


A decorative background graphic consisting of a grid of grey dots. The dots are arranged in a pattern that forms a large, upward-pointing triangle, with the number of dots decreasing from bottom to top.

FY 2022

results

January 26, 2023

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- 



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2022
highlights

2022 key messages

Commercial activity

Moderate loan growth
 (+0.8% YoY)
Robust PoS transactions
 (+25% YoY)

Strong growth of core results

Core results¹ +26% YoY

RoTE²
7.8%

CET1 FL
12.54%

Improved asset quality

NPL ratio 3.41%
 (-25bps YoY)

Further increase in profitability

2022 Net Profit €859M
 (+62% YoY)

Pay-out ratio increased to 50%, combining a cash dividend with a share buyback

¹ NII + fees – recurrent costs. ² Excluding €25M related to TSB's IT migration fine and the claim recoveries ROTE stands at 8.0%.

Commitment to sustainability is driving ESG ratings improvement

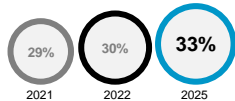
- In March 2022 we presented our **Sabadell Commitment to Sustainability**
- In December 2022 we established our **2030 decarbonisation targets** for four CO₂ intensive industries, following membership of the Net Zero Banking Alliance
- We continue to make progress on our **main targets and commitments** (selected targets):



Institution

Progress as a Sustainable Institution

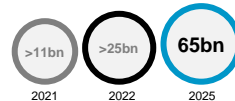
- Female membership of management teams increased to 30%



Customers

Support customers in the transition to a sustainable economy

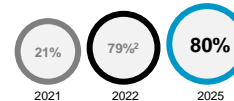
- €14.8bn mobilised in sustainable finance in 2022
- Significant cumulative growth to date towards the target (in €):



Investors

Offer investment opportunities that contribute to sustainability

- 79% AuM invested in eligible sustainability funds¹ (Art. 8 and Art. 9)



Society

Work together for a sustainable and cohesive society

- Sogeviso (social housing)
- Banco Sabadell Foundation
- Signatory of Code of Good Practice

2020



Continuous improvements in ESG ratings and indexes during the last two years

2022³



¹ Funds sold under the SABAM and other Amundi asset managers' brands. They are considered sustainability funds according to Article 8 or 9 of the EU SFDR. Article 8: financial product that promotes, among other characteristics, environmental or social characteristics or a combination of those characteristics. Article 9: financial product that has sustainable investment as its objective. ² Excludes guaranteed funds. Including guaranteed funds it stood at 68%. ³ Data as of January, 20, 2023.

Volumes grew in line with expectations

Performing loans across geographies

€M

	Dec-22	QoQ	YoY
Spain	99,405	-0.5%	+1.1%
UK (TSB) <i>Constant FX</i>	43,110	+0.6% +1.0%	-2.1% +3.3%
Other international <i>Constant FX</i>	13,616	-2.8% +3.4%	+8.4% +4.1%
Total <i>Constant FX</i>	156,130	-0.4% +0.3%	+0.8% +2.0%

QoQ volumes impacted by exchange rates

Total customer funds

€M

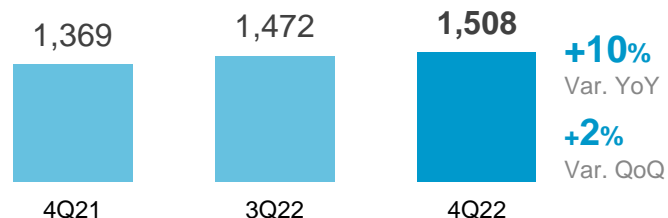
	Dec-22	QoQ	YoY
On-balance sheet <i>Constant FX</i>	164,140	+0.5% +1.0%	+1.3% +2.5%
Off-balance sheet	38,492	+1.2%	-7.6%
Total <i>Constant FX</i>	202,632	+0.7% +1.0%	-0.5% +0.4%

On- and off-balance sheet funds grew in the quarter

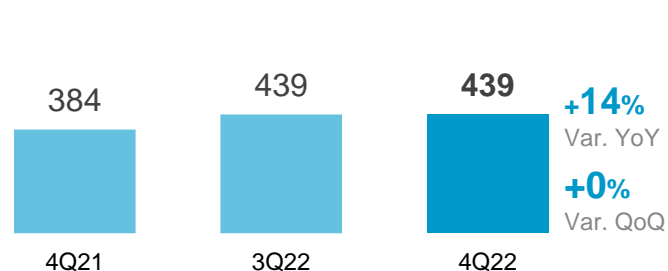
Mortgages grow in Spain and consumer loans keep pace

Quarterly new lending in Spain €M

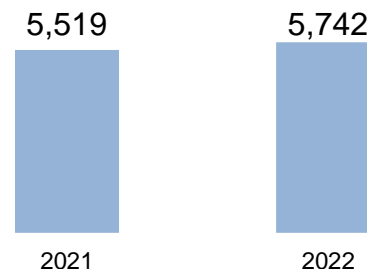
Mortgages



Consumer loans



YtD new lending in Spain €M



Relevant market shares

Mortgages stock

6.6% as at Sep-22
+2bps YtD

New lending
7.7% in 3Q22

Consumer loans stock

3.8% as at Sep-22
+18bps YtD

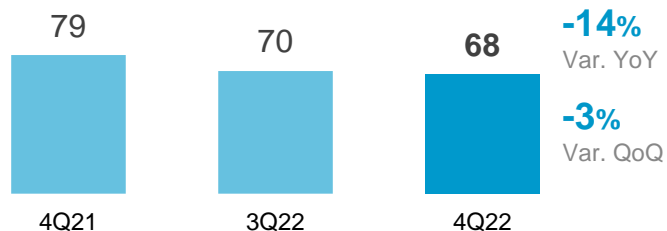
New lending
5.6% in 3Q22

Insurance continues to be impacted by product mix while mutual funds improved in the quarter

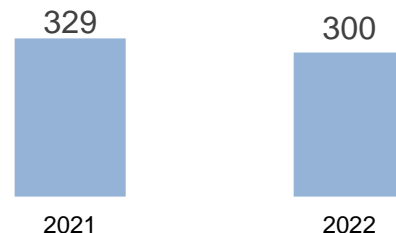
Quarterly new production in Spain €M

Protection insurance

New premiums



YtD new production in Spain €M



Relevant market shares

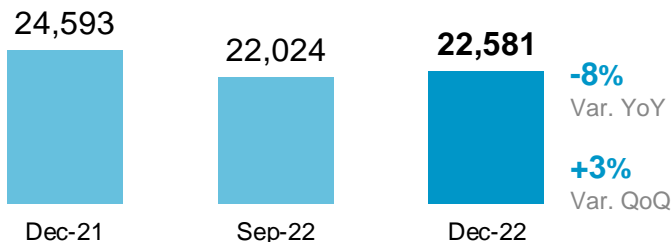
Life insurance premiums

(on an annual cumulative basis)

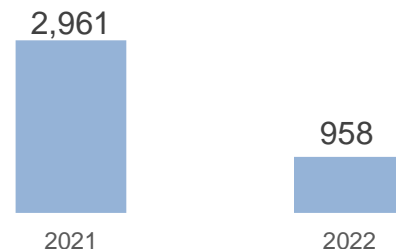
8.8% as at Sep-22

-68bps YtD

AuMs in Spain €M



Net inflows in Spain €M



Mutual funds stock

5.6% as at Dec-22

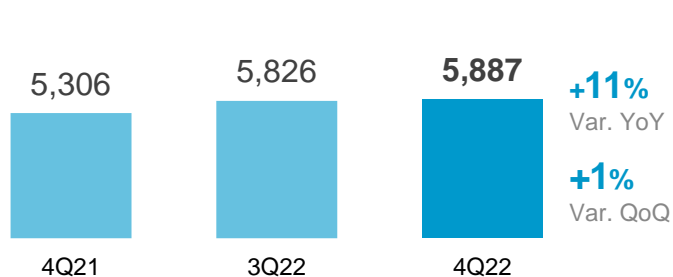
-1bps YtD

Net inflows
8.3% in 4Q22

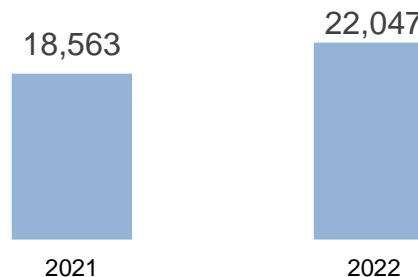
Positive dynamics in payment services continue

Quarterly turnover in Spain €M

Cards



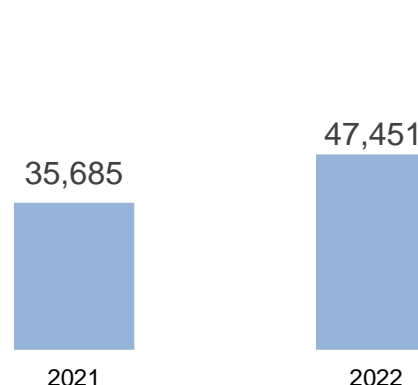
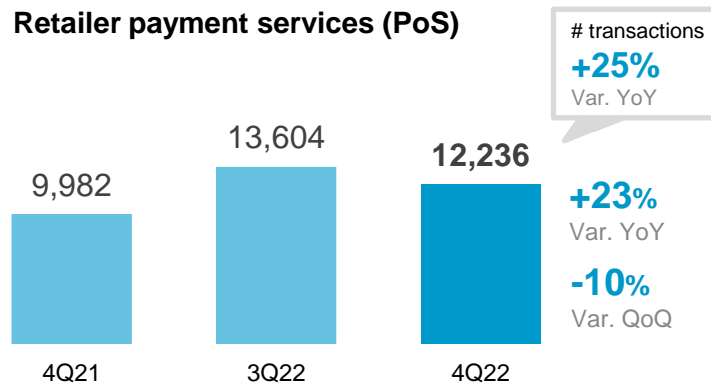
YtD turnover in Spain €M



Relevant market shares

Cards turnover
(on an annual cumulative basis)
7.6% as at Sep-22
+0bps YtD

Retailer payment services (PoS)



PoS turnover
(on an annual cumulative basis)
16.9% as at Sep-22
+88bps YtD

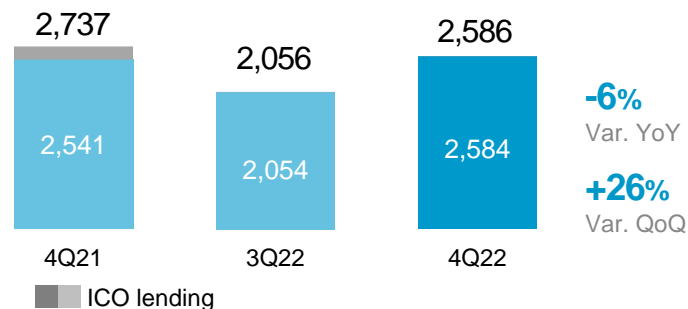
of PoS devices
19.8% as at Sep-22
+62bps YtD

Note: Market share source is Servired, latest available data.

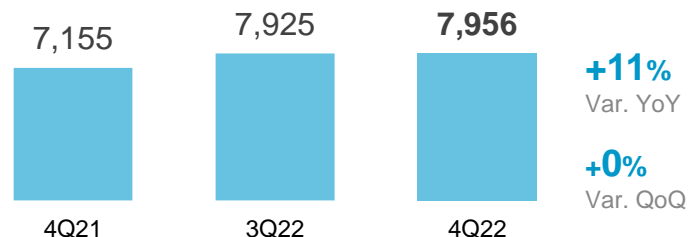
Working capital continues to outperform longer-term facilities

Quarterly new lending in Spain €M

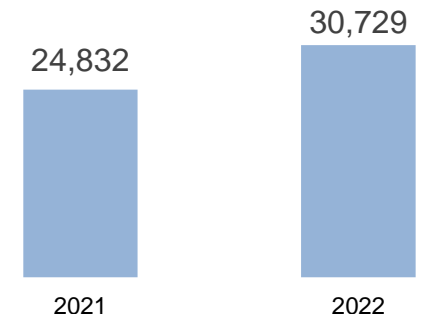
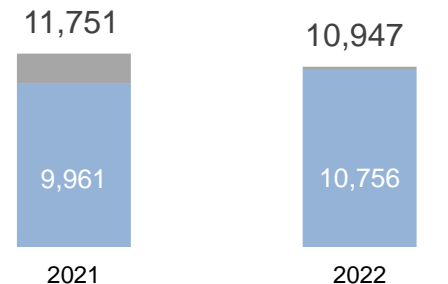
Loans and credit facilities – Business Banking



Working capital¹ – Business Banking



YtD new lending in Spain €M



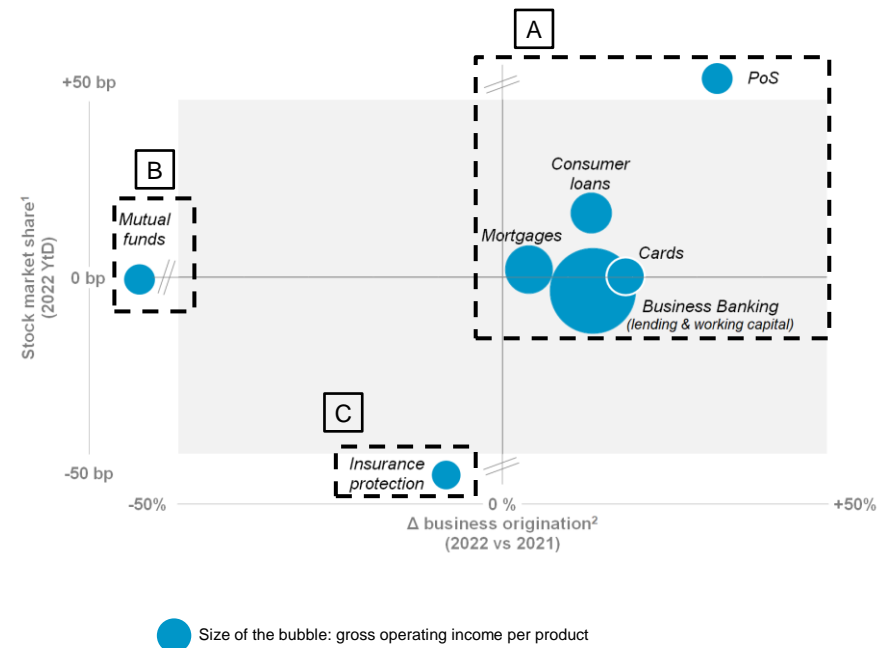
Relevant market share

Business lending stock
9.1% as at Sep-22
 -4bps YtD

Note: Market shares source is Bank of Spain (latest available data) and refers to performing stock. New lending excludes Corporate Banking and Public Sector, while market share includes Corporate Banking and excludes Public Sector. ¹ Working capital includes trade discounting, factoring, reverse factoring, forfeiting and import/export finance.

Good commercial momentum in Spain

Product performance



Key elements for each product

A	
Mortgages	Focus on managing prices vs volumes in a context of high competitive pressure on prices.
Consumer loans	Sustained growth in the year together with new pricing model.
Cards	Strong growth of turnover, in line with the market.
Business Banking lending & working capital	Growth targeted in prioritised customers (focus on managing prices vs volumes).
PoS	Strong market share growth, combined with focusing on customer profitability.
B	
Mutual funds	Net inflows impacted by market volatility.
C	
Insurance	Market share and origination impacted by new product mix (lower upfront payments in life insurance premiums originated together with mortgages).

¹ Stock market shares variation: latest available data in 2022 vs 2021. AuMs in mutual funds; life premiums in insurance; performing loans in mortgages, consumer loans and Business Banking lending (includes Corporate Banking and excludes Public sector); yearly turnover in cards and PoS. ² Origination variation: 2022 vs. 2021. Net inflows in mutual funds; new premiums in insurance; new lending in mortgages and consumer loans; new lending and working capital in Business Banking; turnover in cards and PoS.

Positive evolution of lending to individuals and SMEs & Corporates in the year

Performing loans by segment, ex-TSB

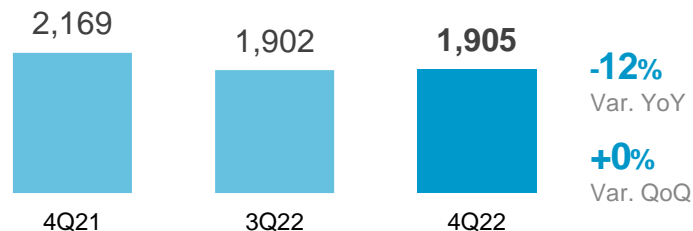
€bn

	Dec-22	QoQ	YoY		Dec-22	QoQ	YoY
Mortgages	39.0	+0.4%	+1.4%	Mexico	4.1	-2.9%	+9.5%
Consumer loans	3.4	+2.3%	+8.7%	<i>Constant FX</i>		+4.8%	+1.4%
SMEs & Corporates	43.4	-0.1%	+0.4%	Miami	5.9	-3.7%	+15.3%
Public sector	10.0	-1.8%	+9.5%	<i>Constant FX</i>		+5.4%	+8.6%
-----				Foreign branches	3.6	-1.2%	-2.3%
Other lending	3.6	-12.3%	-16.9%	<i>Constant FX</i>		-0.9%	+0.4%
Total Spain	99.4	-0.5%	+1.1%	Total international	13.6	-2.8%	+8.4%
				<i>Constant FX</i>		+3.4%	+4.1%

Note: Excludes accrual adjustments.

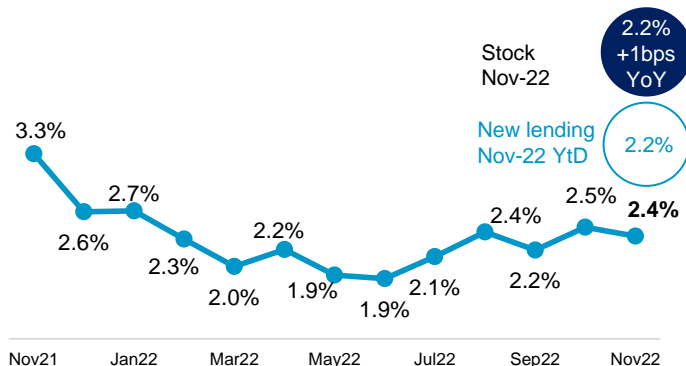
UK mortgages grew by 4% YoY

Quarterly new mortgage lending £M



- ✓ New mortgage lending stable QoQ with strong Q3 applications converting in Q4
- ✓ Going forward, due to interest rate hikes, as signalled by lower applications in Q4, demand is expected to slow down

New monthly mortgage lending market share



Performing loans¹ £bn

	Dec-22	QoQ	YoY
Secured	35.8	+1.3%	+4.0%
Consumer lending	1.3	-3.6%	+0.1%
Other unsecured lending	1.2	-1.3%	-11.5%
Total	38.2	+1.0%	+3.3%

¹ Excludes accrual adjustments.

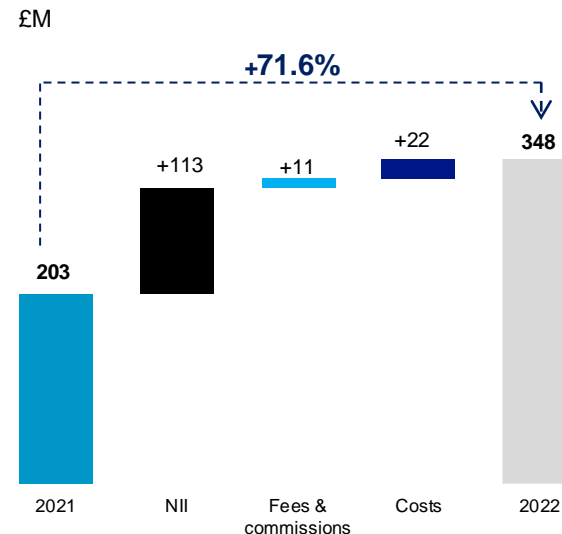
Highest profit before taxes since TSB's acquisition

TSB standalone P&L and its contribution to Sabadell

£M	2021	2022	2022/2021
NII	869	982	13.0%
Fees & commissions	104	114	10.2%
Costs	-786	-748	-4.8%
Core results¹	203	348	71.6%
Total provisions & impairments	0	-89	n.m
Pro forma: Profit before taxes ex-fine	158	229	45.5%
Profit before taxes	158	184	16.5%
Income tax	-27	-81	197.5%
Recurrent tax	-47	-68	44.2%
Bank levy impact	20	-13	n.m
Pro forma: Net profit ex-fine	130	149	14.2%
Net impact of IT migration fine	0	46	n.m
Net profit	130	102	-21.4%
Contribution to Sabadell Group (€M) ²	118	87	-26.2%

- 1 Core results +72% YoY, with all lines contributing positively
- 2 Provisions normalised in 2022, after releasing provisions in 2021
- 3 TSB is reporting the highest profit before taxes since its relaunch in 2013, even including the £49m fine related to the migration of the IT platform in 2018

TSB core results, YoY



5.6%
RoTE
2022 reported

8.0%
RoTE
2022 ex-fine

¹ NII + fees – recurrent costs (excludes €19M of non-recurrent costs related to the efficiency plan in UK in 4Q21). ² Consolidated financials at Group level include TSB acquisition-related core deposits and brand intangibles amortisation of €40M pre-tax per year in 2022, €23M in 2023 and €5M in 2024, which are deducted from TSB standalone financials.

The fine related to TSB's IT migration in 2018 concludes the investigation by UK regulators



Conditions of the agreement

- TSB has come to an agreement with British regulators concluding **the investigation** related to the IT migration with the requirement that **TSB pay £48.7M million** (non-tax deductible)
- The fine was **accounted** for by TSB in the **4Q22 results**



Insurance recoveries

- **€45.5M of insurance** already accounted for in 4Q22 (£3.0M in TSB and additional €41.9M at Group level)



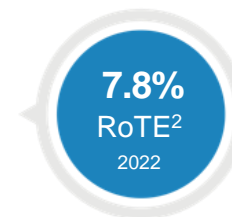
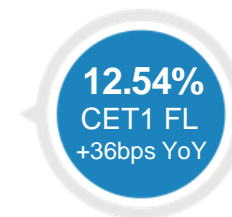
Financial impacts in 2022

- **TSB** (in GBP):
 - **Other income & expenses:**
 - Fine: c.-£48.7M (non-tax deductible)
 - Insurance compensation: +£3.0M (taxable)
 - **Net profit:** -£46.5M
-
- **Group** (in Euros):
 - **Other income & expenses:**
 - Fine: c.-€57.0M (non-tax deductible)
 - Insurance compensation: +€45.5M (taxable)
 - **Net profit:** -€25.1M

Resolution of future insurance recoveries in progress

2022 saw good performance across all P&L lines

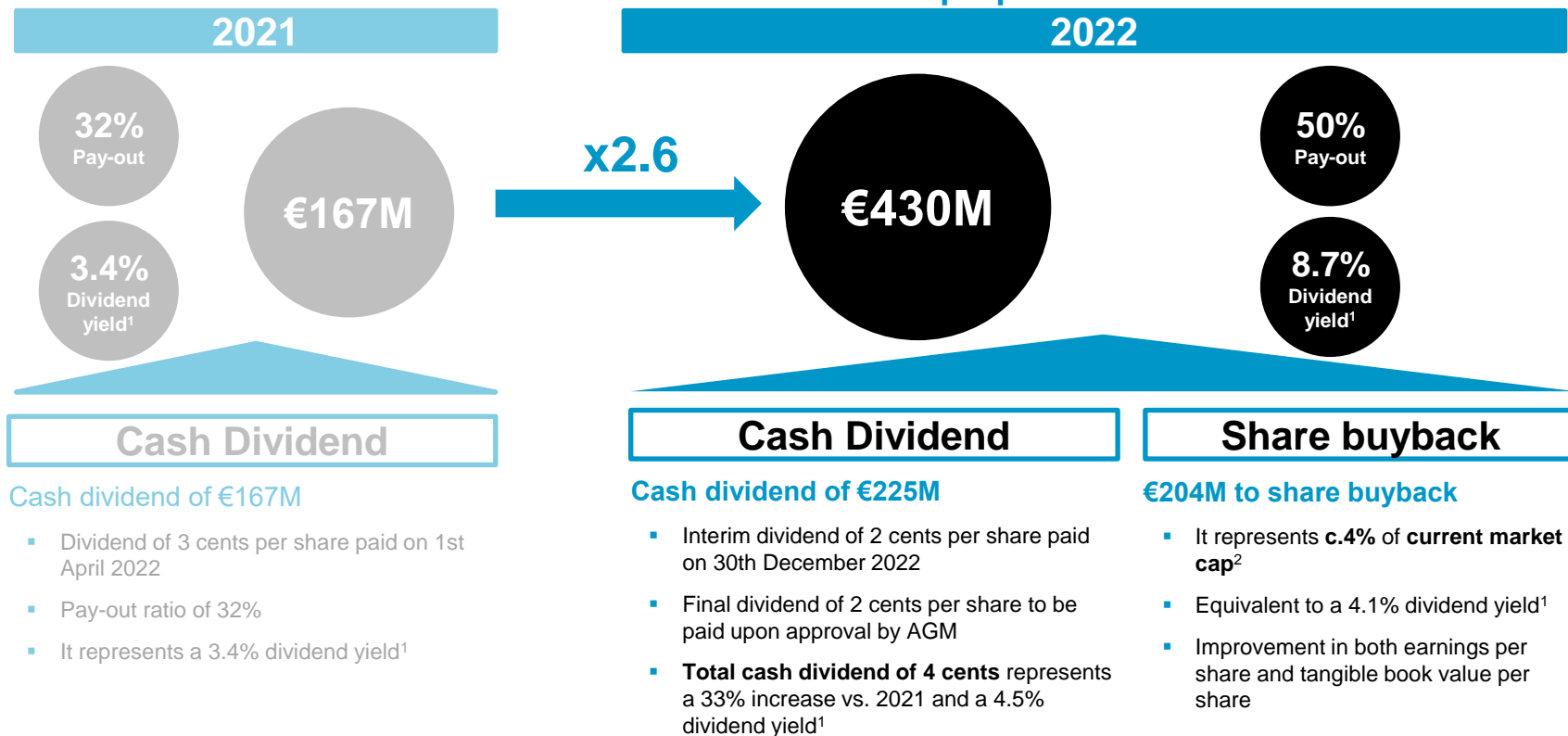
	2021 (€M)	2022 (€M)	2022/2021	
NII	3,425	3,799	+10.9%	✓
Fees	1,468	1,490	+1.5%	✓
Recurrent costs	-2,988	-2,883	-3.5%	✓
Core results¹	1,905	2,406	+26.3%	
Provisions	-1,225	-1,032	-15.7%	✓
Net profit	530	859	+61.9%	



¹ NII + fees – recurrent costs. ² Excluding €25M related to TSB's IT migration fine and the claim recoveries ROTE stands at 8.0%.

Improved shareholder remuneration in 2022

Board proposal to the next AGM



¹ Calculated on the closing price of 30th December 2022 (0.88 euros per share). ² Calculated on the closing price of 24th January 2023 (0.99 euros per share).

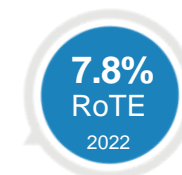


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Financial results

Income statement

€M	Sabadell ex-TSB				Sabadell Group			
	4Q22	2022	4Q22/3Q22	2022/2021	4Q22	2022	4Q22/3Q22	2022/2021
Net interest income	773	2,648	15.5%	9.7%	1,077	3,799	11.6%	10.9%
Fees & commissions	342	1,356	-2.1%	0.7%	372	1,490	-4.1%	1.5%
Core banking revenue	1,115	4,004	9.5%	6.5%	1,449	5,289	7.1%	8.1%
Trading income & forex	-4	98	n.m.	-71.3%	-9	104	n.m.	-69.9%
Other income & expenses ¹	-101	-117	n.m.	-34.0%	-167	-213	n.m.	0.7%
Gross operating income	1,009	3,985	-5.3%	1.5%	1,273	5,180	-9.1%	3.1%
Recurrent costs	-499	-1,973	0.9%	-4.4%	-720	-2,883	-0.4%	-3.5%
Pre-provisions income	510	2,012	-10.7%	29.0%	553	2,298	-18.3%	33.7%
Total provisions & impairments	-293	-929	52.2%	-24.2%	-323	-1,032	38.2%	-15.7%
Gains on sale of assets and other results	-7	-23	n.m.	n.m.	-7	-23	n.m.	n.m.
Profit before taxes	210	1,060	-45.1%	125.6%	223	1,243	-50.0%	100.4%
Taxes	-58	-278	-44.5%	n.m.	-77	-373	-40.6%	n.m.
Minority interest	3	-11	n.m.	26.9%	3	-11	n.m.	26.9%
Attributable net profit	155	771	-44.2%	87.2%	149	859	-52.9%	61.9%
Core results²	615	2,031	17.6%	19.7%	729	2,406	15.5%	26.3%
Pro forma: net profit ex-fine¹					174	884	-45.0%	66.7%

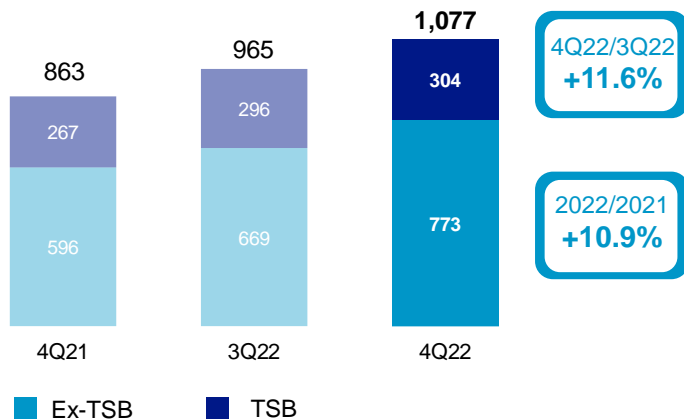


¹ Includes -€57M related to TSB's IT migration fine that is not tax deductible and is partially offset by €45M of insurance claim recoveries (tax payable). The net impact on Group net profit stood at -€25M

NII grew by double digits in 2022, meeting our YE target

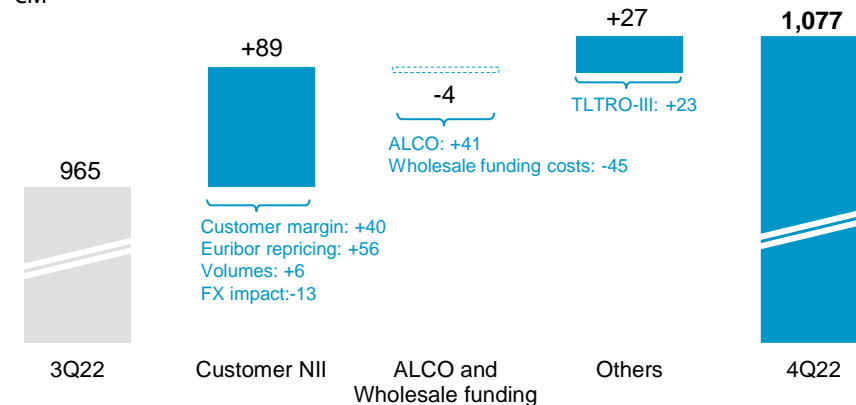
Group NII

€M



Group NII QoQ evolution

€M



Customer spread

2.20% 2.32% **2.53%**

Net interest margin

1.36% 1.46% **1.64%**

- NII accelerated in the quarter driven by higher yields, Euribor repricing and ALCO contribution
- Improvement of 21bps in customer spread and 18bps in NIM QoQ
- TLTRO-III net contribution, including the liquidity deposited at the ECB, was €58M in 4Q22

NII to grow by high teens in 2023...

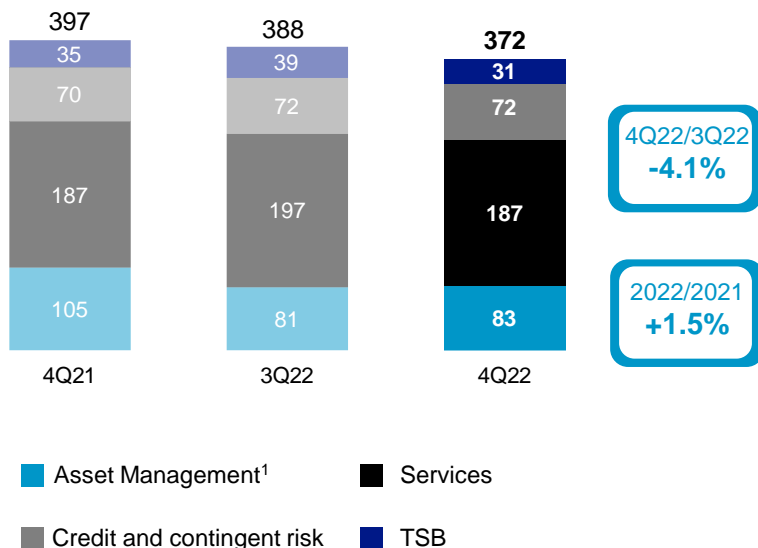
	Repricing	Funding	Dynamics						
Customer spread	ex-TSB Loan book (€113bn)	ex-TSB Deposits (€123bn)	<ul style="list-style-type: none"> ▪ Significant improvement of customer spread 						
			<table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2023e</th> </tr> </thead> <tbody> <tr> <td>12-month Euribor (avg.)</td> <td>~1.0%</td> <td>~3.0%</td> </tr> </tbody> </table>		2022	2023e	12-month Euribor (avg.)	~1.0%	~3.0%
	2022	2023e							
12-month Euribor (avg.)	~1.0%	~3.0%							
ALCO & funding	ALCO and excess liquidity	TLTRO III and wholesale funding	<ul style="list-style-type: none"> ▪ ALCO repricing and excess liquidity to broadly offset the end of TLTRO III and higher wholesale funding costs 						
TSB	Loan book Structural hedge	Deposits	<ul style="list-style-type: none"> ▪ Customer spread expected to increase slightly ▪ NII driven by TSB's structural hedge (€26bn caterpillar structure with 5-year swaps) 						

... and will improve further in 2024

Fees met the low single digit growth target for the year

Group fees & commissions

€M



Group fees & commissions

	4Q22/3Q22		2022/2021	
Credit and contingent risk	+€0.5M	+0.6%	+€12.1M	+4.5%
Services	-€18.6M	-8.0%	+€30.3M	+3.6%
Asset Mgmt. ¹	+€2.1M	+2.5%	-€19.7M	-5.5%

- TSB fees declined in the quarter as €5M of non-recurrent fees were recorded in Q3
- Service fees were impacted by lower current account and payment fees
- Insurance brokerage fees impacted by product mix, while success fees were subdued in the quarter due to financial markets' volatility

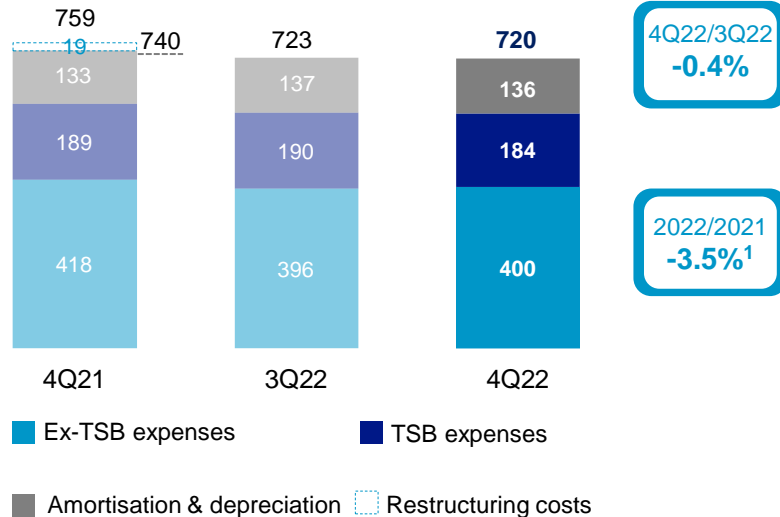
Fees to decline by low single digits in 2023

¹ Includes mutual funds, pension funds, insurance brokerage and wealth management fees.

The efficiency plans undertaken in Spain and TSB led to a lower cost base

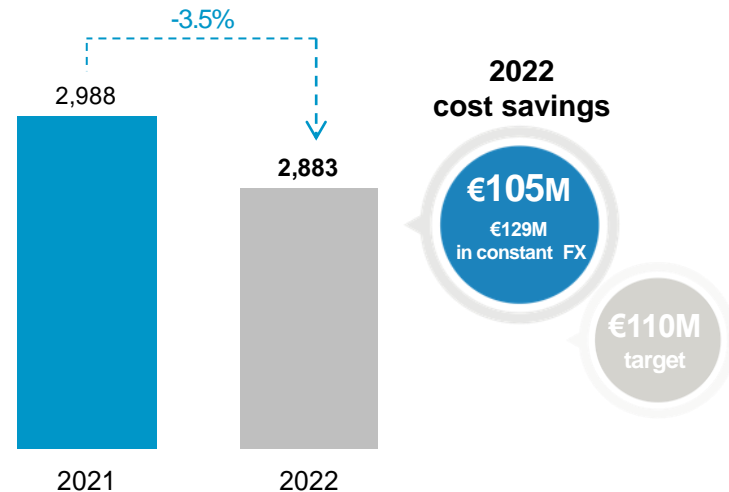
Group costs

€M



Total recurrent costs YoY¹

€M



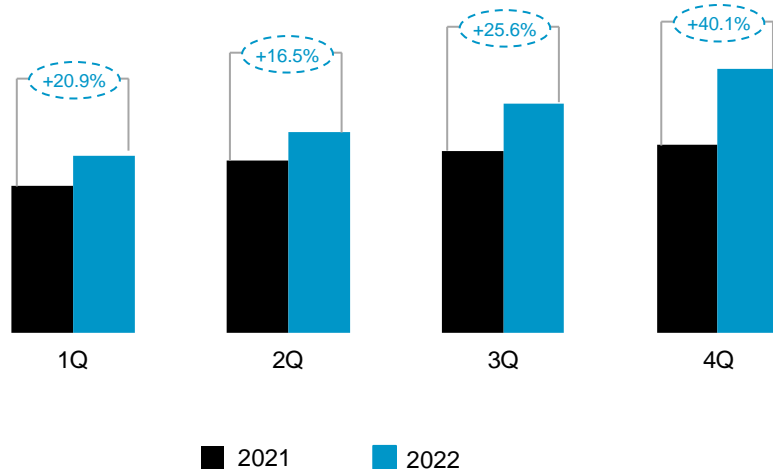
Total cost base will be around €3bn in 2023

¹ Excludes €320M of non-recurrent costs related to the efficiency plan in Spain and UK.

Outstanding performance of core results, which continue to grow quarter after quarter

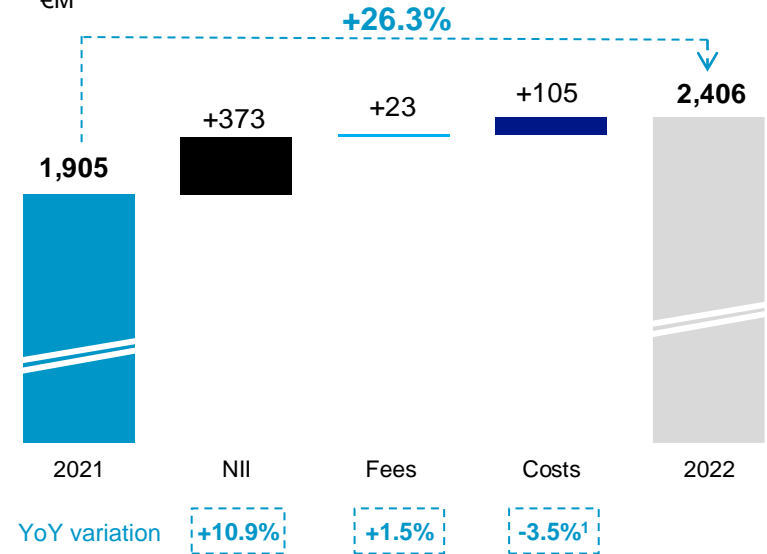
Group core results evolution¹

€M



Group core results YoY¹

€M



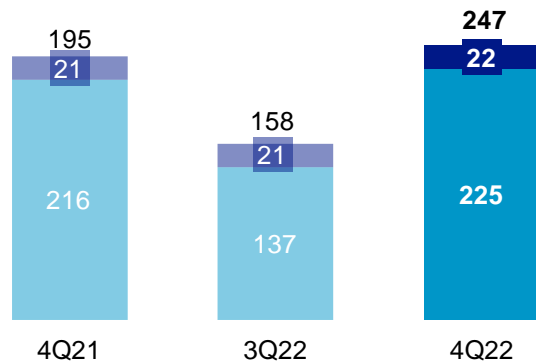
- NII will drive further core results improvement in the coming quarters

¹ Excludes €301M of non-recurrent costs related to the efficiency plan in Spain in 3Q21 and €19M of non-recurrent costs related to the efficiency plan in UK in 4Q21.

Total and credit cost of risk both within guidance

Group credit provisions

€M

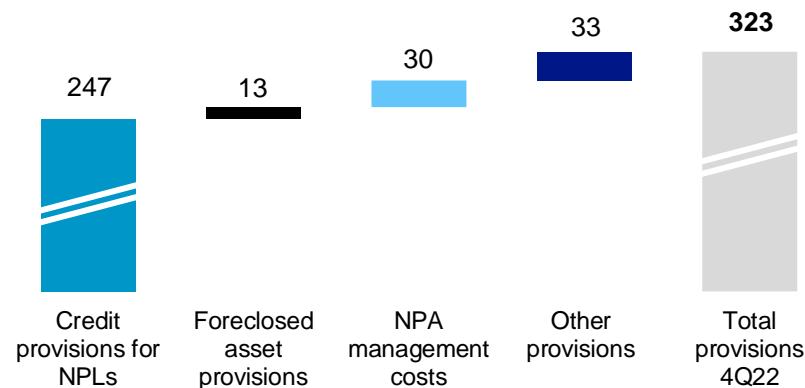


■ Ex-TSB ■ TSB

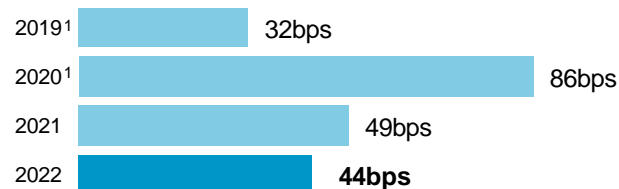
4Q22/3Q22
+56.0%

Group total provisions 4Q22 breakdown

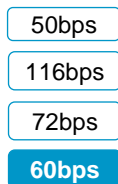
€M



Group Credit CoR



Group Total CoR



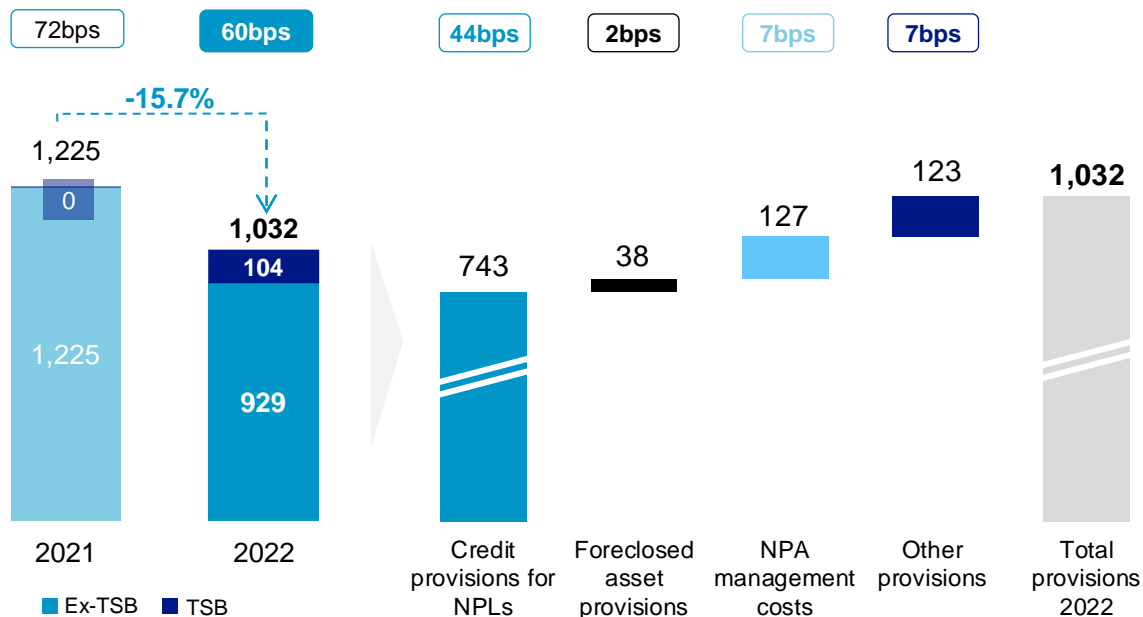
- Credit cost of risk at 44bps, in line with guidance (between 2019-2021 level)
- Provisioning models updated to include macroeconomic uncertainty, which led to €170M of provisions in 2022
- Including foreclosed assets, NPA management costs and other provisions, total cost of risk adds up to 60bps

¹ Excludes provisions related to institutional sales of NPL portfolios.

Total CoR to be below 65bps in 2023

Group total provisions breakdown

€M



2023 outlook

- Limited upward trend in credit CoR in 2023 due to mild economic downturn
- The rest of provisions will remain broadly stable



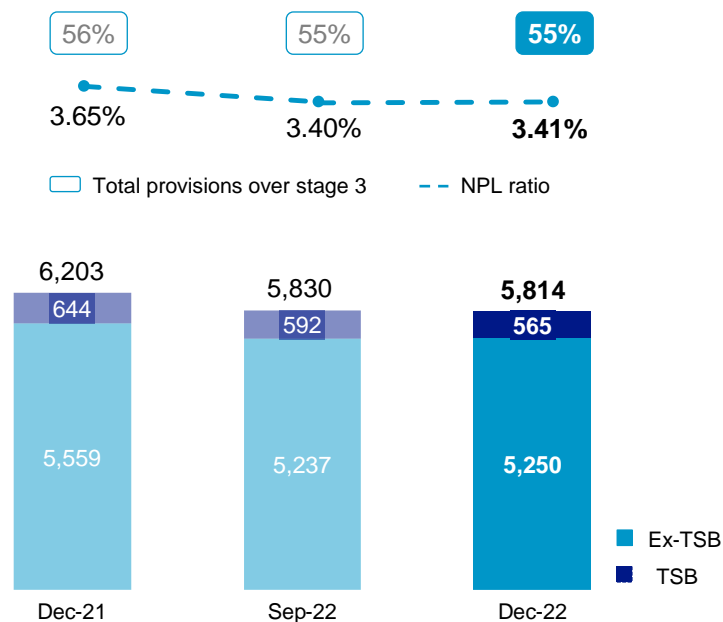
3

Balance sheet

NPLs remained broadly stable in the quarter

Group NPLs and NPL ratio

€M



Exposure by stage and coverage ratio

	Stage 1	Stage 2	Stage 3
% of total book	88.2%	8.4%	3.4%
Coverage, Group	0.3%	3.6%	39.4%
Coverage, ex-TSB	0.3%	4.0%	42.2%

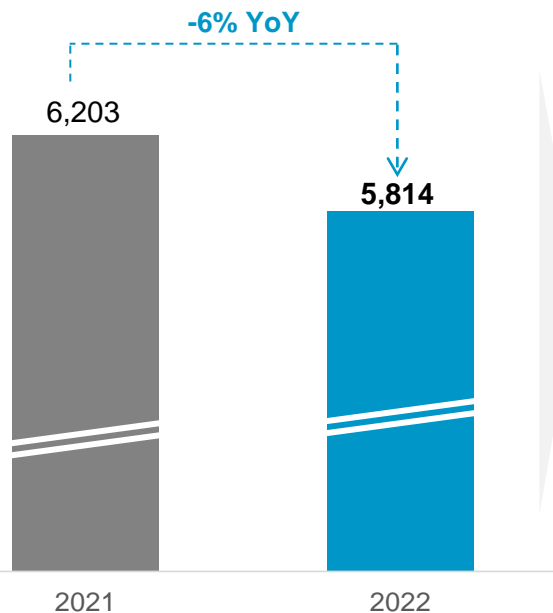
- NPL ratio kept constant in the quarter while coverage ratio remained stable

Note: Stage 3 exposure includes contingent risk.

NPL portfolio composition improved in the year

Group NPL composition

€M



Evolution of NPL portfolio in the year

- NPLs reduced by **c.-€400M** in the year
- Improvement in the composition of NPLs:

	Dec-21	Dec-22	Var.
90 days past due	49%	43%	-6p.p.
% Secured	58%	64%	+6p.p.
Vintage (average)	3.9 years	3.5 years	-0.4 years

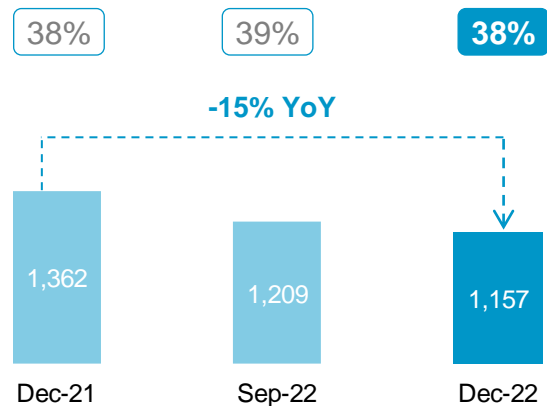


- While total coverage ratio remained broadly stable at 55%

NPAs reduced by -8% in the year

Group foreclosed assets

€M

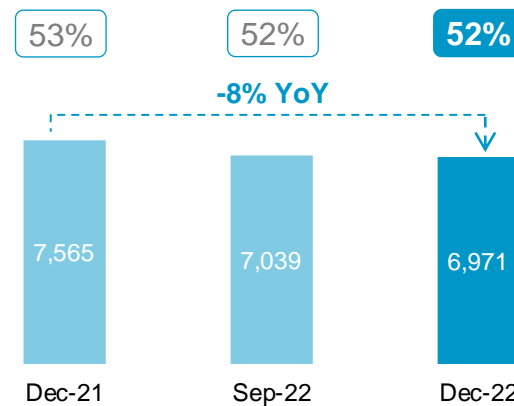


Coverage ratio

95% of total foreclosed assets are finished buildings

Group NPAs

€M



Group key ratios

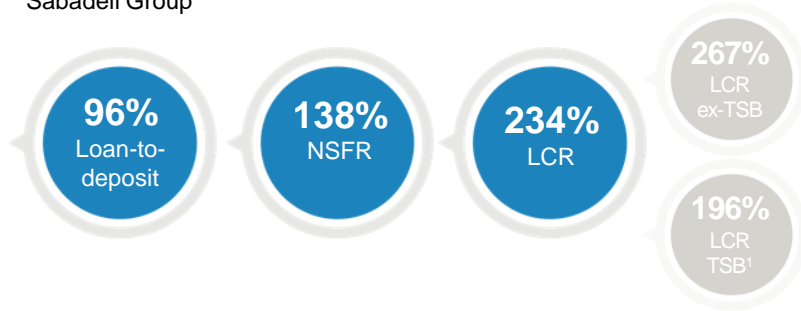
	Dec-21	Sep-22	Dec-22
Gross NPA ratio ¹	4.4%	4.1%	4.1%
Net NPA ratio	2.1%	1.9%	1.9%
Net NPAs / total assets	1.4%	1.3%	1.3%

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

Higher liquidity ratios even after repaying part of TLTRO-III

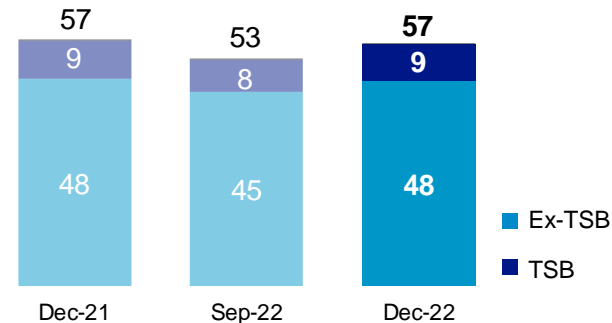
Substantial liquidity buffers

Sabadell Group



High quality liquid assets

€bn



¹ TSB is a ring-fenced bank.

Credit ratings

Group long-term credit rating and outlook

	2021	2022		2021	2022
Standard & Poor's	BBB- Stable	BBB Stable	Fitch Ratings	BBB- Stable	BBB- Stable
Moody's	Baa3 Stable	Baa3 Positive	DBRS	A (low) Negative	A (low) Stable

Change in outlook or credit rating upgrade

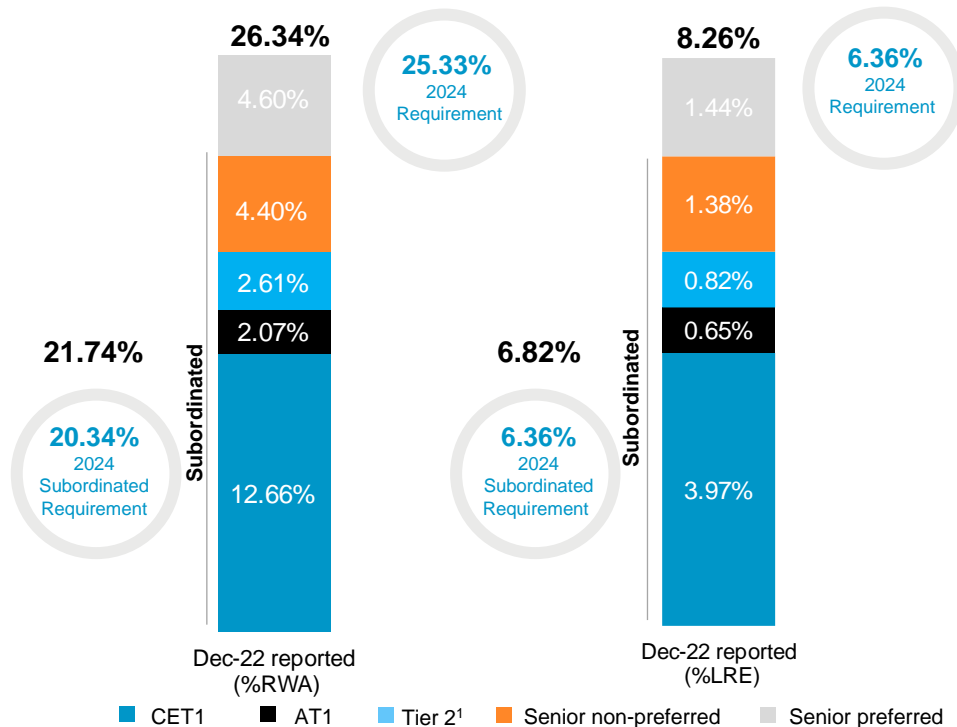
Outstanding central bank funding

- TLTRO-III: €32bn withdrawn:**
 - €10bn prepaid in Nov-2022
 - €6bn prepaid in Jan-2023
 - €11bn matures in Jun-23 and €5bn in Mar-24
- } 50% of TLTRO-III repaid
- TFSME: £5.0bn outstanding.** The bulk of the facility matures in 2H25

Compliant with the updated 2024 MREL requirements

MREL position, Sabadell Group

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



2022 public issuances

- 16-Mar: €750M 4NC3 Green Senior non-preferred (2.625% coupon)
- 18-May: €1,000M 7-year Covered bonds (1.750% coupon)
- 8-Sep: €500M 4NC3 Senior non-preferred (5.375% coupon)
- 2-Nov: €750M 6NC5 Green Senior preferred (5.125% coupon)
- 20-Dec: €500M 8-year Covered bond (EUR3M+60bps coupon)

Funding plan

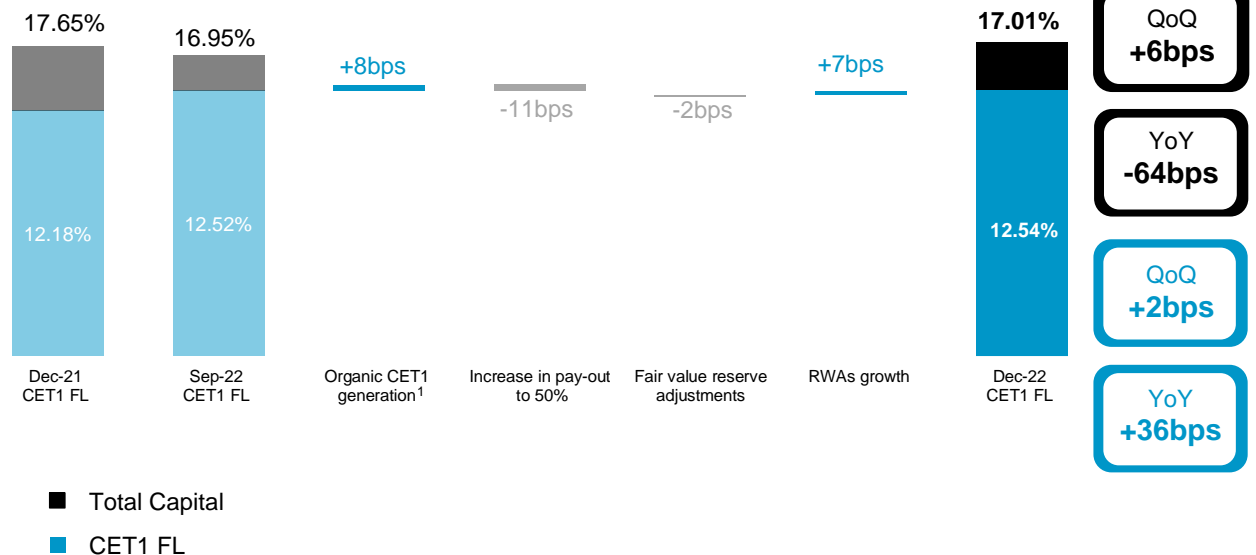
- AT1/Tier 2: keep buckets completed
- Senior preferred/ non-preferred: keep management buffer above MREL requirements
- Covered bonds: active issuer in EUR and GBP (TSB)

Early redemption of €400M AT1 issuance in Feb-2023 replaced with €500M AT1 issuance in Jan-2023

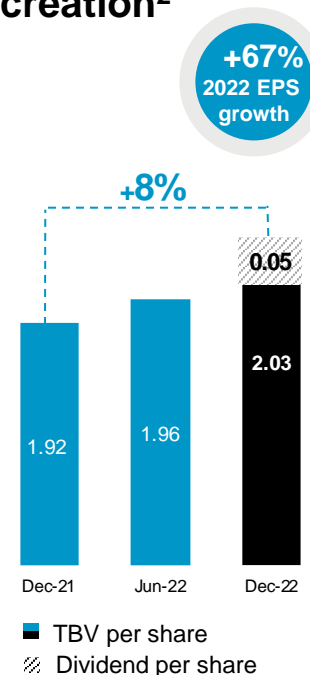
Note: Ratios include the Combined Buffer Requirement (at 2.93% as of Dec-22 and estimated at 3.11% for 2024) and IFRS9 transitional arrangements. ¹ For illustration purposes, the Tier 2 category includes subordinated debt that is no longer recognised as Own Funds when the instrument has a residual maturity of less than 5 years (Art. 62(2) CRR1) but remains eligible for MREL purposes.

CET1 FL increased by 36bps in the year

CET1 FL evolution



Shareholder value creation²











¹ Accruing a cash dividend pay-out ratio of 40%. ² Shareholder value creation variation includes TBV per share (2.03) and distributed dividend in April and December 2022 (3 and 2 euro cents per share respectively).



4

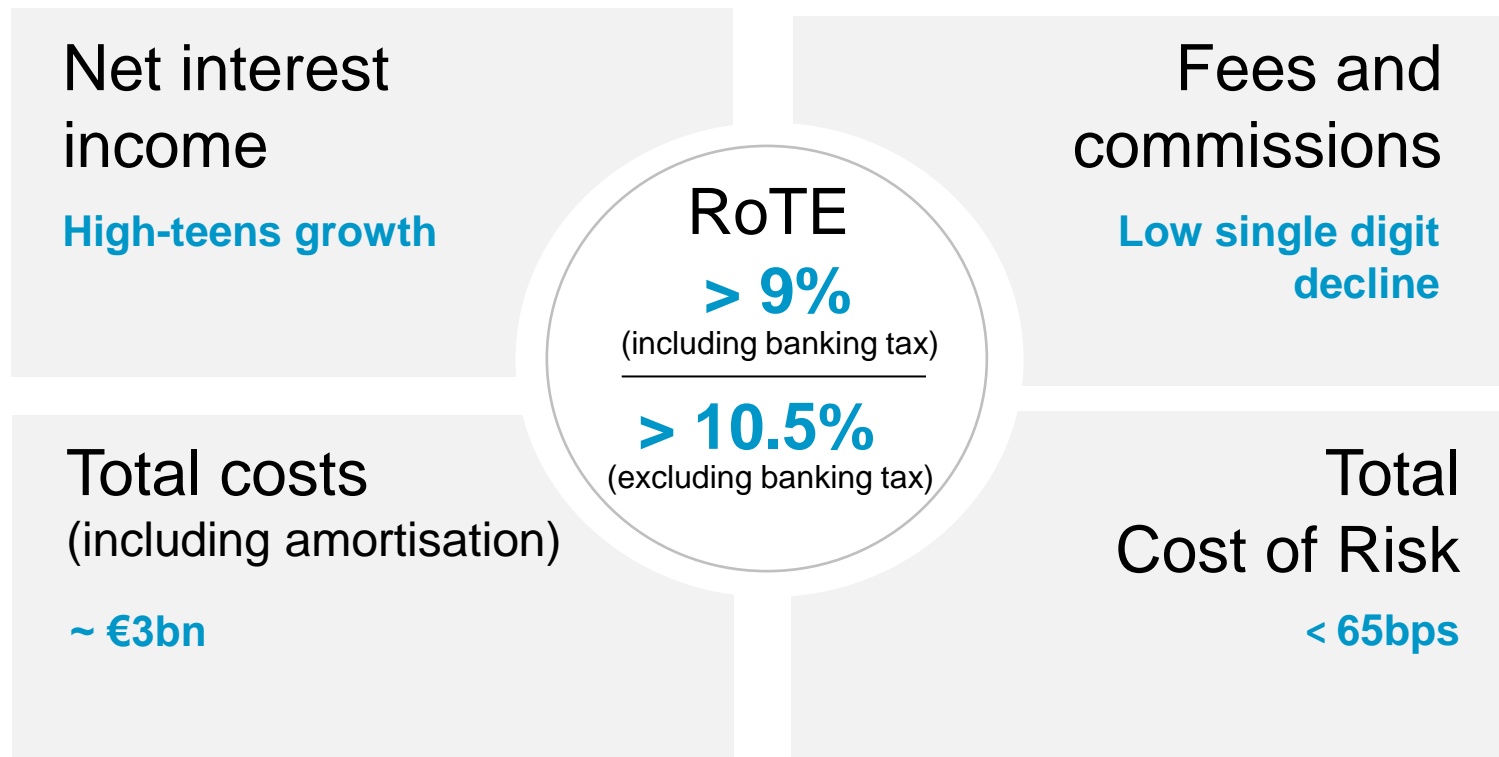
Closing remarks

All 2022 targets have been achieved

2022 guidance	4Q21	 FY 2022	
Net Interest Income	Flattish	10.9%	
Fees & Commissions	Low single digit	1.5%	
Total cost	€2.88 ^{bn}	€2.88 ^{bn}	
Credit Cost of Risk	32-49 ^{bps}	44 ^{bps}	
ROTE	>6%	7.8% ¹	
CET1 FL	>12%	12.5%	
MDA buffer	>350 ^{bps}	402 ^{bps}	

¹ Excluding €25M related to TSB's IT migration fine and the claim recoveries ROTE stands at 8.0%.

2023 guidance



ROTE to improve further in 2024

Appendix

1 Group NIM and customer spread

2 Service quality

3 Debt maturities and issuances

4 ALCO portfolio

5 ESG

6 TSB asset quality

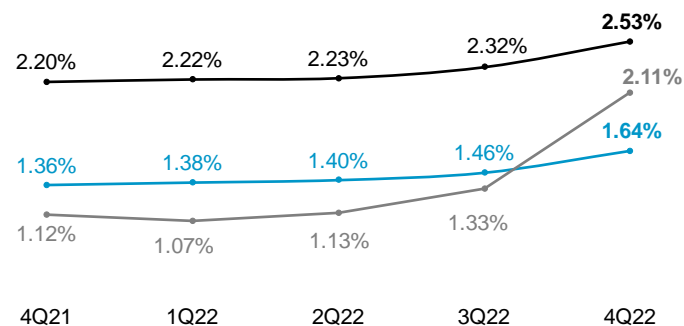
7 RWAs breakdown

8 MDA buffer

1. NIM and customer spread

Sabadell Group

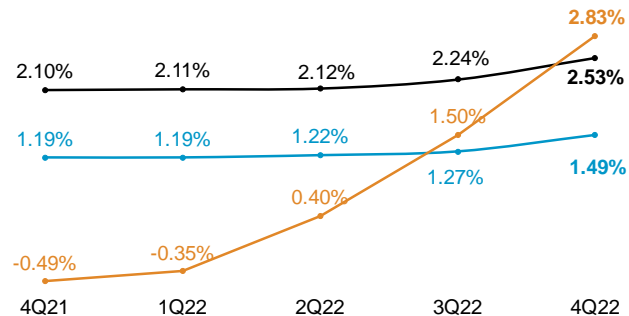
%, in euros



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

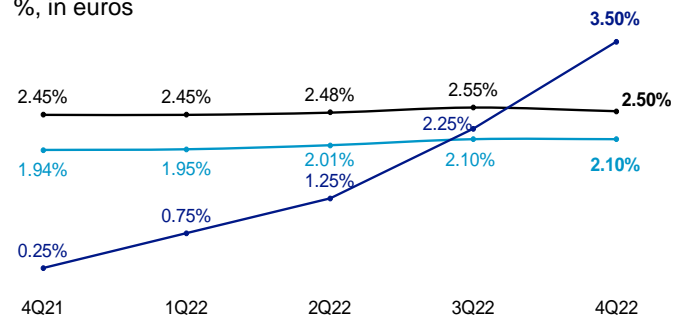
Sabadell ex-TSB

%, in euros



TSB

%, in euros



2. Service quality index and NPS

Spain

Service quality index



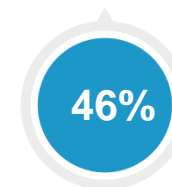
Sector average



Net promoter score (NPS)

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

NPS Online banking



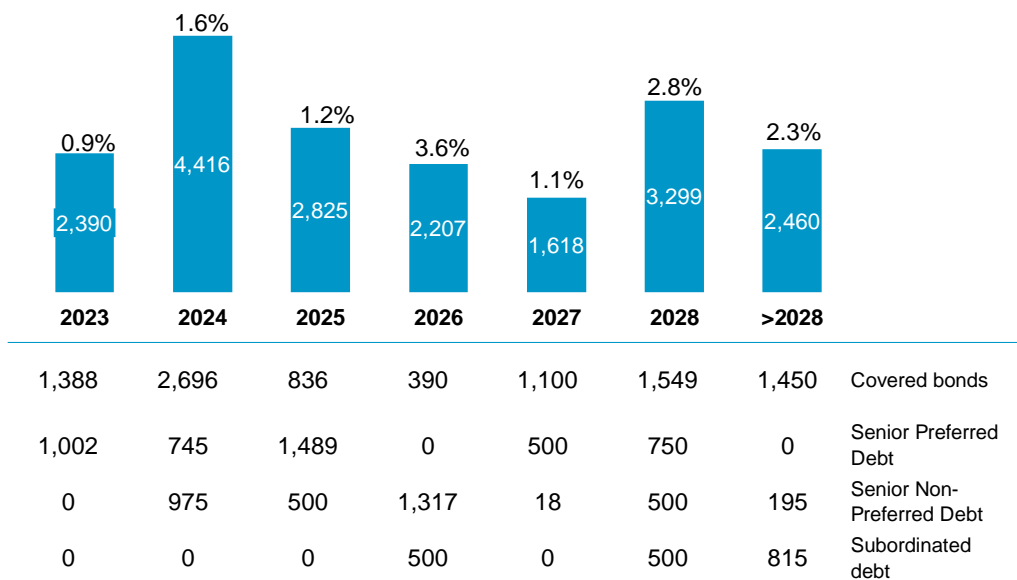
NPS Mobile



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
Covered bonds	20/07/2022	€200M	5.13%
Covered bonds	26/09/2022	€250M	0.16%
Covered bonds	05/12/2022	€100M	0.86%
TSB Covered bonds	07/12/2022	€578M	2.45%
Covered bonds	12/12/2022	€194M	3.75%

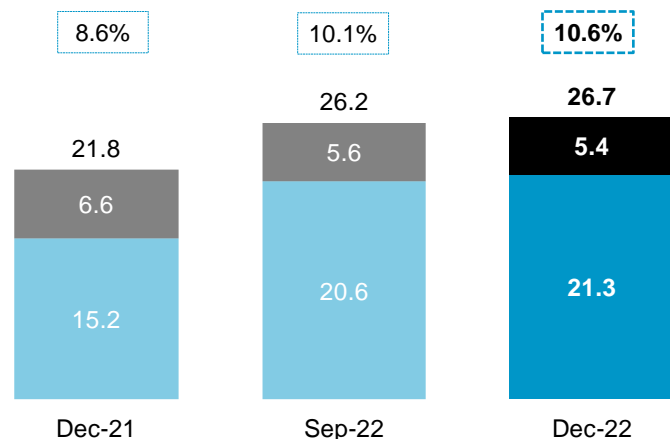
Main debt maturities in the next 12 months

Instrument	Date	Size	Coupon
AT1	23/02/2023	€400M	8.52%
Senior preferred bonds	05/03/2023	€975M	0.88%
Covered bonds	04/05/2023	€250M	1.81%
Covered bonds	20/10/2023	€950M	0.13%
Covered bonds	23/10/2023	€100M	4.25%

Note: Debt maturities excludes AT1 issuance.

4. ALCO portfolio

Evolution of fixed income portfolio. Sabadell Group. €bn

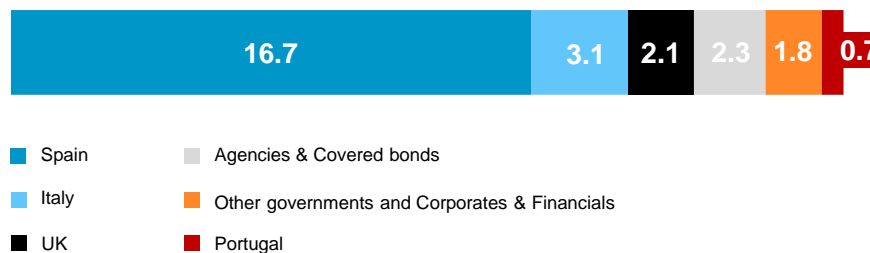


■ Fair Value OCI
 ■ Held to collect
 As % of total assets

	Yield	Total duration ¹	Avg. maturity
Dec-22			
FV OCI	2.6%	0.8 years	4.4 years
Total	2.3%	2.1 years	6.9 years

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

Composition of fixed income portfolio. Sabadell Group. €bn. Dec-22.



- As at Dec-22, TSB's ALCO portfolio size was €2.8bn
- The capital position's sensitivity 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 €3.5bn in 2023

5. ESG: Commitment to Sustainability. 2022 milestones

		<u>2021</u>	<u>2022</u>	<u>Target 2025</u>
Institution Progress as a Sustainable Institution	• Reduction of the carbon footprint calculated in the Institution (Spain) compared to 2019	-50%	-49%	-36%
	• Women on the Board of Directors (%)	27%	33%	40%
Customers Support customers in the transition to a sustainable economy	• Vehicles with an ECO or zero-emissions label (% of total vehicles)	8%	29%	50%
	• Employees trained in Sustainability (%)	93%	97%	95%
Investors Offer investment opportunities that contribute to sustainability	• Participation in the issuance of customers' and own-name sustainability bonds (€bn, cumulative)	>4	>8.5	> 17
	• Investment in renewable energy projects (€M, cumulative)	>30	>150	200
Society Work together for a sustainable and cohesive society	• # beneficiaries of financial education programmes, adding new population sectors (annual)	> 6,300	> 7,500	>10,000
	• No. of corporate volunteers in social impact projects (annual)	> 1,300	> 1,400	> 2,000



More information on [Commitment to Sustainability](#) available at Sabadell's corporate website

6. TSB asset quality, liquidity and solvency position

Asset quality

	Dec-21	Sep-22	Dec-22
NPL ratio	1.4%	1.4%	1.3%
Coverage ratio	38%	40%	42%
Cost of risk ¹ (YtD)	0.00%	0.13%	0.14%

Solvency

	Dec-21	Sep-22	Dec-22
CET1 ratio ²	15.9%	16.6%	17.2%
Leverage ratio ³	3.6%	3.6%	3.7%

Liquidity

	Dec-21	Sep-22	Dec-22
LCR	194%	145%	196%

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

² CET1 ratio on a transitional basis. The Dec-22 CET1 FL ratio is 17.1%. ³ Calculated using EBA standards and on a transitional basis.

7. RWAs breakdown

Dec-22 RWAs: €79,612M

By type:

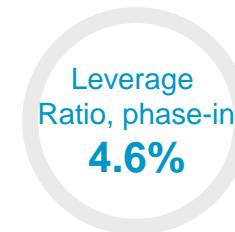
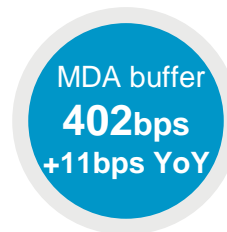
- Credit risk: €70.3bn
- Market risk: €0.9bn
- Operational risk: €8.2bn
- Other: €0.1bn

By geography:

- Spain: €63.0bn
 - UK: €13.2bn
 - Mexico: €3.4bn
-

8. Ample MDA buffer at 402bps, better than guidance

Group capital requirements		Group capital position
Pillar 1 CET1	4.50%	
Pillar 2 CET1 Requirement (P2R)	1.21% ¹	
Capital Conservation Buffer	2.50%	
Countercyclical Buffer	0.18%	
Other Systemically Important Institutions	0.25%	
CET1	8.64%	12.66%
AT1	1.90% ¹	2.07%
Tier 2	2.54% ¹	2.40%
Total Capital	13.08%	17.13%



- MDA stands 402bps above 8.64% requirement
- 2% Countercyclical Buffer in UK would represent an additional 18bps² for Sabadell from July 2023
- Leverage ratio phase-in decreased -128bps YoY mainly due to the end of the transitory period in 2Q22 that allowed excluding exposures with central banks from the leverage ratio

¹ 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). ² Based on RWAs as of Dec-22.

Glossary

Term	Definition
CBR	Combined Buffer Requirement
CCyB	Countercyclical Buffer
CCB	Capital Conservation Buffer
DGS	Deposit Guarantee Scheme
HQLA	High Quality Liquid Assets
HTC	Held to collect
ICO	Instituto de Crédito Oficial (Spanish Official Credit Institute)
LCR	Liquidity Coverage Ratio: High quality liquid assets (HQLAs) divided by total net cash outflows
LRE	Leverage Ratio Exposure is equivalent to total assets and a variety of off-balance sheet items including derivatives and repurchase agreements, among others
MDA	Maximum Distributable Amount
NIM	Net Interest Margin
NPS	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
NSFR	Net Stable Funding Ratio
P2R	Pillar 2 Requirement
RWA	Risk Weighted Assets
TBV	Tangible Book Value
TFSME	Term Funding Scheme with additional incentives for SMEs
TLTRO	Targeted Longer-Term Refinancing Operations

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