


A decorative background on the right side of the slide, consisting of a grid of grey dots that form a large, upward-pointing triangle. The dots are arranged in a pattern that tapers towards the top.

2Q23

results

July 27, 2023

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- 



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2Q23  
highlights

## 2Q23 key messages

NII keeps improving

+6% QoQ

**Customer margin**

**+16bps QoQ**

Asset quality remains

stable

**Total cost of risk**

**56bps**

RoTE

**10.8%**

CET1 FL

**12.87%**

Group net profit of

€564M in 1H23

**£105M in 1H23 at TSB**

Share buyback

programme launched

**19% of €204M executed<sup>1</sup>**

<sup>1</sup> Data as at 24<sup>th</sup> July.

# Volumes remained broadly stable in the quarter

## Performing loans across geographies

€M

	Jun-23	QoQ	YoY
Spain	97,786	+0.3%	-3.2%
UK (TSB) <i>Constant FX</i>	42,526	+1.3% -1.1%	-3.1% -3.1%
Other international <i>Constant FX</i>	13,521	+3.1% +1.8%	+2.1% +2.8%
<b>Total</b> <i>Constant FX</i>	<b>153,834</b>	<b>+0.8%</b> +0.0%	<b>-2.7%</b> -2.7%

## Total customer funds

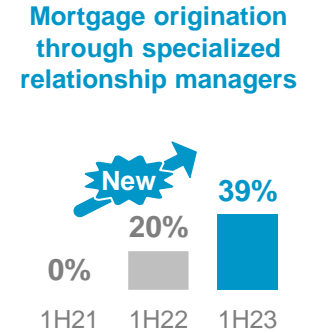
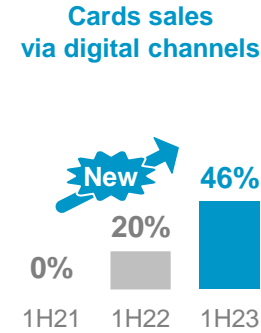
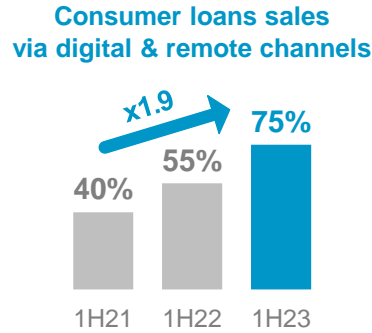
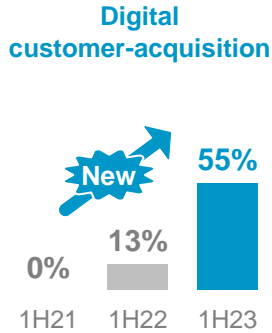
€M

	Jun-23	QoQ	YoY
On-balance sheet <i>Constant FX</i>	162,790	+0.3% -0.4%	-0.4% -0.4%
Off-balance sheet	39,720	+0.5%	+2.3%
<b>Total</b> <i>Constant FX</i>	<b>202,510</b>	<b>+0.3%</b> -0.2%	<b>+0.1%</b> +0.1%

# The radical transformation in Retail Banking enables us to increase our customer base and direct business

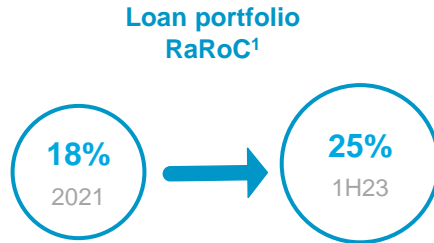
**Retail Banking**

Acceleration of our *radical transformation*



**Business Banking**

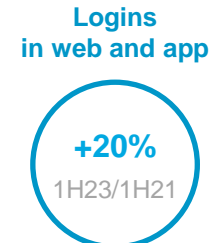
Moving forward with our *evolutionary transformation*



**Targeted growth**  
✓ Focus on profitability



**Verticalization**  
✓ 34 sector-specific offering launched



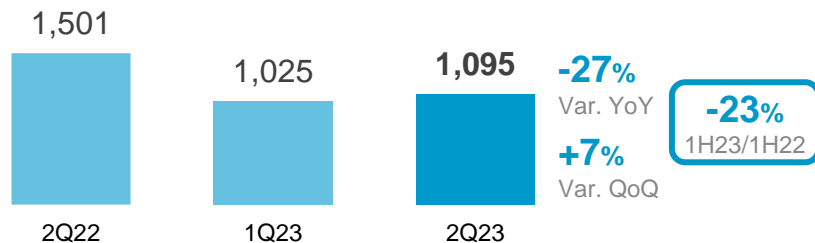
**IT to improve daily banking**  
✓ Revamped web and app

<sup>1</sup> Risk-adjusted Return on Capital.

# New lending, excluding mortgages, increased in the year

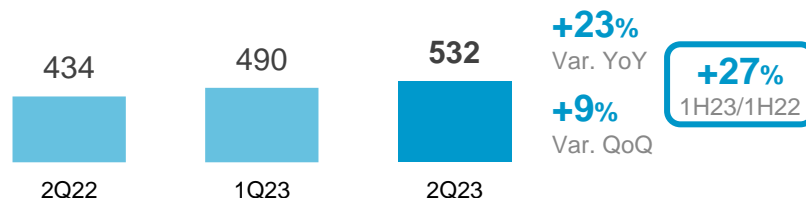
## Mortgages

Quarterly new lending in Spain (in €M)



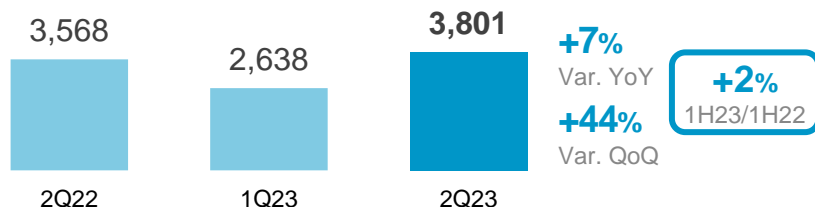
## Consumer loans

Quarterly new lending in Spain (in €M)



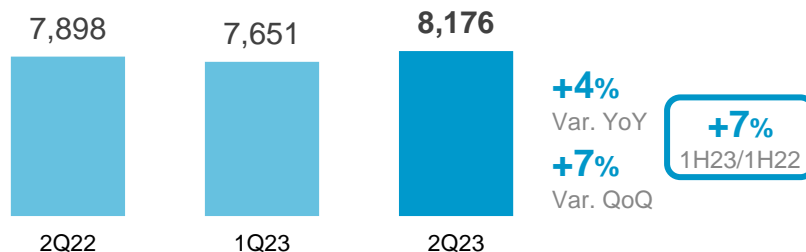
## Loans and credit facilities – Business Banking

Quarterly new lending in Spain (in €M)



## Working capital<sup>1</sup> – Business Banking

Quarterly new lending in Spain (in €M)

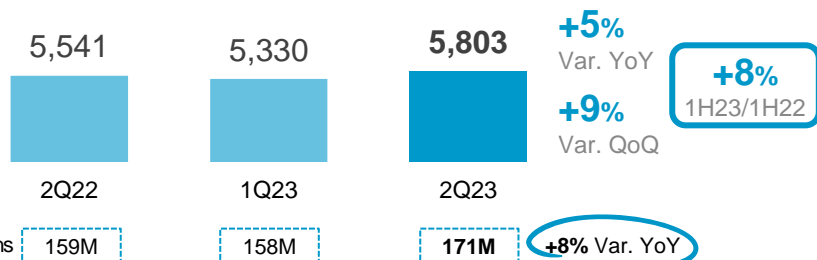


<sup>1</sup> Working capital includes trade discounting, factoring, reverse factoring, forfaiting and import/export finance.

# Good momentum in payment services continues. Gradual increase of savings & investment products

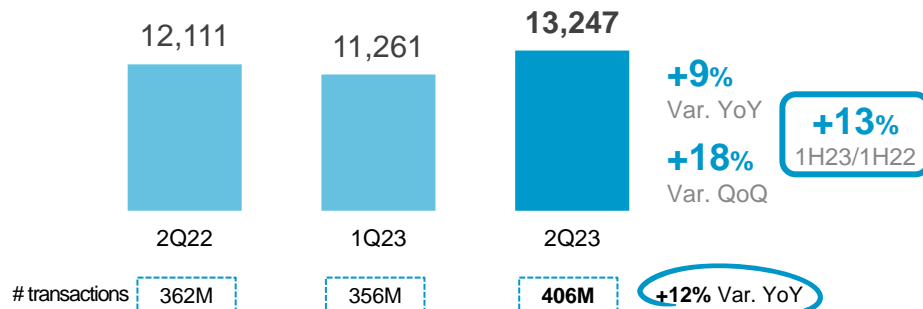
## Cards

Quarterly turnover in Spain (in €M)



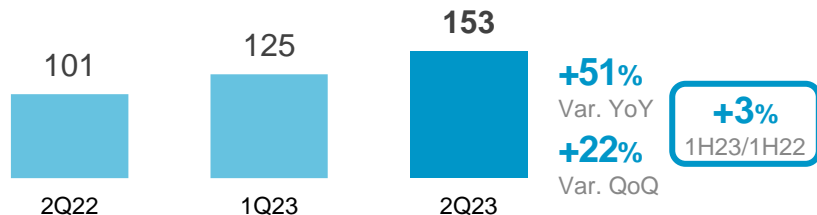
## Retailer payment services (PoS)

Quarterly turnover in Spain (in €M)



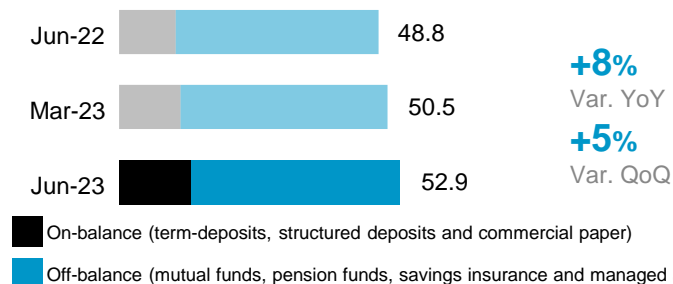
## Mutual funds

Quarterly net inflows in Spain (in €M)



## Savings & investment products

Customer funds in Spain (in €bn)





# Stable volumes in Spain in the quarter while growing in other international geographies

## Performing loans by segment, ex-TSB

€bn

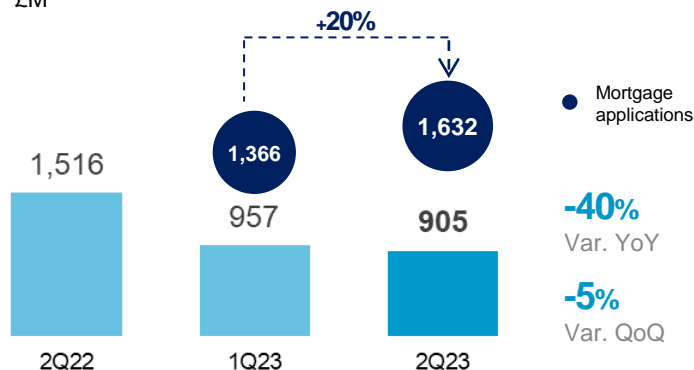
	Jun-23	QoQ	YoY		Jun-23	QoQ	YoY
<b>Mortgages</b>	<b>38.6</b>	-0.8%	-0.6%	<b>Mexico</b>	<b>4.3</b>	+5.4%	+6.8%
<b>Consumer loans</b>	<b>3.6</b>	+3.5%	+12.3%	<i>Constant FX</i>		+2.4%	+3.0%
<b>SMEs &amp; Corporates</b>	<b>42.4</b>	-0.5%	-2.7%	<b>Miami</b>	<b>5.5</b>	-0.3%	+2.2%
<b>Public sector</b>	<b>9.0</b>	-0.3%	-14.5%	<i>Constant FX</i>		-0.3%	+6.9%
-----				<b>Foreign branches</b>	<b>3.7</b>	+5.7%	-3.2%
<b>Other lending</b>	<b>4.2</b>	+19.1%	-13.9%	<i>Constant FX</i>		+4.5%	-3.2%
<b>Total Spain</b>	<b>97.8</b>	<b>+0.3%</b>	<b>-3.2%</b>	<b>Total international</b>	<b>13.5</b>	<b>+3.1%</b>	<b>+2.1%</b>
				<i>Constant FX</i>		+1.8%	+2.8%

Note: Excludes accrual adjustments.

# Deposits and loans are well balanced at TSB

## Quarterly new mortgage lending

£M



## TSB's Customer deposits

£bn

	Jun-23	QoQ	YoY	2Q23 Cost
Current Accounts (PCAs)	<b>13.2</b>	-2.4%	-7.7%	0.01%
Savings	<b>19.7</b>	+0.2%	+7.7%	1.43%
Business Banking Deposits	<b>2.5</b>	-1.8%	-5.4%	0.23%
<b>Total</b>	<b>35.4</b>	-0.9%	+0.5%	0.83%

## TSB's Performing loans<sup>1</sup>

£bn

	Jun-23	QoQ	YoY
Secured	<b>34.2</b>	-1.1%	-2.7%
Consumer lending	<b>1.2</b>	-2.2%	-8.7%
Other unsecured lending	<b>1.1</b>	-1.4%	-9.7%
<b>Total</b>	<b>36.5</b>	-1.1%	-3.1%

- c.85% of deposit savings accounts have a tenure > 5 years
- Average balance across the book is below £7k
- 40% of retail deposits are current accounts vs 28% for the industry average<sup>2</sup>

<sup>1</sup> Excludes accrual adjustments. <sup>2</sup> Source CACI's Digital Marketing research, excluding Business Banking Deposits.

# TSB contributed €106M to the Group in 1H23

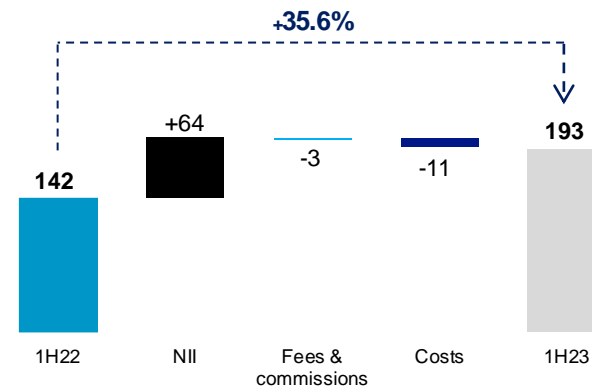
## TSB standalone P&L and its contribution to Sabadell

£M

	2Q23	2Q23/1Q23	1H23	1H23/1H22	
NII	261	-2.6%	528	13.9%	✓
Fees & commissions	26	6.4%	51	-5.5%	
Costs	-194	1.2%	-386	2.8%	
<b>Core results<sup>1</sup></b>	<b>93</b>	<b>-7.7%</b>	<b>193</b>	<b>35.6%</b>	✓
Total provisions, impairments & one-offs	-15	-9.2%	-32	19.8%	
<b>Net profit</b>	<b>50</b>	<b>-7.0%</b>	<b>105</b>	<b>71.5%</b>	✓
<b>Contribution to Sabadell Group (€M)<sup>2</sup></b>	<b>52</b>	<b>-2.2%</b>	<b>106</b>	<b>94.9%</b>	

## TSB core results<sup>1</sup>, YoY

£M



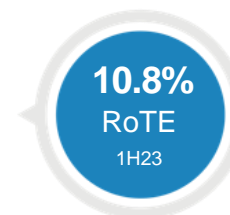
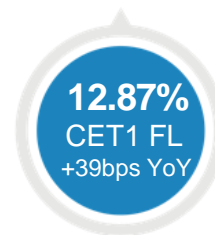
- ✓ NII increased +14% YoY as structural hedge income offsets other headwinds
- ✓ Core results +36% YoY, with NII being the contributor and a marginal increase in costs despite high inflationary environment
- ✓ Net profit grew by +71% YoY

**11.0%**  
**RoTE**  
1H23  
stand-alone

<sup>1</sup> NII + fees – total costs. <sup>2</sup> Consolidated financials at Group level include TSB acquisition-related core deposits and amortisation of brand intangibles of €23M in 2023 and €5M in 2024, which are deducted from TSB standalone financials.

# RoTE above 10%

	2Q23 (€M)	2Q23/1Q23	1H23 (€M)	1H23/1H22
<b>NII</b>	1,170	+6.3%	2,270	+29.2%
<b>Fees</b>	347	-1.0%	697	-4.4%
<b>Total costs</b>	-748	+2.4%	-1,478	+2.7%
<b>Core results<sup>1</sup></b>	<b>769</b>	<b>+6.8%</b>	<b>1,489</b>	<b>+42.3%</b>
<b>Provisions</b>	-233	-1.4%	-468	-1.4%
<b>Net profit</b>	<b>359</b>	<b>+75.2%</b>	<b>564</b>	<b>+43.6%</b>

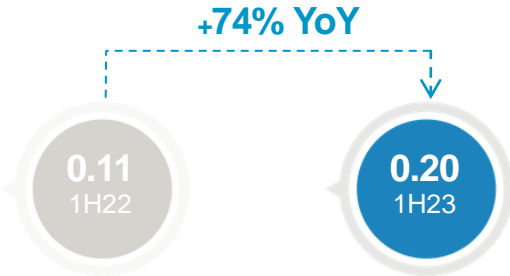


<sup>1</sup> NII + fees – total costs.

# Improvement in profitability and share buyback support shareholder value creation

## Increasing profitability...

Earnings per share (EPS). €.

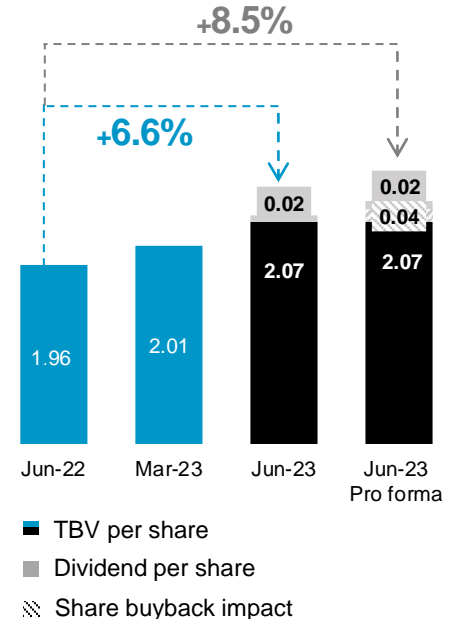


## ... and the share buyback programme

€204M of share buyback already launched

- It represents 3.3% of current market cap<sup>1</sup>
- Improvement in tangible book value per share of €4 cents
- Obtained the necessary authorisation from ECB on 30<sup>th</sup> June
- 19%<sup>2</sup> executed as of 24<sup>th</sup> July

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



**RoTE guidance for 2023 improves to ~ 10.5%**

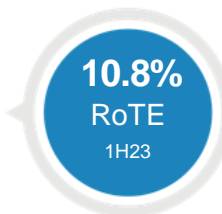


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# Financial results

# Profitability keeps increasing in the quarter

€M	Sabadell ex-TSB				Sabadell Group			
	2Q23	1H23	2Q23/1Q23	1H23/1H22	2Q23	1H23	2Q23/1Q23	1H23/1H22
Net interest income	870	1,667	9.2%	38.3%	1,170	2,270	6.3%	29.2%
Fees & commissions	317	639	-1.8%	-4.0%	347	697	-1.0%	-4.4%
<b>Core banking revenue</b>	<b>1,187</b>	<b>2,306</b>	<b>6.0%</b>	<b>23.3%</b>	<b>1,517</b>	<b>2,967</b>	<b>4.6%</b>	<b>19.4%</b>
Trading income & forex	32	26	n.m.	-67.5%	30	31	n.m.	-62.1%
Other income & expenses <sup>1</sup>	-40	-169	-69.3%	312.2%	-49	-189	-65.2%	204.6%
<b>Gross operating income</b>	<b>1,180</b>	<b>2,163</b>	<b>19.9%</b>	<b>13.2%</b>	<b>1,498</b>	<b>2,809</b>	<b>14.3%</b>	<b>12.1%</b>
Total costs	-510	-1,014	1.1%	3.6%	-748	-1,478	2.4%	2.7%
<b>Pre-provisions income</b>	<b>670</b>	<b>1,149</b>	<b>39.8%</b>	<b>23.3%</b>	<b>750</b>	<b>1,331</b>	<b>29.2%</b>	<b>24.8%</b>
Total provisions & impairments	-229	-446	5.6%	0.5%	-233	-468	-1.4%	-1.4%
Gains on sale of assets and other results	-11	-14	303.7%	-28.4%	-11	-13	288.8%	-30.7%
<b>Profit before taxes</b>	<b>430</b>	<b>689</b>	<b>65.6%</b>	<b>47.1%</b>	<b>507</b>	<b>849</b>	<b>48.2%</b>	<b>48.4%</b>
Taxes	-122	-230	13.3%	98.1%	-148	-285	7.5%	71.8%
Minority interest	-1	-1	n.m.	n.m.	-1	-1	n.m.	n.m.
<b>Attributable net profit</b>	<b>307</b>	<b>458</b>	<b>102.4%</b>	<b>35.4%</b>	<b>359</b>	<b>564</b>	<b>75.2%</b>	<b>43.6%</b>
<b>Core results<sup>1</sup></b>	<b>677</b>	<b>1,292</b>	<b>10.1%</b>	<b>44.8%</b>	<b>769</b>	<b>1,489</b>	<b>6.8%</b>	<b>42.3%</b>



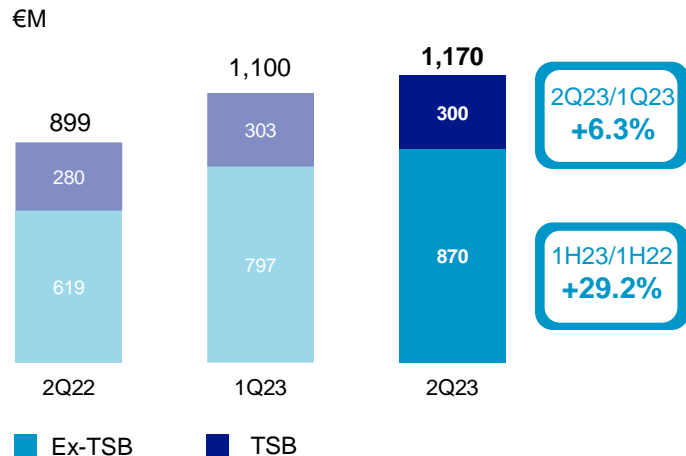
<sup>1</sup> It includes:

-€157M related to the full year Spanish banking tax in 1Q23 (not tax deductible)

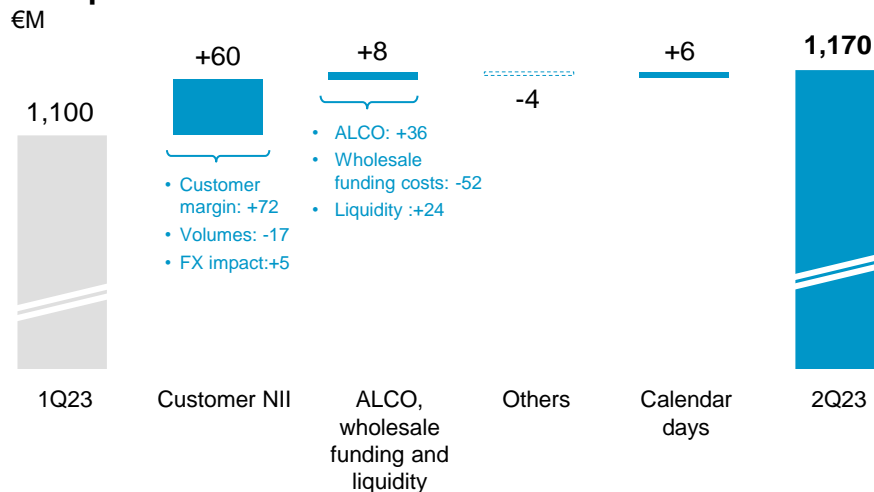
-€76M related to the Single Resolution Fund contribution in 2Q23 (tax deductible) **which is the last contribution for the 'build-up' phase**

# Higher customer spread enables improved NII guidance

## Group NII



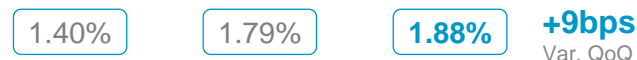
## Group NII QoQ evolution



## Customer margin



## Net interest margin



- NII increased in the quarter mainly driven by customer margin
- Improvement of 16bps in customer spread and 9bps in NIM QoQ

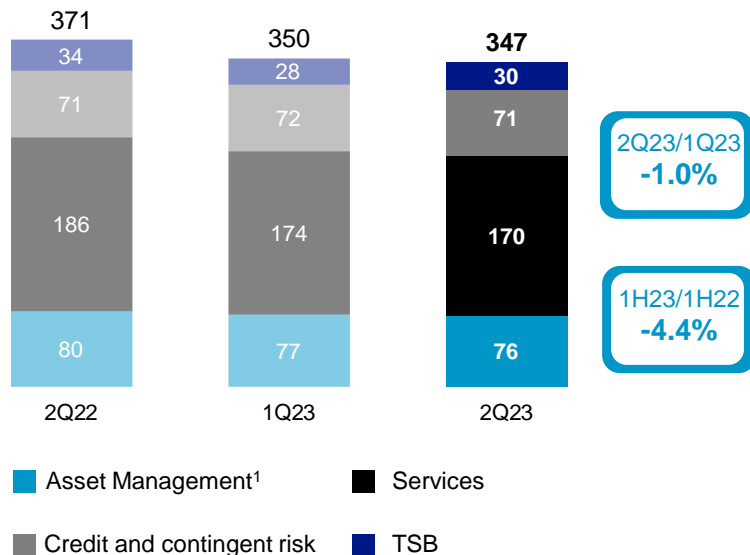
**2023 NII guidance improves to “above 20%” growth**



# Fee growth subdued by services and asset management

## Group fees & commissions

€M



## Group fees & commissions

	2Q23/1Q23		1H23/1H22	
Credit and contingent risk	-€0.7M	-1.0%	+€3.9M	+2.8%
Services	-€1.2M	-0.6%	-€24.4M	-5.8%
Asset Mgmt. <sup>1</sup>	-€1.6M	-2.0%	-€11.8M	-7.0%

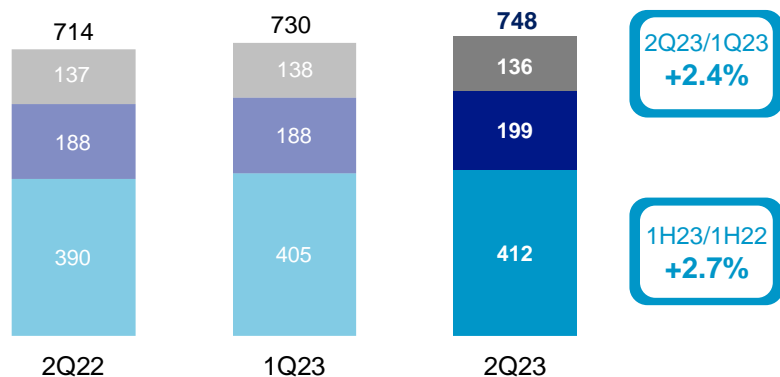
- Credit risk fees declined slightly in the quarter
- Services fees remained broadly stable driven by stronger payment activity and lower current account fees
- Asset management fees continued to be impacted by insurance brokerage fees

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

# Evolution of costs in the quarter aligned with guidance

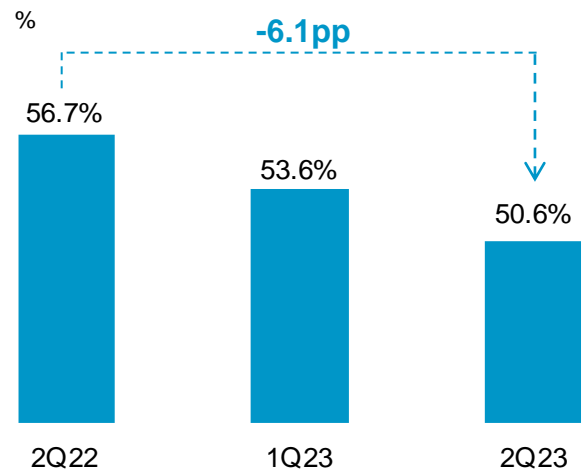
## Group costs

€M



- Ex-TSB expenses
- TSB expenses
- Amortisation & depreciation

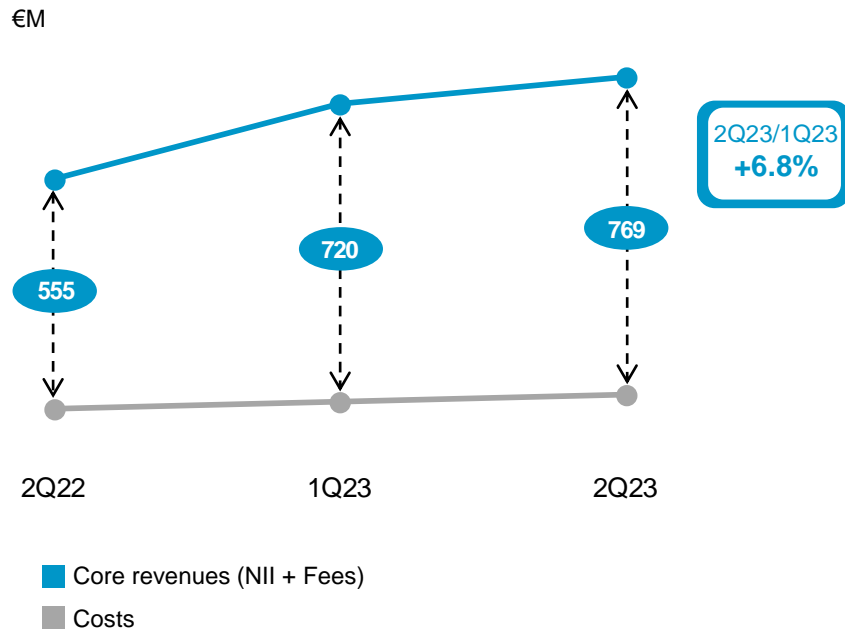
## Efficiency ratio<sup>1</sup>



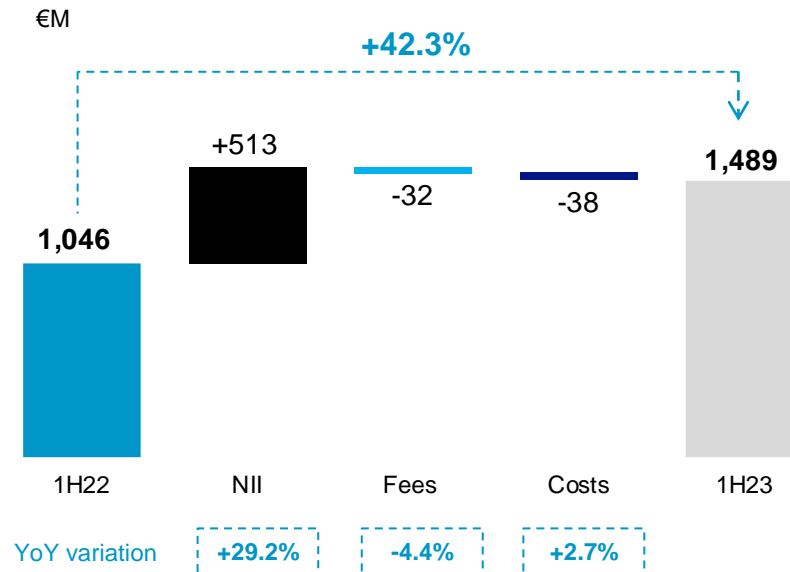
<sup>1</sup> Group costs including amortisation / gross operating income (including the accrual of the DGF, SRF, IDEC payments and the Spanish banking tax).

# Wider jaws led to core results improvement

## Group core results evolution



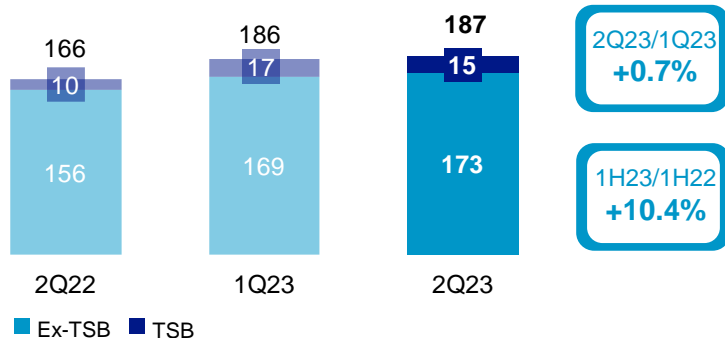
## Group core results YoY



# Total cost of risk at 56bps, better than YE guidance

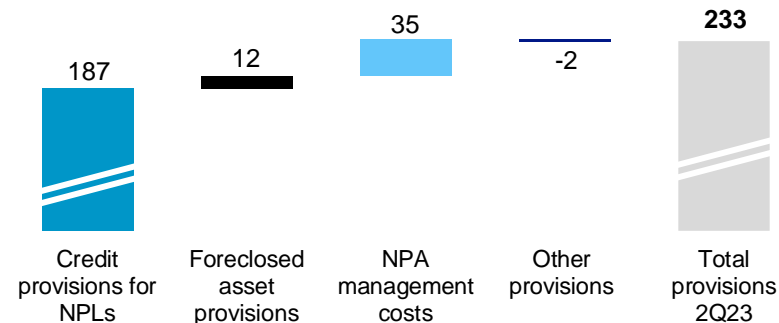
## Group credit provisions

€M

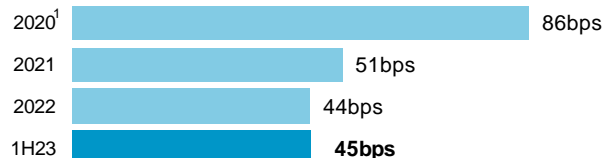


## Group total provisions 2Q23 breakdown

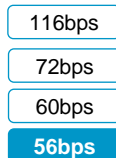
€M



## Group Credit CoR



## Group Total CoR



- Stable credit cost of risk at 45bps as delinquency levels continue to hold up
- Other provisions in the quarter driven by release in litigation provisions

**Total cost of risk guidance improves to “<60bps” in 2023**

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



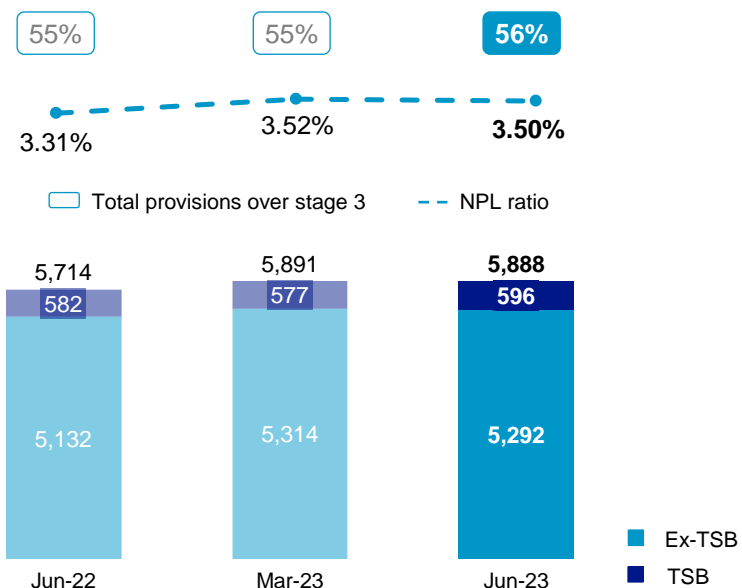
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# Balance sheet

# Small improvement of NPL ratio and coverage ratios in the quarter

## Group NPLs and NPL ratio

€M



## Exposure by stage and coverage ratio

	Stage 1	Stage 2	Stage 3
% of total book	88.5%	8.0%	3.5%
<b>Coverage, Group</b>	<b>0.3%</b>	<b>3.8%</b>	<b>40.1%</b>
<b>Coverage, ex-TSB</b>	<b>0.3%</b>	<b>4.7%</b>	<b>43.0%</b>

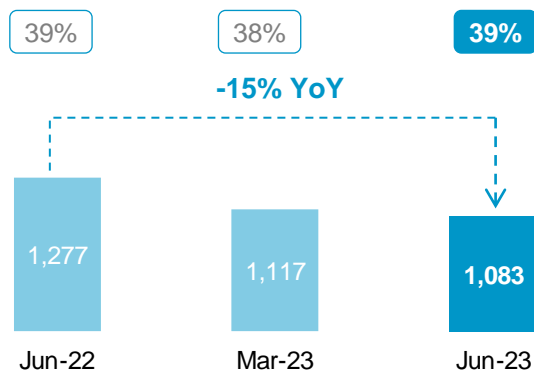
- Stage 2 loans declined by more than €600M in the quarter
- Stage 3 loans remained broadly stable due to higher recoveries
- Coverage ratio considering total provisions increased 1pp in the quarter

Note: Stage 3 exposure includes contingent risk.

# Foreclosed assets continued to decrease

## Group foreclosed assets

€M

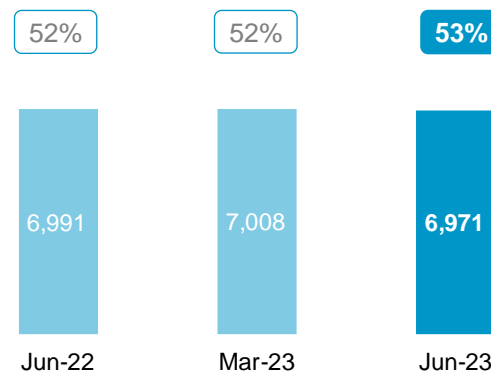


Coverage ratio

- 23% of the stock sold in the last 12 months at an average premium of 6%
- 95% of total foreclosed assets are finished buildings

## Group NPAs

€M



## Group key ratios

	Jun-22	Mar-23	Jun-23
Gross NPA ratio <sup>1</sup>	4.0%	4.2%	4.1%
Net NPA ratio	1.9%	2.0%	1.9%
Net NPAs / total assets	1.3%	1.4%	1.3%

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

# Hefty liquidity buffers

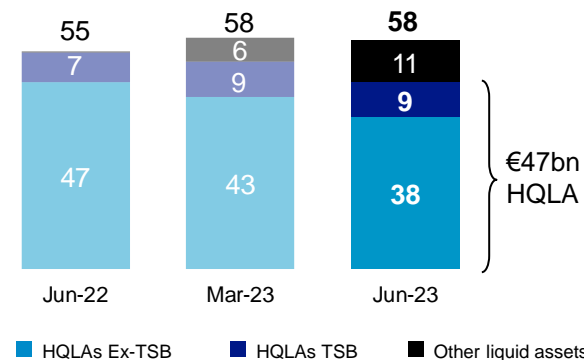
## Liquidity metrics

Sabadell Group



## Total liquid assets

€bn



## Credit ratings

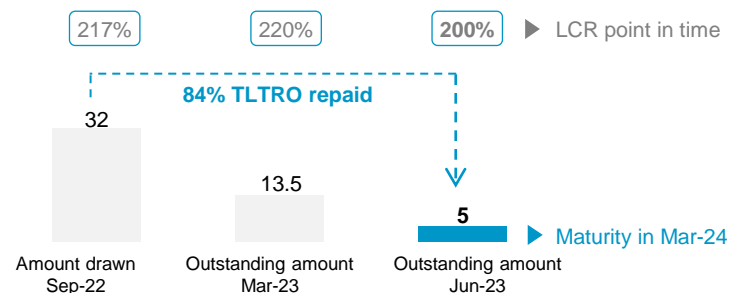
Group long-term credit rating and outlook

Standard & Poor's	BBB Positive	Fitch Ratings	BBB-Positive <span style="background-color: #0070C0; color: white; border-radius: 50%; padding: 2px;">New</span>
Moody's	Baa3 Positive	DBRS	A (low) Stable

★ *Positive outlook for three credit agencies* ★

## Central bank funding

- TLTRO-III (€bn)



✓ Liquidity deposited at ECB: **€21.7bn**. 4.3x TLTRO

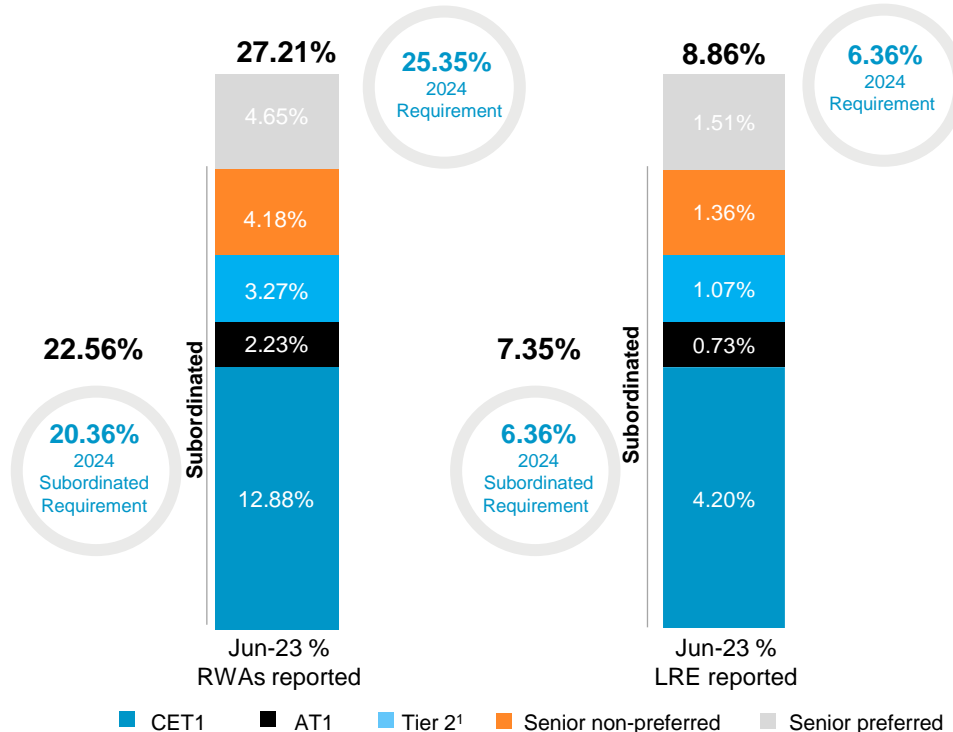
- TFSME: £5.5bn drawn. **£4.0bn** outstanding. The bulk matures in 2H25



# Ample MREL buffer

## MREL position, Sabadell Group

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



**c.€4.5bn**  
issued  
in 1H23

## YTD public issuances

- **18-Jan: €500M PerpNC6 Additional Tier 1** (9.375% coupon)
- **7-Feb: €750M 6NC5 Senior non-preferred** (5.250% coupon)
- **14-Feb: £1,000M 4-year Covered bonds** (SONIA+60bps coupon)
- **16-Feb: €500M 10.5NC5.5 Tier 2** (6.000% coupon)
- **28-Feb: €1,000M 3.5-year Covered bonds** (3.500% coupon)
- **07-Jun: €750M 6NC5 Senior preferred Green** (5.000% coupon) 

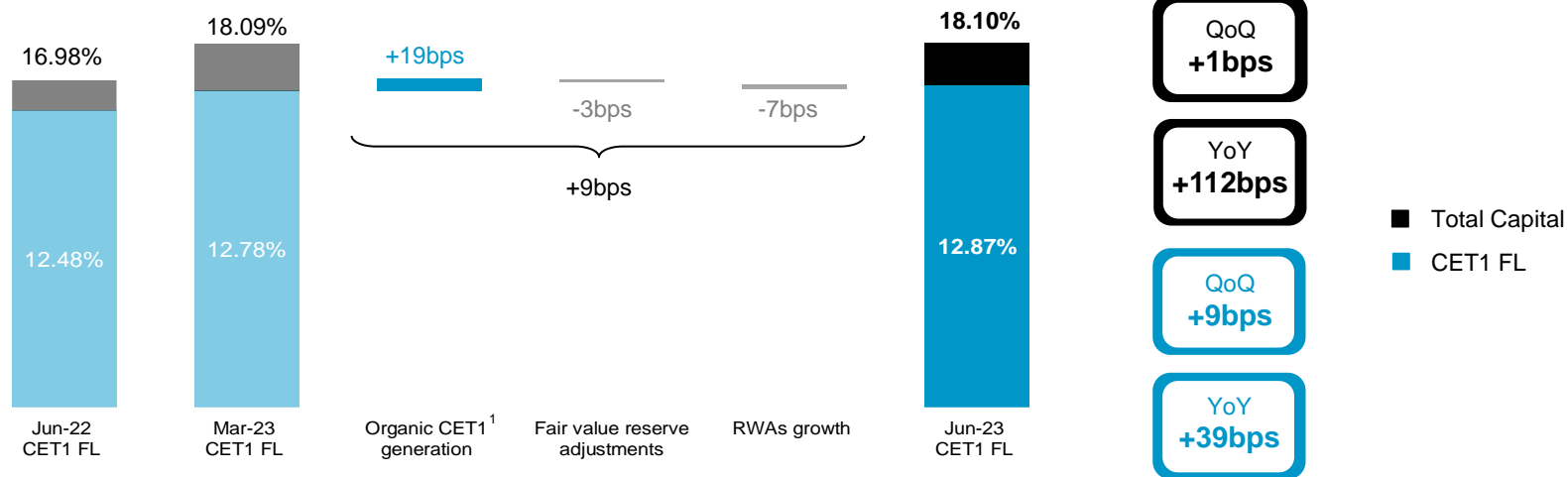
## 2023 pending funding plan

- **AT1/Tier 2:** No more issuances
- **Senior preferred/ non-preferred:** one potential transaction
- **Covered bonds:** active issuer in EUR and GBP (TSB)

Note: Ratios include the Combined Buffer Requirement (at 2.94% as of Jun-23 and estimated at 3.13% for 2024) and IFRS9 transitional arrangements. <sup>1</sup> For illustration purposes, the Tier 2 category includes subordinated debt that is no longer recognised as Own Funds when the instrument has a residual maturity of less than 5 years (Art. 62(2) CRR1) but remains eligible for MREL purposes.

# CET1 FL at 12.87% (+33bps YTD)

## Evolution of capital ratios



**No regulatory headwinds expected in the coming quarters**








<sup>1</sup> Accruing a dividend pay-out ratio of 50%.



4

Closing remarks

# A solid and recurrent set of results in 1H23 allows to upgrade 2023 guidance

	1H23	 2023 guidance	 2023 new guidance	
Net Interest Income (YoY)	<b>+29.2%</b>	High-teens growth	>20%	
Fees & Commissions (YoY)	<b>-4.4%</b>	Low single digit decline	Mid single digit decline	
Total costs	<b>€1,478M</b>	~ €3 <sup>bn</sup> (4% growth)	c.3.5% growth	
Total Cost of Risk	<b>56<sup>bps</sup></b>	< 65 <sup>bps</sup>	< 60 <sup>bps</sup>	
RoTE	<b>10.8%</b>	> 9%	~ 10.5%	

Radical transformation in Retail Banking and evolution of our Business Banking



**RoTE to improve further in 2024**

# Appendix

1 Group NIM and customer margin

2 Service quality

3 Debt maturities and issuances

4 ALCO portfolio

5 ESG

6 TSB asset quality

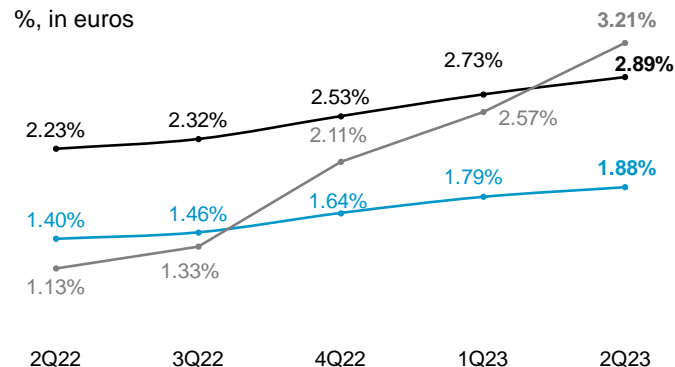
7 RWAs breakdown

8 MDA buffer

# 1. NIM and customer margin

## Sabadell Group

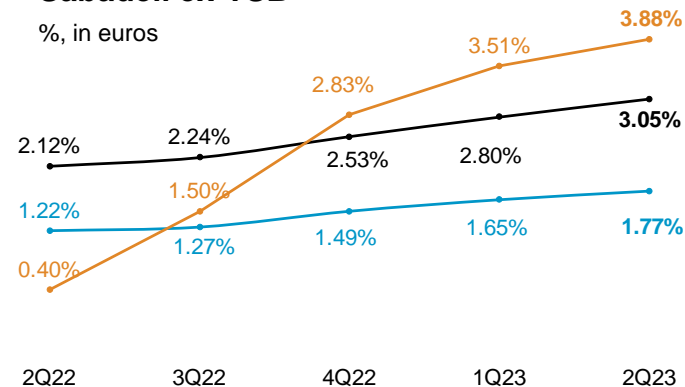
%, in euros



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

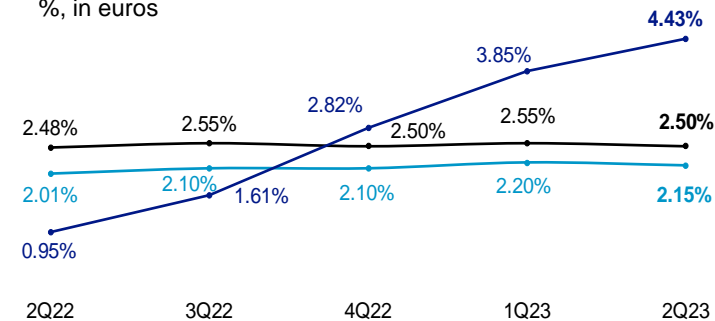
## Sabadell ex-TSB

%, in euros



## TSB

%, in euros



## 2. Service quality index and NPS

**Spain**

### Service quality index



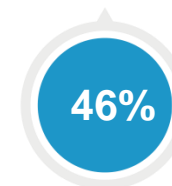
Sector average



### Net promoter score (NPS)

SMEs	8%
Corporates	31%
Personal banking	13%
Retail banking	-10%

### NPS Online banking



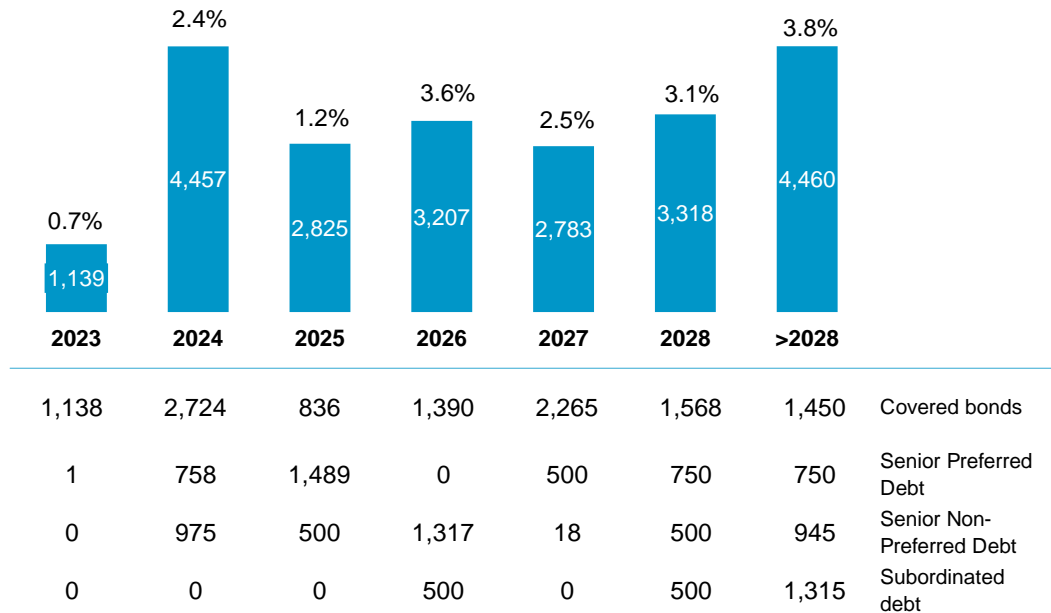
### NPS Mobile



### 3. Debt maturities and issuances

#### Debt maturities and average cost

Maturities in €M and average cost in %



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

Instrument	Date	Size	Coupon
AT1	23/02/2023	€400M	8.52%
Senior preferred bonds	05/03/2023	€1,000M	0.88%
Covered bonds	04/05/2023	€250M	2.62%

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

Instrument	Date	Size	Coupon
Covered bonds	20/10/2023	€950M	0.13%
Covered bonds	23/10/2023	€100M	4.25%
Covered bonds	26/01/2024	€550M	3.53%
Covered bonds (TSB)	15/02/2024	€750M	5.31%
Senior preferred bonds	07/03/2024	€735M	1.63%
Senior non preferred bonds	10/05/2024	€975M	1.75%
Covered bonds	10/06/2024	€1,000M	0.63%

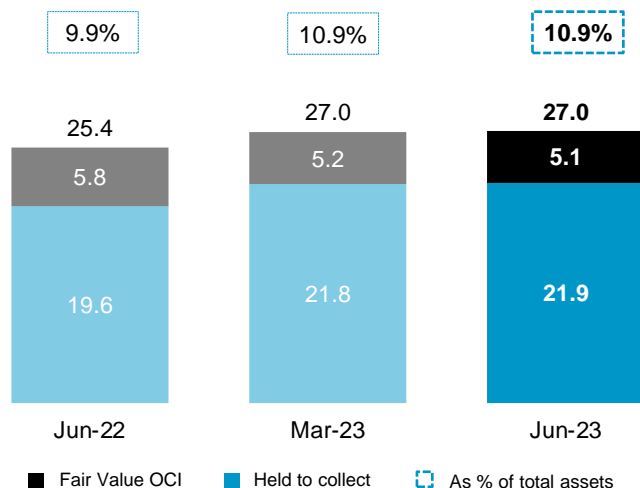
Note: Debt maturities excludes AT1 issuance.



## 4. ALCO portfolio

### Evolution of fixed income portfolio

Sabadell Group. €bn

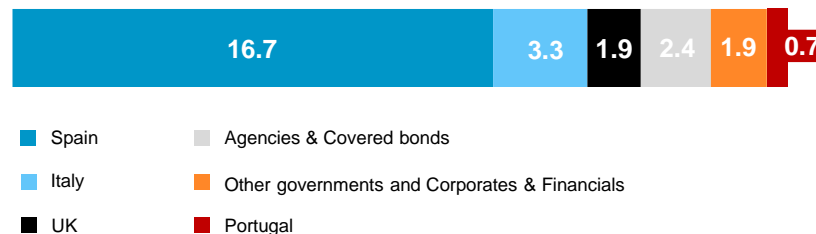


Jun-23	Yield	Total Duration <sup>1</sup>	Avg. maturity
FV OCI	3.5%	0.9 years	4.5 years
Total	3.0%	2.1 years	6.6 years

Note: Fixed income portfolio excludes trading portfolio and government treasury bills. <sup>1</sup> Duration includes the impact of hedges.

### Composition of fixed income portfolio

Sabadell Group. €bn. Jun-23.



- As at Jun-23, TSB's ALCO portfolio size was €2.7bn
- The sensitivity of our capital position to bond spread volatility remains low as Fair Value OCI composition only accounts for a small proportion and is short duration
- Option to reinvest up to €3bn in 2023
- Unrealised capital gains/losses (after tax):
  - Fair value OCI: -0.2pp of CET1 (already deducted)
  - Held to collect: -0.9pp of CET1

# 5. ESG. Milestones 2Q23

**E  
S  
G**

- New **green bond issuance of €750M** (6NC5 year Senior preferred Green, 5% coupon), demand c.2.5x amount offered
- **Stock market debut** (Spanish sub-market BME Growth) of **Greening Group**, a **renewables firm specialising in photovoltaic energy** in which the Bank holds a stake, with a **value of €143M** and a 29% revaluation upon its debut



**E  
S  
G**

- The prestigious economic magazine **Forbes** recognises Banco Sabadell as **one of the 100 best companies to work for in Spain**
- Launch of first **pension plan for self-employed** professionals, with a value of €4bn, through an agreement with UPTA (Spain's Union of Professionals and Self-Employed Workers)
- BanSabadell Vida awarded seal of distinction as a socially responsible company called the **'sello solidario'** by **Manos Unidas** for its collaboration in socially responsible projects through its sustainable products



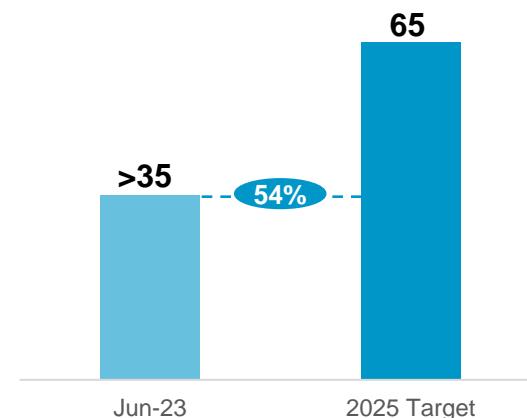
**E  
S  
G**

- Banco Sabadell once again receives **highest distinction in transparency and fiscal accountability**, with the 'T for Transparent' seal awarded by the Haz Foundation
- Banco Sabadell receives **Spain is Excellence (SIE) Award for Corporate Excellence**, which singles out companies that play a key role in promoting 'brand Spain' due to their international representation



## Sustainable finance mobilised

€bn in cumulative terms since 2021



- €9.6bn mobilised in 1H23 (+8%)
- >€35bn mobilised in cumulative terms since 2021
- On track to meet our target of €65bn in 2025



**Commitment to Sustainability**

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

### Asset quality

	Jun-22	Mar-23	Jun-23
NPL ratio	1.3%	1.4%	1.4%
Coverage ratio	40%	41%	40%
Cost of risk <sup>1</sup> (YTD)	0.09%	0.16%	0.15%

### Solvency

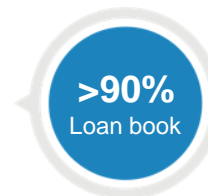
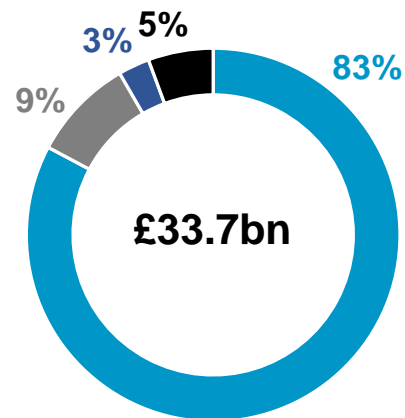
	Jun-22	Mar-23	Jun-23
CET1 ratio <sup>2</sup>	16.0%	17.2%	17.3%
Leverage ratio <sup>3</sup>	3.6%	3.8%	3.9%

### Liquidity

	Jun-22	Mar-23	Jun-23
LCR	155%	202%	177%

### TSB mortgage portfolio overview

%



- Residential repayment
- Residential interest only
- Buy to let repayment
- Buy to let interest only

- ✓ Average loan balance: £134k
- ✓ Average LTV: 55%<sup>4</sup>
- ✓ 85% of our mortgages book have LTV<75%
- ✓ 57% fixed rates for another 2 years or more
- ✓ Average seasoning: >4 years

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

<sup>2</sup> CET1 ratio on a transitional basis. The Jun-23 CET1 FL ratio is 17.3%. <sup>3</sup> Calculated using EBA standards and on a transitional basis. <sup>4</sup> Balance weighted.

## 7. RWAs breakdown

Jun-23 RWAs: €78,537M

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### By type:

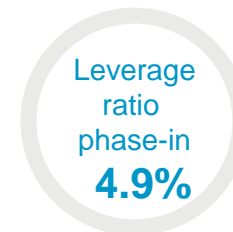
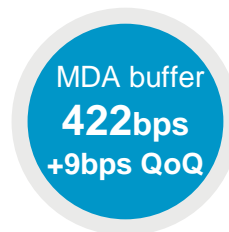
- Credit risk: €69.6bn
- Market risk: €0.5bn
- Operational risk: €8.2bn
- Other: €0.2bn

### By geography:

- Spain: €61.0bn
  - UK: €13.6bn
  - Mexico: €3.9bn
-

## 8. Ample MDA buffer at 422bps, better than guidance

Group capital requirements		Group capital position
Pillar 1 CET1	4.50%	
Pillar 2 CET1 Requirement (P2R)	1.21% <sup>1</sup>	
Capital Conservation Buffer	2.50%	
Countercyclical Buffer	0.20%	
Other Systemically Important Institutions	0.25%	
<b>CET1</b>	<b>8.66%</b>	<b>12.88%</b>
AT1	1.90% <sup>1</sup>	2.23%
Tier 2	2.54% <sup>1</sup>	3.00%
<b>Total Capital</b>	<b>13.10%</b>	<b>18.11%</b>



- MDA stands 422bps above 8.66% requirement
- 2% Countercyclical Buffer in UK will represent additional 20bps<sup>2</sup> for Sabadell from July 2023
- Leverage ratio phase-in increased +38bps YoY

<sup>1</sup> Applying Article 104a CRD which assumes the bank can use excess Tier 2 and AT1 to meet P2R (in total 94bps of excess hybrid capital, of which 40bps would be AT1 and 54bps Tier 2). <sup>2</sup> Based on RWAs as of Jun-23.

# Glossary

Term	Definition
<b>CBR</b>	Combined Buffer Requirement
<b>CCyB</b>	Countercyclical Buffer
<b>CCB</b>	Capital Conservation Buffer
<b>Commercial gap</b>	Total on-balance sheet customer funds – total gross loans
<b>DGS</b>	Deposit Guarantee Scheme
<b>HQLA</b>	High Quality Liquid Assets
<b>HTC</b>	Held to collect
<b>LCR</b>	Liquidity Coverage Ratio: short-term liquidity ratio
<b>LRE</b>	Leverage Ratio Exposure denominator is equivalent to total assets and a variety of off-balance sheet items including derivatives and repurchase agreements, among others
<b>MDA</b>	Maximum Distributable Amount
<b>NIM</b>	Net Interest Margin
<b>NPS</b>	The Net Promoter Score is obtained by asking customers “On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely are you to recommend Sabadell to a friend or colleague?”. NPS is the percentage of customers who score 9-10 after subtracting the percentage who score 0-6
<b>NSFR</b>	Net Stable Funding Ratio: medium-term liquidity ratio
<b>P2R</b>	Pillar 2 Requirement
<b>RaRoC</b>	Risk Adjusted Return On Capital
<b>RM</b>	Relationship Manager
<b>RWA</b>	Risk Weighted Assets
<b>TBV</b>	Tangible Book Value
<b>TFSME</b>	Term Funding Scheme with additional incentives for SMEs
<b>TLTRO</b>	Targeted Longer-Term Refinancing Operations

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