

Q1 2022 Results**Banco Sabadell earns 213 million euros due to lower costs and improvement across all margins**

- **Core results (net interest income + fees and commissions – recurrent costs) increase by 20.9% year-on-year**
- **Costs fall by 5.6% year-on-year and by 4.3% in the quarter**
- **The fully-loaded CET1 capital ratio increases and now stands at 12.45%**
- **The Bank achieves ROTE of 6.5%, in line with the targets set for this year**
- **TSB achieves standalone profit of 21 million pounds and contributes positively to the Group's results for the fifth consecutive quarter**

28 April 2022. Banco Sabadell Group has ended the first quarter of 2022 with net attributable profit of 213 million euros, in contrast to 73 million euros profit in the first quarter of 2021. The Institution's core results (net interest income + fees and commissions – recurrent costs) increased by 20.9% year-on-year. The Bank achieved ROTE of 6.5%, standing above the strategic plan forecast.

Following a year at the helm of the Bank, CEO, César González-Bueno, stated that *“we are beginning the year by improving our performance across all margins and we are continuing to reduce costs, having completed the efficiency plan. All this is accompanied by consolidation of TSB's positive contribution. Without a doubt, Banco Sabadell is ending the quarter on a positive note and we are on track to achieve all the goals we have set for this year”*. In the opinion of Leopoldo Alvear, Sabadell's Financial Director, *“we see an increase of more than 20% in core results, stable levels of default and a substantial improvement of the Bank's capital ratios. Quarter by quarter, we are delivering on our roadmap”*.

Net interest income + fees & commissions

Core banking revenue (net interest income + net fees and commissions) reached 1,217 million euros, 3.6% higher year-on-year. Quarter-on-quarter, it declined by 3.5%. **Net interest income** increased year-on-year by 3.0% to reach 858 million euros, mainly supported by loan volume growth, while quarter-on-quarter it fell by 0.6% due to the lower day count.

Net fees and commissions stand at 359 million euros, representing year-on-year growth of 5.0%, due to the good performance of service fees and asset management fees. These fell by 9.7% in the quarter mainly due to the positive seasonal effect in the last quarter of 2021, as well as a lower level of syndicated loan transactions and the impact of capital markets volatility on asset management.

Positive impact of the efficiency plan on costs

Total costs amounted to 726 million euros as at March 2022 and fell by -5.6% in the year, mainly driven by savings on staff expenses following the execution of the efficiency plans, and also by reduced general expenses. Total costs also fell in the quarter by 4.3%, and a further reduction is expected in successive quarters with estimated savings of 110 million euros in 2022 (130 million annually as from 2023).

Lending grows in Spain and UK

The balance of Banco Sabadell's **performing loans** at the end of the first quarter of 2022 was 154,672 million euros (110,378 million euros ex-TSB). Lending grew by 3.1% year-on-year⁽¹⁾ mainly driven by the increase in the mortgage book, where growth at TSB stands out in particular.

New mortgage lending has remained stable in Spain in the year and reached 1,261 million euros in the quarter. **Consumer lending** increased by 11% year-on-year, reaching 371 million euros in the quarter.

⁽¹⁾Excludes the impact of the CAM APS

Mutual funds increased by 6% in the year, to reach 23,848 million euros, whilst credit card turnover grew by 27% year-on-year, reaching 4,793 million euros, and PoS turnover grew by 36% in the same period, reaching 9,500 million euros.

At the end of March 2022, **on-balance sheet customer funds** amounted to a total of 161,316 million euros (119,118 million euros ex-TSB), representing year-on-year growth of 4.9% (5.7% ex-TSB). They fell slightly in the quarter, by 0.4% (0.1% ex-TSB), due to retail issue maturities. Sight account balances amounted to 146,520 million euros (106,279 million euros ex-TSB), having increased by 8.2% year-on-year (9.7% ex-TSB) and with a marginal decline of 0.5% (0.3% ex-TSB) in the quarter.

Term deposits amounted to 15,386 million euros (13,428 million euros ex-TSB), declining by 17.2% year-on-year (16.0% ex-TSB), as deposits flowed through to sight accounts. They grew by 3.9% in the quarter (5.5% ex-TSB).

At the end of March 2022, **off-balance sheet customer funds** stood at 40,624 million euros and increased by 2.9% year-on-year due to an increase in net mutual fund subscriptions, and despite the sale of BancSabadell d'Andorra. Excluding this impact, annual growth would be 4.9%.

The Group's **total assets** amount to 253,256 million euros (200,441 million euros ex-TSB), which represents an increase of 3.4% year-on-year and of 0.5% in the quarter.

The capital ratio increased to 12.45%

The **phase-in CET1 ratios** stood at 12.59% at the end of March and included 14bps of IFRS 9 transitional adjustments. The **fully-loaded CET1 ratio**, on the other hand, stood at 12.45%, increasing by 27bps quarter-on-quarter. The phase-in total capital ratio stood at 17.13% at the end of the quarter, above the regulatory requirement, with an **MDA buffer** of 413bps. In terms of liquidity management, the **liquidity coverage ratio (LCR)** reached 235% at the Group level.

Stable NPL ratio and reduced CoR

Non-performing assets amounted to 7,508 million euros at the end of March 2022, including 6,210 million euros of non-performing loans and 1,299 million euros of foreclosed assets. The NPA coverage ratio stood at 53%, with the NPL (stage 3) coverage ratio including total provisions standing at 56% and the foreclosed asset coverage ratio standing at 38.0%. The NPL ratio stands at 3.66%.

The **cost of risk** on loans decreased and stands at 41bps at the end of March 2022, 8bps lower than the previous quarter, an improvement of 28bps year-on-year.

Positive contribution from TSB for the fifth consecutive quarter

TSB has ended the month of March 2022 by making a positive contribution to Banco Sabadell Group's results for the **fifth consecutive quarter**, contributing 19 million euros on this occasion, compared with 2 million euros at the end of March 2021.

The UK subsidiary obtained standalone **pre-tax profit** of 46 million pounds at the end of March, compared with 47 million pounds in the previous quarter, thus confirming TSB's stable contribution to the Group's results. **Net profit** stood at 21 million pounds as at the end of March 2022.

Net interest income amounted to a total of 226 million pounds at the end of the first quarter and increased by 10.1% year-on-year due to strong growth of mortgage volumes during the year. **Net fees and commissions** increased by 9.7% year-on-year and amounted to 25 million pounds, driven by higher service fees, particularly card fees. **Costs** amounted to 189 million pounds and fell by 7.9% year-on-year.

Robin Bulloch, new CEO

The Board of Directors of TSB has appointed Robin Bulloch as the new CEO. Bulloch has been acting as interim head of the bank since December 2021 to the present. With his far-reaching experience in retail banking, Bulloch thus confirms his leadership of this Banco Sabadell subsidiary so that it may continue to contribute to the Bank's growth strategy.

New 'Commitment to Sustainability'

Banco Sabadell has presented its 'Commitment to Sustainability', a framework for action that incorporates the Bank's strategy and forward-looking vision for the period 2025-2050 in relation to environmental, social and governance commitments. 'Commitment to Sustainability' establishes four strategic pillars: progress as a sustainable institution; support customers in the transition to a sustainable economy by mobilising more than €65 billion in sustainable finance; offer investment opportunities that contribute to sustainability; and, work to achieve a sustainable and cohesive society.

Sabadell Online Account

Banco Sabadell has launched its new digital account: "*Cuenta con todo*". An account with no fees that can be fully arranged online, and that also offers digital customers access to the Bank's entire branch network and its managers. The account is 100% digital, it is commission-free with no contractual conditions, and it offers free transfers, debit and credit cards, and ATM cash withdrawals, which are also free of charge.

Figures in € million	Sabadell Group			Sabadell ex-TSB		
	Mar 21	Mar 22	Change YoY	Mar 21	Mar 22	Change YoY
Net interest income	833	858	3,0%	597	587	-1,7%
Fees & commissions	342	359	5,0%	315	328	4,2%
Core banking revenue	1.175	1.217	3,6%	912	916	0,3%
Trading income& forex	23	33	40,8%	14	28	94,6%
Other income & expenses	32	36	11,2%	32	48	47,0%
Gross operating income	1.230	1.285	4,5%	959	991	3,3%
Operating expenses	-640	-590	-7,8%	-440	-399	-9,2%
Depreciation & amortisation	-129	-136	5,5%	-92	-94	2,4%
<i>Promemoria:</i>						
<i>Recurrent costs</i>	-769	-726	-5,6%	-532	-493	-7,2%
<i>Non-recurrent costs</i>	0	0	--	0	0	--
Pre-provisions income	461	560	21,3%	427	497	16,4%
Total provisions & impairments	-354	-227	-36,0%	-331	-215	-35,0%
Gains on sale of assets and other results	1	-13	--	4	-13	--
Profit before taxes	108	320	195,9%	100	269	168,9%
Taxes and minority interest	-35	-106	204,3%	-30	-75	154,9%
Attributable net profit	73	213	191,9%	71	194	174,8%
<i>Promemoria:</i>						
<i>Core results (NII + fees & commissions - recurrent costs)</i>	406	491	20,9%	381	422	10,9%

PRO MEMORIA Balances in € million	Sabadell Group			Sabadell ex-TSB		
	Mar 21	Mar 22	Change YoY	Mar 21	Mar 22	Change YoY
Total assets	244.872	253.256	3,4%	197.980	200.441	1,2%
Performing gross loans	150.334	154.742	2,9%	110.441	110.448	0,0%
Performing gross loans ex APS	150.093	154.672	3,1%	110.200	110.378	0,2%
Customer-based funding on balance sheet	153.800	161.316	4,9%	112.656	119.118	5,7%
Customer-based funding off balance sheet	39.478	40.624	2,9%	39.478	40.624	2,9%

RATIOS	Sabadell Group		Sabadell ex-TSB	
	Mar 21	Mar 22	Mar 21	Mar 22
Core capital / Common equity fully-loaded (%)	12,0	12,5	--	--
NPL ratio (%)	3,71	3,66	4,33	4,48
NPL coverage ratio of stage 3	56,4	55,7	58,3	57,6
Number of branches	2.001	1.594	1.628	1.304
Number of employees	21.452	18.985	15.001	13.283

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