenues	1,799	615	72	2,486
Net trading income and exchange differences	79	3	1	83
Income from equity method and dividends	84	0	0	84
Other operating income/expense	-117	-21	-8	-147
Gross operating income	1,846	597	65	2,507
Operating expenses	-756	-378	-33	-1,167
Amortisation & depreciation	-184	-83	-6	-272
Total costs	-940	-461	-39	-1,440
Pre-provisions income	906	136	26	1,067
Total provisions & impairments	-444	-32	0	-475
Gains on sale of assets and other results	-17	0	-2	-19
Profit before tax	445	104	23	572
Income tax	-112	-50	-4	-166
Minority interest	14	0	0	14
Attributable net profit	319	54	19	393
ROTE	7.4%	5.2%	8.2%	7.0%
Efficiency	41.4%	63.4%	50.8%	46.9%
Efficiency w ith amortisation & depreciation	51.4%	77.2%	60.4%	57.9%
Stage 3 ratio	4.1%	1.3%	2.3%	3.3%
Stage 3 coverage ratio w ith total provisions	56.7%	40.3%	73.3%	55.3%

Balance sheet Jun 23

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	180,613	56,086	6,753	243,453
Performing gross loans	106,965	42,526	4,343	153,834
RE exposure	664	0	0	664
Subtotal liabilities	170,063	53,719	6,151	229,932
On-balance sheet customer funds	117,905	41,203	3,681	162,790
Capital markets w holesale funding	21,119	3,787	0	24,905
Equity	10,550	2,368	602	13,520
Off-balance sheet customer funds	39,720	0	0	39,720

Balance sheet Jun 22

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	196,349	55,297	5,583	257,229
Performing gross loans	110,177	43,903	4,065	158,144
RE exposure	778	0	0	778
Subtotal liabilities	186,480	52,708	4,990	244,178
On-balance sheet customer funds	119,636	41,105	2,650	163,391
Capital markets w holesale funding	18,213	2,913	0	21,127
Equity	9,869	2,589	592	13,051
Off-balance sheet customer funds	38,831	0	0	38,831

Banking Business Spain

Net profit as of the end of June 2023 amounted to 437 million euros, increasing by 36.9% year-on-year, due mainly to the good evolution of net interest income.

Net interest income amounted to 1,573 million euros as of the end of June 2023, growing by 38.1% year-on-year, due to a higher customer margin and improved fixed-income revenue, underpinned by higher interest rates, which offset higher wholesale funding costs.

Net fees and commissions stood at 635 million euros, -3.8% less than at the end of June 2022, mainly due to lower service fees and asset under management fees, particularly fees on pension funds and insurance brokerage due to the change in the insurance product mix.

Net trading income and exchange differences amounted to 26 million euros, falling in year-on-year terms due to reduced gains on sales from the fixed-income portfolio and on trading and hedging derivatives.

Income from equity method and dividends showed a year-on-year reduction, mainly due to higher earnings recorded by BS Capital investees during the first half of 2022, which were partially offset by the increased contribution of the insurance business during the first half of 2023.

Other income and expenses include -157 million euros corresponding to the banking tax and -76 million euros corresponding to the contribution to the Single Resolution Fund (SRF) as of the end of June 2023.

Total costs rose by 2.7% year-on-year due to higher staff expenses.

Provisions and impairments amounted to 430 million euros, down by -3.0% year-on-year, due mainly to the record of fewer provisions for real estate assets and to reduced litigation.

Gains on sale of assets and other results improved in year-on-year terms due to the recognition of lower IT asset write-offs.

(€ million)	1H22	1H23	YoY (%)	Simple evolution					
				1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Net interest income	1,139	1,573	38.1	556	583	629	730	752	821
Net fees and commissions	660	635	-3.8	326	334	346	338	321	314
Core revenues	1,799	2,208	22.7	882	917	975	1,068	1,073	1,135
Net trading income and exchange differences	79	26	-67.1	27	52	21	-5	-6	32
Income from equity method and dividends	84	72	-14.9	59	26	28	12	31	40
Other operating income/expense	-117	-232	97.7	-7	-110	1	-109	-157	-74
Gross operating income	1,846	2,074	12.4	961	885	1,025	967	941	1,133
Operating expenses	-756	-780	3.2	-385	-372	-375	-382	-388	-393
Amortisation & depreciation	-184	-185	0.9	-91	-92	-95	-95	-95	-90
Total costs	-940	-965	2.7	-476	-464	-470	-477	-483	-482
Pre-provisions income	906	1,109	22.4	485	421	555	489	458	651
Total provisions & impairments	-444	-430	-3.0	-218	-226	-193	-284	-214	-217
Gains on sale of assets and other results	-17	-12	-26.8	-10	-7	6	2	-1	-11
Profit before tax	445	666	49.6	257	188	369	208	243	423
Income tax	-112	-228	103.9	-59	-53	-103	-55	-106	-122
Minority interest	14	1	-95.1	13	1	0	-3	0	1
Attributable net profit	319	437	36.9	184	135	265	156	137	300
Accumulated ratios									
ROTE	7.4%	10.8%		7.2%	7.4%	8.4%	8.7%	9.5%	10.8%
Efficiency	41.4%	37.1%		42.5%	41.4%	40.5%	40.3%	39.0%	37.1%
Efficiency w/ amortisation & depreciation	51.4%	45.8%		52.6%	51.4%	50.5%	50.2%	48.6%	45.8%
Stage 3 ratio	4.1%	4.3%		4.6%	4.1%	4.2%	4.2%	4.3%	4.3%
Stage 3 coverage ratio w/ total provisions	56.7%	57.2%		57.3%	56.7%	56.5%	56.2%	55.8%	57.2%

Gross performing loans fell by -2.9% compared to June in the previous year, impacted by the maturity of Treasury loans and also by a smaller volume of SMEs and corporate loans.

On-balance sheet customer funds fell by -1.4% year-on-year, due to the reduction of sight accounts as customers searched for products that offered them higher returns on their savings, which was partially offset by an increase in term deposits and commercial paper. Off-balance sheet funds increased by 2.3%, mainly due to mutual funds.

(€ million)	Jun 22	Jun 23	YoY (%)	Simple evolution					
				Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Total assets	196,349	180,613	-8.0	192,156	196,349	198,115	189,545	186,941	180,613
Performing gross loans	110,177	106,965	-2.9	106,687	110,177	109,632	108,889	106,524	106,965
RE exposure	778	664	-14.7	805	778	739	713	688	664
Subtotal liabilities	186,480	170,063	-8.8	182,368	186,480	187,892	179,402	176,757	170,063
On-balance sheet customer funds	119,636	117,905	-1.4	116,670	119,636	119,773	120,118	118,177	117,905
Capital markets w/ wholesale funding	18,213	21,119	16.0	18,707	18,213	19,020	19,444	20,734	21,119
Equity	9,869	10,550	6.9	9,789	9,869	10,223	10,143	10,185	10,550
Off-balance sheet customer funds	38,831	39,720	2.3	40,624	38,831	38,049	38,492	39,513	39,720
Other data									
Employees	12,949	13,369		12,836	12,949	13,061	12,991	13,077	13,369
Branches	1,290	1,221		1,289	1,290	1,288	1,226	1,222	1,221

Banking Business United Kingdom

Net profit amounted to 106 million euros as of the end of June 2023, representing strong year-on-year growth of 94.9%, mainly on the strength of improved net interest income.

Net interest income came to a total of 603 million euros, 9.4% more than in the same period of the previous year, mainly on higher loan yields due to higher interest rates and also due to the fixed-income portfolio, which offset the increased wholesale funding and deposit costs. At constant exchange rates, net interest income increased by 13.9%.

Net fees and commissions amounted to 58 million euros as of the end of June 2023, recording a year-on-year reduction of -6 million euros due to reduced fees charged on sight deposit accounts.

Total costs stood at 464 million euros, increasing by 0.6% year-on-year, impacted by the depreciation of the pound sterling. At a constant exchange rate, costs increased by 4.7%, due to higher staff and general expenses, mainly IT and marketing.

Provisions and impairments amounted to 23 million euros, falling by -28.0% year-on-year, mainly due to the release of provisions for litigation.

Corporation tax in 2022 recorded -15 million euros 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%.

(€ million)	1H22	1H23	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Net interest income	551	603	9.4	13.9	271	280	296	304	303	300
Net fees and commissions	64	58	-9.2	-5.5	30	34	39	31	28	30
Core revenues	615	661	7.5	11.8	301	314	335	334	331	330
Net trading income and exchange differences	3	5	89.1	96.8	5	-3	8	-5	7	-2
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	-21	-20	-5.3	-1.5	-12	-9	-9	-65	-11	-9
Gross operating income	597	646	8.3	12.7	294	302	334	264	328	318
Operating expenses	-378	-387	2.4	6.5	-191	-188	-190	-184	-188	-199
Amortisation & depreciation	-83	-76	-7.6	-3.9	-42	-41	-37	-37	-38	-38
Total costs	-461	-464	0.6	4.7	-232	-229	-228	-221	-226	-238
Pre-provisions income	136	183	34.5	40.0	62	74	107	43	102	81
Total provisions & impairments	-32	-23	-28.0	-25.1	-11	-20	-41	-30	-19	-4
Gains on sale of assets and other results	0	0	--	--	0	0	0	1	0	0
Profit before tax	104	160	54.3	60.5	50	53	65	14	83	77
Income tax	-50	-55	9.9	14.4	-31	-19	-26	-20	-29	-25
Minority interest	0	0	--	--	0	0	0	0	0	0
Attributable net profit	54	106	94.9	102.8	19	35	39	-6	53	52
Accumulated ratios										
ROTE	5.2%	10.9%			3.6%	5.2%	6.0%	4.2%	11.0%	10.9%
Efficiency	63.4%	59.9%			64.7%	63.4%	61.1%	63.0%	57.4%	59.9%
Efficiency w ith amortisation & depreciation	77.2%	71.7%			78.9%	77.2%	74.0%	76.1%	68.9%	71.7%
Stage 3 ratio	1.3%	1.4%			1.4%	1.3%	1.4%	1.3%	1.4%	1.4%
Stage 3 coverage ratio w ith total provisions	40.3%	40.4%			38.7%	40.3%	39.7%	42.3%	41.3%	40.4%

Performing gross loans were down by -3.1% year-on-year, as a result of a smaller mortgage book, primarily due to lower new lending.

On-balance sheet customer funds increased slightly by 0.2%, with the reduction of sight deposit accounts offset by the growth of term deposits.

(€ million)	Jun 22	Jun 23	YoY (%)	YoY (%) at constant FX	Simple evolution					
					Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Total assets	55,297	56,086	1.4	1.4	55,978	55,297	55,808	55,810	55,127	56,086
Performing gross loans	43,903	42,526	-3.1	-3.1	44,294	43,903	42,857	43,110	41,993	42,526
Subtotal liabilities	52,708	53,719	1.9	1.9	53,371	52,708	53,263	53,316	52,740	53,719
On-balance sheet customer funds	41,105	41,203	0.2	0.2	42,199	41,105	40,163	40,931	40,617	41,203
Capital markets w holesale funding	2,913	3,787	30.0	30.0	2,955	2,913	2,831	2,537	3,697	3,787
Equity	2,589	2,368	-8.6	-8.5	2,607	2,589	2,545	2,494	2,387	2,368
Other data										
Employees	5,595	5,618			5,702	5,595	5,503	5,482	5,656	5,618
Branches	220	211			290	220	220	220	220	211

Banking Business Mexico

Net profit as of the end of June 2023 amounted to 21 million euros, representing year-on-year growth of 10.2%, supported mainly by the good performance of net interest income.

Net interest income amounted to 94 million euros, increasing by 41.3% year-on-year, supported by the appreciation of the Mexican peso. At a constant exchange rate, the growth was 25.1% due to a higher-yielding loan book and increased revenue of the fixed-income portfolio.

Net fees and commissions amounted to 4 million euros as of the end of June 2023, falling by -1 million euros compared to the previous year due to reduced levels of commercial activity.

Total costs amounted to 49 million euros, increasing compared to the previous year, affected by the appreciation of the Mexican peso. At constant exchange rates, costs increased by 10.6% compared to the same period in the previous year, with higher general expenses.

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

(€ million)	1H22	1H23	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Net interest income	67	94	41.3	25.1	31	36	40	43	45	49
Net fees and commissions	5	4	-20.7	-29.8	3	3	3	4	2	3
Core revenues	72	98	36.7	21.0	33	38	43	47	46	52
Net trading income and exchange differences	1	0	-100.0	-100.0	0	1	1	1	-1	1
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	-8	-10	16.0	-31.1	-4	-5	-4	-5	-4	-6
Gross operating income	65	89	36.9	29.4	30	35	40	43	42	47
Operating expenses	-33	-37	11.2	-1.6	-15	-18	-21	-18	-17	-19
Amortisation & depreciation	-6	-12	97.0	74.4	-3	-3	-4	-4	-4	-8
Total costs	-39	-49	24.9	10.6	-18	-21	-25	-22	-21	-27
Pre-provisions income	26	40	55.2	63.7	12	13	15	21	21	19
Total provisions & impairments	0	-15	--	--	3	-2	0	-9	-3	-12
Gains on sale of assets and other results	-2	-1	-39.5	-48.4	-3	0	-2	-9	-1	0
Profit before tax	23	23	-1.1	6.2	12	11	13	2	16	7
Income tax	-4	-2	-50.1	-51.2	-3	-2	-1	-3	-2	-1
Minority interest	0	0	--	--	0	0	0	0	0	0
Attributable net profit	19	21	10.2	21.0	10	9	13	0	14	7
Accumulated ratios										
ROTE	8.2%	9.1%			7.9%	8.2%	9.0%	6.6%	12.8%	9.1%
Efficiency	50.8%	41.2%			49.0%	50.8%	51.3%	48.7%	40.8%	41.2%
Efficiency with amortisation & depreciation	60.4%	55.1%			58.8%	60.4%	60.9%	58.3%	50.9%	55.1%
Stage 3 ratio	2.3%	3.1%			2.3%	2.3%	2.2%	2.3%	2.5%	3.1%
Stage 3 coverage ratio with total provisions	73.3%	65.8%			71.6%	73.3%	79.7%	70.1%	69.7%	65.8%

Performing loans grew by 6.8% year-on-year, supported by the appreciation of the Mexican peso. At constant exchange rates, this increase was 3.0%.

Similarly, on-balance sheet customer funds increased by 38.9% year-on-year, supported by the appreciation of the Mexican peso. At constant exchange rates, this item increased by 26.6%.

(€ million)	Jun 22	Jun 23	YoY (%)	YoY (%) at constant FX	Simple evolution					
					Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23
Total assets	5,583	6,753	21.0	14.6	5,121	5,583	6,483	6,025	6,411	6,753
Performing gross loans	4,065	4,343	6.8	3.0	3,762	4,065	4,256	4,131	4,119	4,343
Subtotal liabilities	4,990	6,151	23.3	17.8	4,576	4,990	5,888	5,437	5,838	6,151
On-balance sheet customer funds	2,650	3,681	38.9	26.6	2,448	2,650	3,311	3,090	3,513	3,681
Equity	592	602	1.6	-10.0	545	592	595	588	573	602
Other data										
Employees	431	418			447	431	423	422	418	418
Branches	15	15			15	15	15	15	15	15

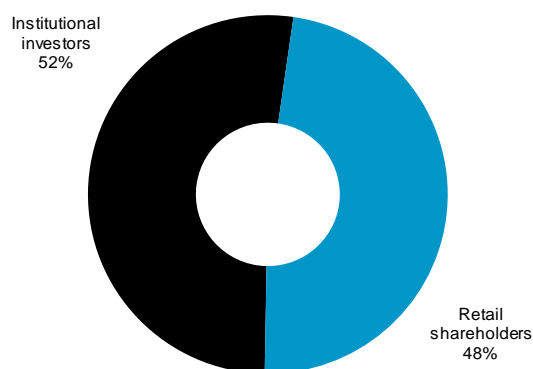
4. Share price performance

	30.06.22	31.03.23	30.06.23
Shareholders and trading			
Number of shareholders	223,927	222,228	220,614
Total number of shares (million)	5,627	5,627	5,627
Average daily trading volume (millions shares)	52	45	36
Share price (€) (1)			
Opening session (of the year)	0.592	0.881	0.881
High (of the year)	0.950	1.334	1.334
Low (of the year)	0.565	0.886	0.873
Closing session	0.761	0.989	1.054
Market capitalisation (€ million)	4,255	5,533	5,891
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.11	0.18	0.20
Book value (€ million)	13,511	13,728	14,035
Book value per share (€)	2.41	2.45	2.51
Tangible book value (€ million)	10,987	11,264	11,591
TBV per share (€)	1.96	2.01	2.07
Price / Tangible book value (times)	0.39	0.49	0.51
Price / Earnings ratio (P/E) (times)	6.68	5.56	5.31

(1) Historical values not adjusted.

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

Shareholder breakdown (%)



Source: GEM, data as of 30 June 2023

Comparative evolution of SAB share price

Period from 30.06.2022 to 30.06.2023



5. Key developments in the quarter

S&P upgrades Banco Sabadell rating outlook

On 21 April 2023, S&P Global Ratings maintains Banco Sabadell's long-term rating of BBB, improving the outlook from stable to positive.

This outlook upgrade reflects the possibility of an upgrade over the next 12-24 months if Banco Sabadell continues closing its efficiency and profitability gap with peers, and achieving returns more commensurate with the magnitude and depth of its franchise.

The short-term rating remains at A-2.

Fitch upgrades Banco Sabadell rating outlook

On 13 June 2023, Fitch Ratings España S.A.U., maintains Banco Sabadell's long-term rating of "BBB-", improving the outlook from stable to positive.

The revision of the Outlook primarily reflects Fitch expectations for Sabadell's profitability to structurally improve given higher interest rates, contained credit impairment charges and improving performance of the bank's UK subsidiary.

The short-term rating remains at F3.

Banco Sabadell announces execution of temporary share buyback programme

The Inside Information disclosure dated 26 January 2023 gave notice of the decision made by Banco Sabadell's Board of Directors to (i) propose to the Annual General Meeting of Shareholders the distribution of a supplementary dividend of €0.02 (gross) per share to be paid in cash out of the earnings of the financial year 2022, and to (ii) establish a share buyback programme, to be effected out of the earnings of the financial year 2022, subject to the corresponding prior authorisations, for redemption for a maximum consideration of 204 million euros, the terms of which would be announced separately prior to launch. Further to the aforesaid disclosure, Banco Sabadell hereby gives notice, upon having obtained the necessary

authorisation from the European Central Bank, of the establishment and execution of a temporary treasury share buyback programme.

The purpose is to reduce Banco Sabadell's share capital through the redemption of the treasury shares acquired pursuant to the capital reduction approved by the Annual General Meeting of Shareholders held on 23 March 2023 under item four of the agenda.

The maximum number of shares to be acquired will depend on the average price at which purchases are made, but will not exceed 562,696,470 shares, or such lower number of shares that, added to the remaining treasury shares held by Banco Sabadell from time to time, represents 10% of the share capital.

Banco Sabadell shall not purchase shares at a price higher than the highest of the following: (a) the price of the last independent trade or (b) the highest independent offer at that time on the trading venue where the purchase is carried out.

Banco Sabadell plans to execute the Buyback Programme in such a way that the maximum price does not exceed 2.01 euros per share, which is the tangible book value per share as at 31 March 2023.

The Buyback Programme began on 3 July 2023 and will end no later than 2 February 2024 and, in any event, once the maximum pecuniary amount has been reached or the maximum number of shares have been acquired.

Nonetheless, Banco Sabadell reserves the right to (i) interrupt the execution of the Buyback Programme, or terminate it early, if any circumstances arise that make such an action advisable or required, and to (ii) extend the duration of the Buyback Programme prior to its expiry provided that neither the maximum pecuniary amount nor the maximum number of shares to be acquired had have been reached.

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), tax on deposits of credit institutions (IDEC), and banking tax (BT) except year end.	5
ROE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF), tax on deposits of credit institutions (IDEC), and banking tax (BT), except year end.	5
RORWA	(*) Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF), tax on deposits of credit institutions (IDEC) and banking tax (BT), except year end.	5
ROTE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF), tax on deposits of credit institutions (IDEC) and banking tax (BT), except year end. The denominator excludes intangible assets and the goodwill of the investees.	5
Efficiency ratio	(*) Administrative expenses / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund, tax on deposits of credit institutions, and banking tax (BT), except year end.	5
Efficiency ratio with amortisation & depreciation	(*) Administrative expenses and amortisation & depreciation / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund, resolution fund and tax on deposits of credit institution and banking tax (BT), except year end.	5
Other operating income/expense	Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	8
Total provisions & impairments	Includes the following accounting items: (i) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or losses on sales of equity holdings and other items) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets.	8
Gains on sale of assets and other results	Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties, and gains or losses on sales of equity holdings and other items included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income	Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
Customer spread	(**) Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	9
Credit cost of risk (bps)	Ratio between provisions for NPLs / gross loans to customers excluding repos and 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.50%, that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group's best estimate.	24
Market capitalisation	Share price multiplied by the 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), tax on deposits of credit institutions (IDEC) and banking tax (BT), 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), tax on deposits of credit institutions (IDEC) and banking tax (BT), 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), tax on deposits of credit institutions (IDEC), and banking tax (BT), except year end.	31
Price / Tangible book value (times)	(*) Ratio between share price / tangible book value per share.	31
Price / Earnings ratio (P/E) (times)	(*) Ratio between share price / earnings per share.	31

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

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

(***) Average shareholders' equity calculated using the month-end balance from December of the previous year.

Alternative Performance measures	Conciliation (€millions)	1H22	FY22	1H23
ROA	Average total assets	254,286	257,692	249,079
	Consolidated net profit	407	869	564
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	ROA (%)	0.31	0.34	0.49
ROE	Average equity	13,436	13,598	13,857
	Attributable net profit	393	859	564
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	ROE (%)	5.70	6.31	8.86
RORWA	Risk weighted assets (RWA)	80,524	79,612	78,537
	Attributable net profit	393	859	564
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	RORWA (%)	0.95	1.08	1.56
ROTE	Average equity (excluding intangible assets)	10,875	11,061	11,390
	Attributable net profit	393	859	564
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	ROTE (%)	7.04	7.76	10.78
Efficiency ratio	Gross operating income	2,507	5,180	2,809
	DGF - SRF - IDEC - BT adjustment	-19	0	31
	Adjusted gross operating income	2,488	5,180	2,841
	Operating expenses	-1,167	-2,337	-1,204
	Efficiency ratio (%)	46.91	45.12	42.39
	Amortisation & depreciation	-272	-545	-274
	Efficiency ratio with amortisation & depreciation (%)	57.86	55.65	52.03
Other operating income/expense	Other operating income	31	122	39
	Other operating expenses	-178	-459	-300
	Income from assets under insurance or reinsurance contracts	0	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0	0
	Other operating income/expense	-147	-337	-261
	Provisions or reversal of provisions	-26	-97	-3
Total provisions & impairments	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	-394	-840	-437
	Provisions for NPLs and other financial assets	-419	-936	-440
	Impairment or reversal of impairment of investments in joint ventures and associates	-13	-12	0
	Impairment or reversal of impairment on non-financial assets	-31	-61	-8
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-15	-28	-24
	Gains or losses on sales of equity holdings and other items	2	2	0
	Gains from sales of investment properties and associates	1	3	2
	Other impairments	-56	-96	-29
	Total provisions & impairments	-475	-1,032	-468
	Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	-16	-17
Gains or losses on sales of equity holdings and other items		-2	-2	0
Gains from sales of investment properties and associates		-1	-3	-2
Gains on sale of assets and other results		-19	-23	-13
Pre-provisions income	Gross operating income	2,507	5,180	2,809
	Operating expenses	-1,167	-2,337	-1,204
	Personnel expenses	-694	-1,392	-717
	Other general expenses	-473	-946	-487
	Amortisation & depreciation	-272	-545	-274
	Pre-provisions income	1,067	2,298	1,331
Customer spread (*)	Loans to customers (net)			
	Avge.balance	156,863	157,870	154,788
	Results	1,798	3,966	2,671
	Rate %	2.31	2.51	3.48
	Customer deposits			
	Avge.balance	161,201	162,393	159,857
	Results	-75	-309	-531
	Rate %	-0.09	-0.19	-0.67
	Customer spread	2.22	2.32	2.81
	Other assets	Derivatives - Hedge accounting	1,778	3,072
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-871	-1,546	-1,672
Tax assets		6,958	6,851	6,819
Other assets		615	480	490
Non-current assets and disposal groups classified as held for sale		757	738	807
Other assets		9,238	9,596	9,807
Other liabilities	Derivatives - Hedge accounting	708	1,242	1,623
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-542	-959	-1,165
	Tax liabilities	242	227	399
	Other liabilities	1,154	872	729
	Liabilities included in disposal groups classified as held for sale	0	0	28
	Other liabilities	1,562	1,382	1,624

(*) Customer spread calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	1H22	FY22	1H23
	Mortgage loans & credits	90,533	89,340	88,356
	Other secured loans & credits	3,456	3,412	3,589
	Working capital	6,745	7,489	7,002
	Leasing	2,151	2,227	2,311
	Unsecured lending and others	55,259	53,663	52,576
Performing gross loans	Performing gross loans	158,144	156,130	153,834
	Stage 3 assets (customer)	5,233	5,461	5,534
	Accruals	84	69	155
	Gross loans to customers excluding repos	163,460	161,750	159,523
	Reverse repos	353	0	130
Gross loans to customers	Gross loans to customers	163,814	161,750	159,653
	NPL and country-risk provisions	-2,978	-3,020	-3,105
	Loans and advances to customers	160,835	158,730	156,549
	Financial liabilities at amortised cost	239,180	232,530	223,887
	Non-retail financial liabilities	75,789	68,390	61,097
	Central banks	38,296	27,844	9,721
	Credit institutions	8,222	11,373	17,813
	Institutional issues	2,1924	22,514	25,135
	Other financial liabilities	7,347	6,659	8,428
On-balance sheet customer funds	On-balance sheet customer funds	163,391	164,140	162,790
	Customer deposits	164,619	164,076	161,626
	Sight accounts	147,892	147,540	140,056
	Fixed-term deposits including available and hybrid financial liabilities	15,980	16,141	21,484
	Repos	737	405	0
	Accruals and derivative hedging adjustments	9	-9	87
	Debt and other marketable securities	17,231	19,100	22,220
	Subordinated liabilities (*)	3,465	3,478	4,079
On-balance sheet funds	On-balance sheet funds	185,315	186,654	187,925
	Mutual funds	22,538	22,581	23,216
	Wealth management	3,519	3,532	3,730
	Pension funds	3,245	3,182	3,213
	Third-party insurance products	9,529	9,197	9,560
Off-balance sheet customer funds	Off-balance sheet customer funds	38,831	38,492	39,720
Funds under management and third-party funds	Funds under management and third-party funds	224,146	225,146	227,645
	Stage 3 assets (includes valuation adjustments)	5,263	5,491	5,571
Stage 3 exposures	Guarantees granted in stage 3	451	324	317
	Stage 3 exposures (€ million)	5,714	5,814	5,888
	Stage 3 exposures	5,714	5,814	5,888
Stage 3 coverage ratio with total provisions (%)	Total provisions	3,159	3,200	3,280
	Stage 3 coverage ratio with total provisions (%)	55.3%	55.0%	55.7%
Stage 3 coverage ratio (%)	Stage 3 exposures	5,714	5,814	5,888
	Stage 3 provisions	2,263	2,292	2,361
	Stage 3 coverage ratio (%)	39.6%	39.4%	40.1%
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,277	1,157	1,083
	Provisions	499	443	419
	Problematic Real Estate coverage ratio (%)	39.0%	38.3%	38.7%
	Stage 3 exposures	5,714	5,814	5,888
Problematic assets	Problematic RE Assets	1,277	1,157	1,083
	Problematic assets	6,991	6,971	6,971
	Provisions of problematic assets	3,658	3,644	3,699
Problematic assets coverage (%)	Problematic assets coverage (%)	52.3%	52.3%	53.1%
	Stage 3 exposures	5,714	5,814	5,888
Stage 3 ratio (%)	Gross loans to customers excluding repos	163,460	161,750	159,523
	Guarantees granted	9,302	9,003	8,891
	Stage 3 ratio (%)	3.31%	3.41%	3.50%
	Gross loans to customers excluding repos and guarantees granted	172,763	170,753	168,414
Credit cost of risk (bps)	Provisions for NPLs	-380	-825	-433
	NPLs costs	-41	-82	-59
	Credit cost of risk (bps)	40	44	45
	Gross loans to customers excluding repos and guarantees granted	172,763	170,753	168,414
Total cost of risk (bps)	Problematic RE Assets	1,277	1,157	1,083
	Total provisions & impairments	-475	-1,032	-468
	Total cost of risk (bps)	55	60	56
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	159,142	156,924	155,282
	On-balance sheet customer funds	163,391	164,140	162,790
	Loan-to-deposits ratio (%)	97.4%	95.6%	95.4%
Market capitalisation (€million)	Average number of shares (million)	5,595	5,594	5,589
	Share price (€)	0,761	0,881	1,054
	Market capitalisation (€million)	4,255	4,927	5,891
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	316	748	550
	Attributable net profit	393	859	564
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	Accrued AT1	-64	-10	-59
	Average number of shares (million)	5,595	5,594	5,589
	Earnings per share (EPS) (€)	0.11	0.13	0.20
Book value per share (€)	Adjusted equity	13,511	13,841	14,035
	Shareholders' equity	13,524	13,841	13,990
	DGF - SRF - IDEC - BT adjustment net of tax	-13	0	45
	Average number of shares (million)	5,595	5,594	5,589
	Book value per share (€)	2.41	2.47	2.51
	Intangible assets	2,524	2,484	2,444
TBV per share (€)	Tangible book value (€million)	10,987	11,357	11,591
	TBV per share (€)	1.96	2.03	2.07
	Share price (€)	0,761	0,881	1,054
Price / Tangible book value (times)	Price / Tangible book value (times)	0.39	0.43	0.51
Price / Earnings ratio (P/E) (times)	Price / Earnings ratio (P/E) (times)	6.68	6.58	5.31

(*) Refers to subordinated liabilities of debt securities.

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

https://www.grupbancsabadell.com/corp/files/1454340457795/eng_glosario_de_t%C3%A9rminos_sobre_medidas_de_rendimiento.pdf?bsb=RmlsZV9DLTE0NTQzNDA0NTc3OTUuMTM3NDA5ODA3OTg5NQ

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