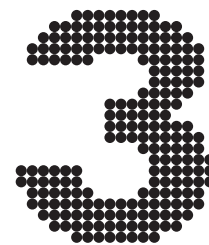


# Financial information



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# Key figures in 2022

The Group's main figures, which include financial and non-financial indicators that are key to determine the direction in which the Group is moving, are set out here below:

	2022	2021	Year-on-year change (%)
<b>Income statement</b> (million euro)	<b>(A)</b>		
Net interest income	3,799	3,425	10.9
Gross income	5,180	5,026	3.1
Pre-provisions income	2,298	1,719	33.7
Profit attributable to the Group	859	530	61.9
<b>Balance sheet</b> (million euro)	<b>(B)</b>		
Total assets	251,380	251,947	(0.2)
Gross performing loans to customers	156,130	154,912	0.8
Gross loans to customers	161,750	160,668	0.7
On-balance sheet customer funds	164,140	162,020	1.3
Off-balance sheet customer funds	38,492	41,678	(7.6)
Total customer funds	202,632	203,698	(0.5)
Funds under management and third-party funds	225,146	224,968	0.1
Equity	13,224	12,996	1.8
Shareholders' equity	13,841	13,357	3.6
<b>Ratios</b> (%)	<b>(C)</b>		
ROA	0.34	0.22	
RORWA	1.08	0.66	
ROE	6.31	4.05	
ROTE	7.76	5.05	
Cost-to-income	45.12	55.33	
<b>Risk management</b>	<b>(D)</b>		
Stage 3 exposures (million euro)	5,814	6,203	
Total NPAs exposures (million euro)	6,971	7,565	
NPL ratio (%)	3.41	3.65	
NPL (Stage 3) coverage ratio, with total provisions	55.0	56.3	
NPA coverage ratio (%)	52.3	53.1	
<b>Capital management</b>	<b>(E)</b>		
Risk-weighted assets (RWA) (million euro)	79,554	80,646	
Common Equity Tier 1 phase-in (%)	(1)	12.67	12.50
Tier 1 (phase-in) (%)	(2)	14.75	15.47
Total capital ratio (phase-in) (%)	(3)	17.08	17.98
Leverage ratio (phase-in) (%)		4.62	5.90
<b>Liquidity management</b>	<b>(F)</b>		
Loan-to-deposit ratio (%)	95.6	96.3	
<b>Shareholders and shares</b> (as of reporting date)	<b>(G)</b>		
Number of shareholders	218,610	228,432	
Total number of shares (million)	5,627	5,627	
Share price (euro)	0.881	0.592	
Market capitalisation (million euro)	4,927	3,306	
Earnings (or loss) per share (EPS) (euros)	0.13	0.08	
Book value per share (euro)	2.47	2.39	
P/TBV (price/tangible book value per share)	0.43	0.31	
Price/earnings ratio (P/E)	6.58	7.69	
<b>Other information</b>			
Branches	1,461	1,593	
Employees	18,895	20,070	

(A) This section sets out the margins of the income statement that are thought to be the most significant over the last two years.

(B) These key figures are presented in order to provide a synthesised overview of the year-on-year changes in the main items of the Group's consolidated balance sheet, focusing particularly on items related to lending and customer funds.

(C) These ratios have been provided to give a meaningful picture of profitability and efficiency over the past two years.

(D) This section shows the key balances related to risk management in the Group, as well as the most significant ratios related to risk.

(E) These ratios have been provided to give a meaningful picture of solvency over the past two years.

(F) The aim of this section is to give a meaningful insight into liquidity over the past two years.

(G) The purpose is to present information regarding the share price and other indicators and ratios related to the stock market.

(1) Common equity capital / risk-weighted assets (RWAs).

(2) Tier one capital / risk-weighted assets (RWAs).

(3) Capital base / risk-weighted assets (RWAs).

## Profit/(loss) for the year

Banco Sabadell Group ended 2022 with net attributable profit of 859 million euros, representing a year-on-year increase of 61.9%.

Million euro

Income statement

	2022	2021	Year-on-year change (%)
Interest income	4,989	4,148	20.3
Interest expenses	(1,190)	(722)	64.8
<b>Net interest income</b>	<b>3,799</b>	<b>3,425</b>	<b>10.9</b>
Fees and commissions (net)	1,490	1,468	1.5
<b>Core revenue</b>	<b>5,289</b>	<b>4,893</b>	<b>8.1</b>
Gains or (-) losses on financial assets and liabilities and exchange differences	104	344	(69.9)
Equity-accounted income and dividends	125	102	22.9
Other operating income and expenses	(337)	(313)	7.9
<b>Gross income</b>	<b>5,180</b>	<b>5,026</b>	<b>3.1</b>
Operating expenses	(2,337)	(2,781)	(15.9)
Staff expenses	(1,392)	(1,777)	(21.7)
Other general administrative expenses	(946)	(1,004)	(5.8)
Depreciation and amortisation	(545)	(527)	3.5
Total costs	(2,883)	(3,307)	(12.8)
Memorandum item:			
Recurrent costs	(2,883)	(2,988)	(3.5)
Non-recurrent costs	—	(320)	(100.0)
<b>Pre-provisions income</b>	<b>2,298</b>	<b>1,719</b>	<b>33.7</b>
Provisions for loan losses	(825)	(950)	(13.2)
Provisions for other financial assets	(111)	(97)	15.0
Other provisions and impairments	(96)	(178)	(46.1)
Capital gains on asset sales and other revenue	(23)	126	—
<b>Profit/(loss) before tax</b>	<b>1,243</b>	<b>620</b>	<b>100.4</b>
Corporation tax	(373)	(81)	359.2
Profit or loss attributed to minority interests	11	8	26.9
<b>Profit attributable to the Group</b>	<b>859</b>	<b>530</b>	<b>61.9</b>
Memorandum item:			
Average total assets	257,692	245,313	5.0
Earnings per share (euros)	0.13	0.08	

The average exchange rate used for TSB's income statement is 0.8532 (0.8594 in 2021).

# Net interest income

Net interest income in 2022 amounted to 3,799 million euros, representing year-on-year growth of 10.9%, due to a higher-yielding loan book, improved fixed-income revenue, as well as strong growth of volumes, where it is particularly worth mentioning the growth of mortgages

at TSB; all these facts served to offset the higher cost of capital markets.

Consequently, the net interest margin as a percentage of average total assets stood at 1.47% in 2022 (1.40% in 2021).

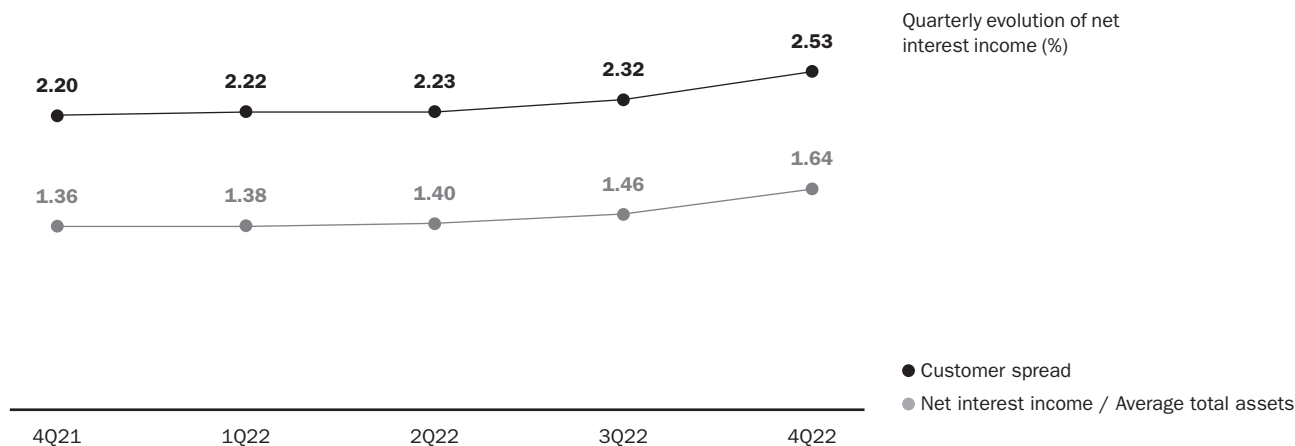
The breakdown of net interest income for the years 2022 and 2021, as well as the different components of total investment and funds, was as follows:

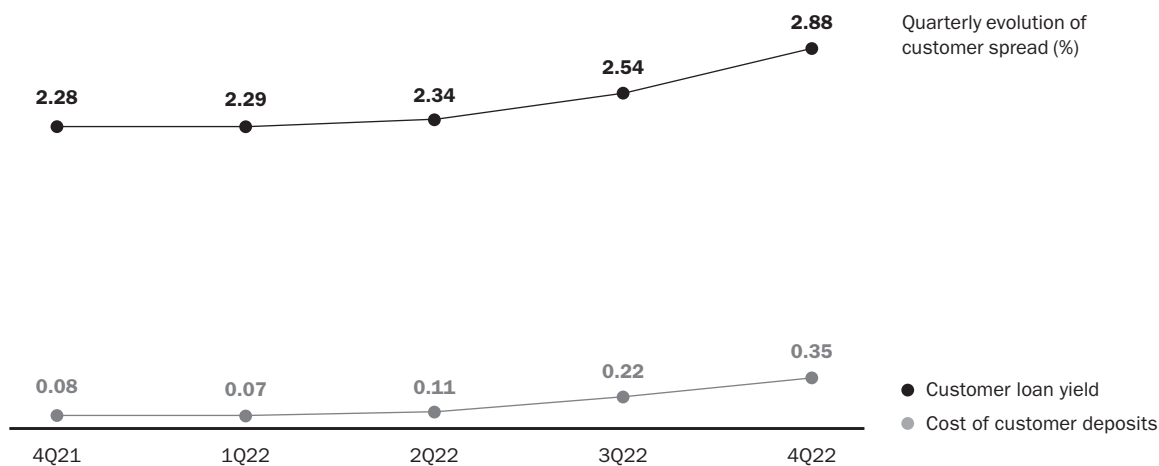
Average total assets

Thousand euro

	2022			2021			Change			Effect		
	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Volume	Days	
Cash, central banks and credit institutions	53,538,412	208,485	0.39	48,693,390	(124,460)	(0.26)	4,845,022	332,945	333,136	(191)	—	
Loans and advances to customers	157,870,419	3,965,858	2.51	152,176,194	3,513,182	2.31	5,694,225	452,676	294,806	157,870	—	
Fixed-income portfolio	26,229,512	289,924	1.11	24,991,737	154,224	0.62	1,237,775	135,700	122,946	12,754	—	
<b>Subtotal</b>	<b>237,638,343</b>	<b>4,464,267</b>	<b>1.88</b>	<b>225,861,321</b>	<b>3,542,946</b>	<b>1.57</b>	<b>11,777,022</b>	<b>921,321</b>	<b>750,888</b>	<b>170,433</b>	<b>—</b>	
Equity portfolio	903,212	—	—	1,044,020	—	—	(140,808)	—	—	—	—	
Property, plant and equipment and intangible assets	4,820,868	—	—	5,178,470	—	—	(357,602)	—	—	—	—	
Other assets	14,329,341	180,022	1.26	13,229,640	39,565	0.30	1,099,701	140,457	—	140,457	—	
<b>Total capital employed</b>	<b>257,691,764</b>	<b>4,644,289</b>	<b>1.80</b>	<b>245,313,451</b>	<b>3,582,511</b>	<b>1.46</b>	<b>12,378,313</b>	<b>1,061,778</b>	<b>750,888</b>	<b>310,890</b>	<b>—</b>	
Central banks and credit institutions	48,310,994	8,713	0.02	46,243,711	328,381	0.71	2,067,283	(319,668)	(334,115)	14,447	—	
Customer deposits	162,393,140	(309,002)	(0.19)	154,609,681	(135,354)	(0.09)	7,783,459	(173,648)	(139,206)	(34,442)	—	
Capital markets	22,304,397	(316,115)	(1.42)	22,776,801	(265,876)	(1.17)	(472,404)	(50,239)	(46,445)	(3,794)	—	
<b>Subtotal</b>	<b>233,008,531</b>	<b>(616,404)</b>	<b>(0.26)</b>	<b>223,630,193</b>	<b>(72,849)</b>	<b>(0.03)</b>	<b>9,378,338</b>	<b>(543,555)</b>	<b>(519,766)</b>	<b>(23,789)</b>	<b>—</b>	
Other liabilities	11,491,130	(229,160)	(1.99)	8,953,529	(84,206)	(0.94)	2,537,601	(144,954)	—	(144,954)	—	
Own funds	13,192,103	—	—	12,729,729	—	—	462,374	—	—	—	—	
<b>Total funds</b>	<b>257,691,764</b>	<b>(845,564)</b>	<b>(0.33)</b>	<b>245,313,451</b>	<b>(157,055)</b>	<b>(0.06)</b>	<b>12,378,313</b>	<b>(688,509)</b>	<b>(519,766)</b>	<b>(168,743)</b>	<b>—</b>	
<b>Average total assets</b>	<b>257,691,764</b>	<b>3,798,725</b>	<b>1.47</b>	<b>245,313,451</b>	<b>3,425,456</b>	<b>1.40</b>	<b>12,378,313</b>	<b>373,269</b>	<b>231,122</b>	<b>142,147</b>	<b>—</b>	

Financial revenues or costs deriving from the application of negative interest rates are recognised as a function of the nature of the related asset or liability. The credit institutions line under liabilities refers to negative interest on the balance of liabilities with credit institutions, the most significant item being TLTRO III revenues.





It is worth noting the good performance of core results (net interest income + fees and commissions – recurrent costs) in the year, which grew by 26.3%.

## Gross income

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

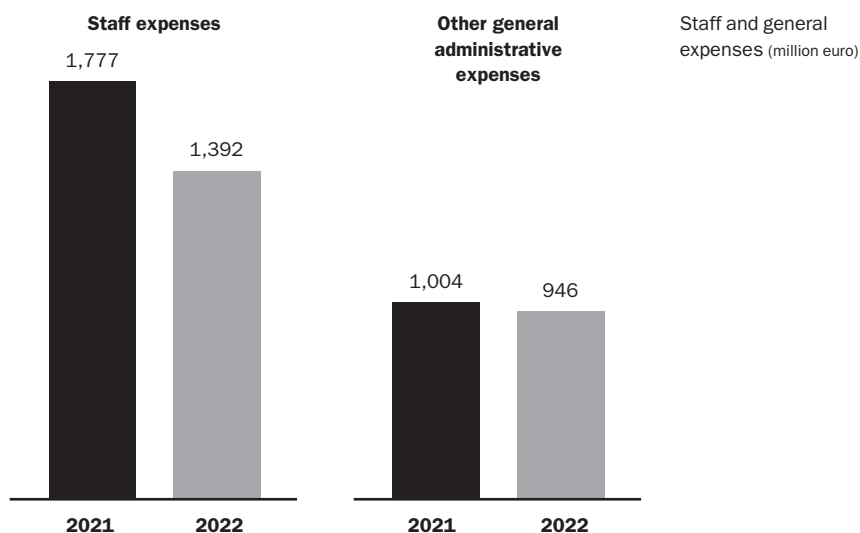
Gains/(losses) on financial assets and liabilities and exchange differences amounted to 104 million euros, while at the end of 2021 this item amounted to 344 million euros, as it mainly included 324 million euros of gains on sales from the amortised cost portfolio conducted to fund the second phase of the efficiency plan executed in Spain.

Dividends received and earnings of companies consolidated under the equity method together amounted to 125 million euros, compared with 102 million euros in 2021, after recognising generally higher earnings from the insurance business.

Other operating income and expenses amounted to 337 million euros, compared with 313 million euros in 2021. Particularly worthy of note in this heading are the contributions to deposit guarantee schemes, amounting to 129 million euros throughout the year (in line with the previous year), with Banco Sabadell's individual contribution amounting to 114 million euros, the contribution to the Single Resolution Fund of 100 million euros (88 million euros in the previous year) and the payment corresponding to the tax on deposits of credit institutions (*Impuesto sobre Depósitos de las Entidades de Crédito*, IDEC) of 35 million euros (33 million euros in the previous year). In addition, during this financial year it is worth noting the negative impact of 57 million euros stemming from the fine received by TSB for the migration of its IT platform, which was partially offset with 45 million euros (gross) of insurance claims.

## Pre-provisions income

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



The cost-to-income ratio stood at 45.1% in 2022, compared to 55.3% in 2021.

As at the end of 2022, core results (net interest income + fees and commissions – recurrent costs) amounted to 2,406 million euros, increasing by 26.3% year-on-year as a result of the steady growth of net interest income and fees and commissions, as well as the recorded reduction of costs.

Total provisions and impairments amounted to 1,032 million euros as at the end of 2022, compared to 1,225 million euros at the end of the previous year, representing a year-on-year reduction of 15.7% thanks to fewer credit provisions and the reduction of real estate provisions.

Gains on asset sales and other revenue amounted to -23 million euros as at the end of 2022. The change from the end of the previous year is due to the fact that the previous year mainly included 83 million euros (gross) from the sale of the depository business and 42 million euros (gross) from the sale of the BanSabadell Renting business.

## Profit attributable to the Group

After deducting corporation tax and minority interests, net profit attributable to the Group amounted to 859 million euros as at the end of 2022, representing a year-on-year increase of 61.9% that is mainly the result of improved core revenue, cost savings and the booking of fewer provisions.

# Balance sheet

Lending was strong in the year,  
with particularly good growth in Spain.

Million euro

Balance sheet

	2022	2021	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	41,260	49,213	(16.2)
Financial assets held for trading	4,017	1,972	103.8
Non-trading financial assets mandatorily at fair value through profit or loss	77	80	(2.7)
Financial assets designated at fair value through profit or loss	—	—	—
Financial assets at fair value through other comprehensive income	5,802	6,870	(15.5)
Financial assets at amortised cost	185,045	178,869	3.5
Debt securities	21,453	15,190	41.2
Loans and advances	163,593	163,679	(0.1)
Investments in joint ventures and associates	515	639	(19.3)
Tangible assets	2,582	2,777	(7.0)
Intangible assets	2,484	2,581	(3.8)
Other assets	9,596	8,946	7.3
<b>Total assets</b>	<b>251,380</b>	<b>251,947</b>	<b>(0.2)</b>
Financial liabilities held for trading	3,598	1,380	160.8
Financial liabilities designated at fair value through profit or loss	—	—	—
Financial liabilities measured at amortised cost	232,530	235,179	(1.1)
Deposits	203,294	209,307	(2.9)
Central banks	27,844	38,250	(27.2)
Credit institutions	11,373	8,817	29.0
Customers	164,076	162,239	1.1
Debt securities issued	22,578	21,051	7.3
Other financial liabilities	6,659	4,822	38.1
Provisions	645	886	(27.3)
Other liabilities	1,382	1,505	(8.2)
<b>Total liabilities</b>	<b>238,155</b>	<b>238,950</b>	<b>(0.3)</b>
Shareholders' equity	13,841	13,357	3.6
Accumulated other comprehensive income	(651)	(386)	68.7
Non-controlling interests	34	25	37.5
<b>Equity</b>	<b>13,224</b>	<b>12,996</b>	<b>1.8</b>
<b>Total equity and total liabilities</b>	<b>251,380</b>	<b>251,947</b>	<b>(0.2)</b>
Loan commitments given	27,461	28,403	(3.3)
Financial guarantees given	2,087	2,034	2.6
Other commitments given	9,674	7,385	31.0
<b>Total memorandum accounts</b>	<b>39,222</b>	<b>37,822</b>	<b>3.7</b>

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

# Term deposits increased and, combined with growth of demand deposits, drove year-on-year growth of on-balance sheet customer funds.

Gross performing loans to customers ended the year 2022 with a balance of 156,130 million euros, representing an increase of 0.8% year-on-year. At constant exchange rates, this increase was 2.0%. Home equity loans formed the largest single component of gross loans and receivables, amounting to 89,340 million euros as at 31 December 2022 and representing 57% of total gross performing loans to customers.

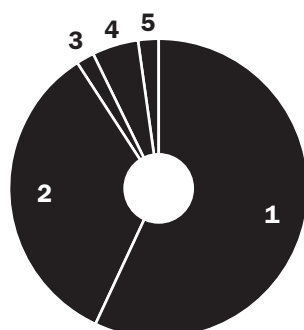
Million euro

	2022	2021	Year-on-year change (%)
Mortgage loans & credit	89,340	90,718	(1.5)
Loans and credit secured with other collateral	3,412	3,596	(5.1)
Commercial loans	7,489	6,050	23.8
Finance leases	2,227	2,106	5.7
Overdrafts, etc.	53,663	52,443	2.3
<b>Gross performing loans to customers</b>	<b>156,130</b>	<b>154,912</b>	<b>0.8</b>
Assets classified as stage 3 (customers)	5,461	5,698	(4.2)
Accruals	159	58	173.2
<b>Gross loans to customers, excluding repos</b>	<b>161,750</b>	<b>160,668</b>	<b>0.7</b>
Repos	—	—	—
<b>Gross loans to customers</b>	<b>161,750</b>	<b>160,668</b>	<b>0.7</b>
NPL and country-risk provisions	(3,020)	(3,302)	(8.5)
<b>Loans and advances to customers</b>	<b>158,730</b>	<b>157,366</b>	<b>0.9</b>

Loans and receivables

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

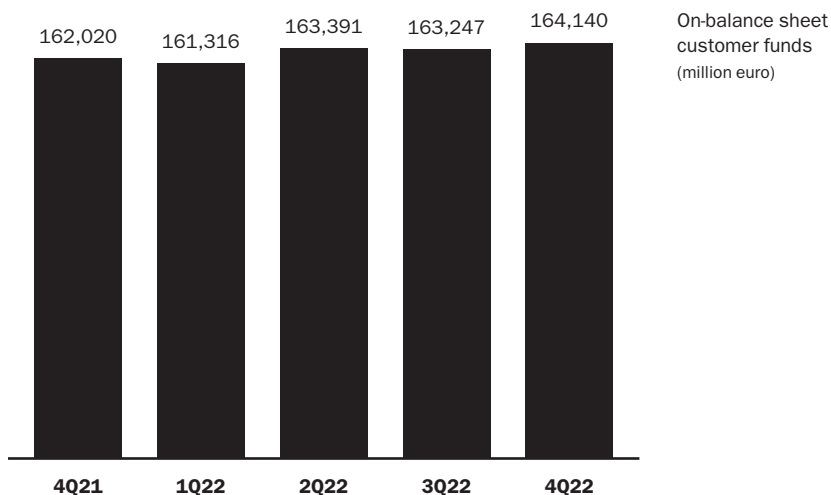
The composition of loans and advances to customers by type of product is shown in the following chart (not including stage 3 assets or accrual adjustments):



**Loans and advances to customers by product type**  
31.12.2022 (in %)

<b>1</b>	Mortgage loans & credit	57
<b>2</b>	Overdrafts, etc.	34
<b>3</b>	Loans and credit secured with other collateral	2
<b>4</b>	Commercial loans	5
<b>5</b>	Finance leases	2



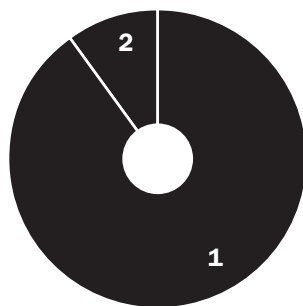


As at the end of 2022, on-balance sheet customer funds amounted to 164,140 million euros, compared to 162,020 million euros as at the end of 2021, increasing by 1.3% due to both the positive evolution of term deposits and the growth of sight deposit accounts.

Sight deposit balances amounted to 147,540 million euros, increasing by 0.2% year-on-year.

Term deposits came to a total of 16,141 million euros, growing by 9.0% compared to the end of 2021.

The breakdown of customer deposits as at 2022 year-end is shown below:



#### Customer deposits (in %)

<b>1</b>	Sight deposit accounts	90.1
<b>2</b>	Deposits with agreed maturity	9.9

Total off-balance sheet customer funds amounted to 38,492 million euros as at the end of 2022, falling by -7.6% year on-year, impacted by financial market volatility, particularly in mutual funds.

Total funds under management as at 31 December 2022 amounted to 225,146 million euros, compared to 224,968 million euros as at 31 December 2021, representing a year-on-year increase of 0.1%, as the growth of on-balance sheet customer funds was counteracted by the aforesaid reduction of off-balance sheet funds.

Million euro

	2022	2021	Year-on-year change (%)
<b>On-balance sheet customer funds (*)</b>	<b>164,140</b>	<b>162,020</b>	<b>1.3</b>
Customer deposits	164,076	162,239	1.1
Current and savings accounts	147,540	147,268	0.2
Deposits with agreed maturity	16,141	14,813	9.0
Repos	405	60	—
Accrual adjustments and hedging derivatives	(9)	98	—
Bonds and other marketable securities	19,100	16,822	13.5
Subordinated liabilities (**)	3,478	4,229	(17.8)
<b>On-balance sheet funds</b>	<b>186,654</b>	<b>183,290</b>	<b>1.8</b>
Mutual funds	22,581	24,593	(8.2)
Managed funds	—	—	—
Investment companies	703	1,365	(48.5)
UCITS sold but not managed	21,878	23,228	(5.8)
Asset management	3,532	3,795	(6.9)
Pension funds	3,182	3,525	(9.7)
Personal schemes	2,065	2,300	(10.2)
Workplace schemes	1,112	1,219	(8.8)
Collective schemes	5	6	(10.6)
Insurance products sold	9,197	9,765	(5.8)
<b>Off-balance sheet customer funds</b>	<b>38,492</b>	<b>41,678</b>	<b>(7.6)</b>
<b>Funds under management and third-party funds</b>	<b>225,146</b>	<b>224,968</b>	<b>0.1</b>

Customer funds

(\*) Includes customer deposits (excl. repos) and other liabilities placed via the branch network: non-convertible bonds issued by Banco Sabadell, commercial paper and others.

(\*\*) Refers to outstanding subordinated debt securities.

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

Non-performing assets have decreased over the year 2022. The quarterly performance of these assets in 2022 and 2021 is shown below:

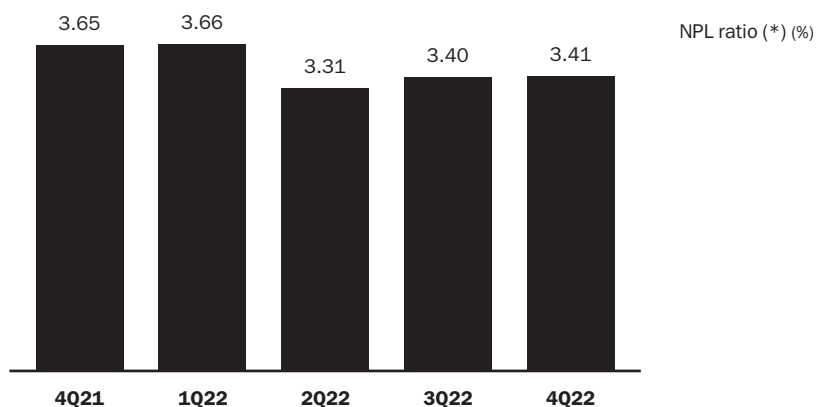
Million euro

	2022				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net ordinary increase in balance of stage 3 assets	153	(421)	208	68	415	1	139	287
Change in real estate assets	(63)	(22)	(68)	(53)	6	(9)	3	(11)
<b>Ordinary net increase in NPAs + real estate</b>	<b>89</b>	<b>(443)</b>	<b>140</b>	<b>15</b>	<b>420</b>	<b>(8)</b>	<b>142</b>	<b>276</b>
Write-offs	146	74	92	83	95	133	129	89
<b>Ordinary quarter-on-quarter change in balance of stage 3 assets and real estate</b>	<b>(56)</b>	<b>(517)</b>	<b>48</b>	<b>(68)</b>	<b>325</b>	<b>(142)</b>	<b>13</b>	<b>187</b>

Evolution of NPAs

As a result of the reduction of exposures classified as stage 3, the NPL ratio reached 3.41% as at 2022 year-end, compared to 3.65% as at 2021 year-end (decrease of 25 basis points). The coverage ratio of exposures classified as stage 3 with total provisions as at 31 December 2022 was 55.0% compared to 56.3% one year earlier, while the coverage ratio of foreclosed real estate assets stood at 38.3% as at 31 December 2022, compared to 38.2% at the end of the previous year.

As at 31 December 2022, the balance of exposures classified as stage 3 in Banco Sabadell Group amounted to 5,814 million euros (including contingent exposures) and declined by 389 million euros in 2022.



(\*) Calculated including contingent exposures.

The trend followed by the Group's coverage ratios is shown in the table below:

Million euro

	2021				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Exposures classified as stage 3	6,127	5,995	6,004	6,203	6,210	5,714	5,830	5,814
Total provisions	3,453	3,378	3,477	3,495	3,456	3,159	3,214	3,200
<b>NPL (Stage 3) coverage ratio, with total provisions</b>	<b>56.4</b>	<b>56.3</b>	<b>57.9</b>	<b>56.3</b>	<b>55.7</b>	<b>55.3</b>	<b>55.1</b>	<b>55.0</b>
Stage 3 provisions	2,335	2,374	2,513	2,553	2,560	2,263	2,273	2,292
<b>NPL coverage ratio of stage 3 (%)</b>	<b>38.1</b>	<b>39.6</b>	<b>41.9</b>	<b>41.2</b>	<b>41.2</b>	<b>39.6</b>	<b>39.0</b>	<b>39.4</b>
Non-performing real estate assets	1,379	1,370	1,373	1,362	1,299	1,277	1,209	1,157
Provisions for non-performing real estate assets	510	511	508	520	494	499	470	443
<b>Non-performing real estate coverage ratio (%)</b>	<b>37.0</b>	<b>37.3</b>	<b>37.0</b>	<b>38.2</b>	<b>38.0</b>	<b>39.1</b>	<b>38.9</b>	<b>38.3</b>
Total non-performing assets	7,507	7,365	7,377	7,565	7,508	6,991	7,039	6,971
Provisions of non-performing assets	3,963	3,889	3,985	4,014	3,950	3,658	3,684	3,644
<b>NPA coverage ratio (%)</b>	<b>52.8</b>	<b>52.8</b>	<b>54.0</b>	<b>53.1</b>	<b>52.6</b>	<b>52.3</b>	<b>52.3</b>	<b>52.3</b>

Includes contingent exposures.

Evolution of the group's coverage ratios

## Liquidity management

# The Group's liquidity is sound, with a balanced funding structure.

In 2022, the funding gap widened, driven mainly by a greater increase in customer funds than in lending. Funding in capital markets increased, with senior non-preferred debt being the item with the greatest net increase, in order to keep an adequate level of own funds and eligible liabilities above the applicable regulatory requirement or MREL (Minimum Requirement for own funds and Eligible Liabilities). The Group's loan-to-deposit (LTD) ratio as at 31 December 2022 was 95.6%.

The Institution has made use of the various issuance windows to access capital markets at different times of the year, in a market environment characterised by the war in Ukraine and monetary policy tightening, with widespread credit spread widening across all instruments. Maturities and early repayments in capital markets over the year amounted to 3,097 million euros. On the other hand, Banco Sabadell executed five issues under the prevailing Fixed Income Programme amounting to a total of 1,638 million euros, specifically the following: one issue of straight non-preferred green bonds on 30 March 2022 for a total amount of 120 million euros and a 15-year tenor, one issue of mortgage covered bonds on 30 May 2022 for an amount of 1 billion euros and a 7-year tenor, one issue of straight non-preferred bonds on 3 June 2022 for an amount of 8.9 million euros and a 5-year tenor, one issue of straight non-preferred bonds on 1 August 2022 for an amount of 9.2 million euros and a 5-year tenor, and one issue of mortgage covered bonds on 21 December 2022 for an amount of 500 million euros and an 8-year tenor. Similarly, under the EMTN Programme, Banco Sabadell executed four issues amounting to a total of 2,075 million euros, specifically the following: one green senior non-preferred debt issue on 24 March 2022 for an amount of 750 million euros and a 4-year tenor with an option for Banco Sabadell to call early in the third year, one senior non-preferred debt issue on 8 September 2022 for an amount of 500 million euros and a 4-year tenor with an option for Banco Sabadell to call early in the third year, one green senior preferred debt issue on 10 November 2022 with a 6-year tenor and an option for Banco Sabadell to call early in the fifth year for an amount of 750 million euros, and one green senior non-preferred debt issue on 23 November 2022 for an amount of 75 million euros and a 10-year tenor with an option for Banco Sabadell to call early in the ninth year.

With regard to securitisations, Banco Sabadell redeemed the funds IM Sabadell PYME 11, FT and Caixa Penedés 2 TDA, FTA early in June and October, respectively, at the decision of Banco Sabadell as sole bondholder. The multiseller fund TDA 23, FTA was also redeemed early in September, having reached the clean-up call date. New securitisations were also issued during the year. On 13 July 2022, Banco Sabadell sold all of the collateralised tranches of the securitisation fund Sabadell Consumo 2, FT to the market, retaining the uncollateralised tranche, which funded the reserve fund and initial expenses. This is Banco Sabadell's second consumer loan securitisation and it amounted to 750 million euros. On 18 August 2022, TSB issued the fund RMBS Duncan Funding 2022-1 PLC, for 1,333 million pounds sterling. The securities were retained in their entirety and the senior tranche (1.2 billion pounds) is expected to be eligible for liquidity operations with the Bank of England.

The Institution has maintained a liquidity buffer in the form of liquid assets to meet potential liquidity needs.

In terms of the LCR, since 1 January 2018, the regulatory minimum requirement has been 100%, a level amply surpassed by all of the Institution's LMUs, with the ratio of the TSB LMU and Banco Sabadell Spain standing at 196% and 270%, respectively, in December 2022. At the Group level, the Institution's LCR remained well above 100% on a stable basis at all times throughout the year, ending 2022 at 234%. As for the Net Stable Funding Ratio (NSFR), which came into force on 28 June 2021, the Institution has remained steadily above the minimum requirement of 100% in all LMUs. As at 31 December 2022, the NSFR was 151% for the TSB LMU, 132% for Banco Sabadell Spain and 138% for the Group.

The key figures and basic liquidity ratios reached at the end of 2022 and 2021 are shown here below:

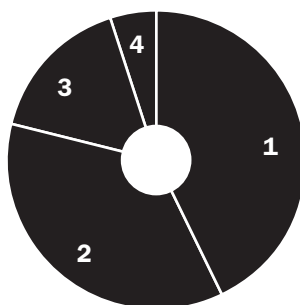
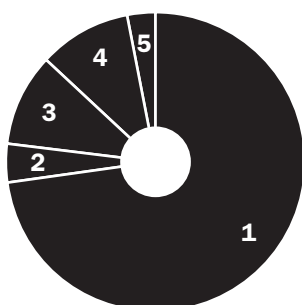
Million euro

	2022	2021
Gross loans to customers, excluding repos	161,750	160,668
Impairment allowances	(3,020)	(3,302)
Brokered loans	(1,806)	(1,290)
<b>Net loans and advances excluding ATAs, adjusted for brokered loans</b>	<b>156,924</b>	<b>156,076</b>
On-balance sheet customer funds	164,140	162,020
<b>Loan-to-deposit ratio (%)</b>	<b>95.6</b>	<b>96.3</b>

Liquidity ratios

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022 and 0.8403 as of 31 December 2021.

The main sources of funding as at the end of 2022, broken down by type of instrument and counterparty, are shown below (in %):



#### Funding structure (in %) (\*)

<b>1</b> Deposits	73
<b>2</b> Repos	4
<b>4</b> Wholesale market	10
<b>5</b> ECB	10
<b>6</b> Bank of England	3

(\*) Excluding adjustments for accrual and derivatives hedging.

#### Institutional issues (in %) (\*)

<b>1</b> Covered bond	43
<b>2</b> Senior debt	36
<b>3</b> Subordinate and AT1	16
<b>4</b> Asset-backed securities	5

(\*) Excluding adjustments for accrual and derivatives hedging.

For further details about the Group's liquidity management, liquidity strategy and liquidity performance during the year, see Note 4 to the 2022 consolidated annual financial statements.

# Capital management

## Key capital figures and solvency ratios

Thousand euro

	Fully-loaded		Phase-in	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Common Equity Tier 1 (CET1) capital	9.985.006	9.859.600	10.082.751	10.079.533
Tier 1 (T1) capital	11.635.006	12.259.600	11.732.751	12.479.533
Tier 1 (T2) capital	1.911.331	2.021.270	1.855.001	2.021.270
Total Tier (Tier 1 + Tier 2) capital	13.546.337	14.280.869	13.587.753	14.500.802
Risk weighted assets	79.568.639	80.689.118	79.553.809	80.645.593
CET1 (%)	12,55%	12,22%	12,67%	12,50%
Tier 1 (%)	14,62%	15,19%	14,75%	15,47%
Tier 2 (%)	2,40%	2,51%	2,33%	2,51%
Total capital ratio (%)	17,02%	17,70%	17,08%	17,98%
Leverage ratio	4,59%	5,80%	4,62%	5,90%

Capital and Solvency

As of 31 December 2022, the main difference between the phase-in and fully-loaded ratios was due to transition to IFRS 9. In 2018, after the entry into force of IFRS 9, the group chose to apply the transitional provisions established in Regulation (EU) 2017/2395.

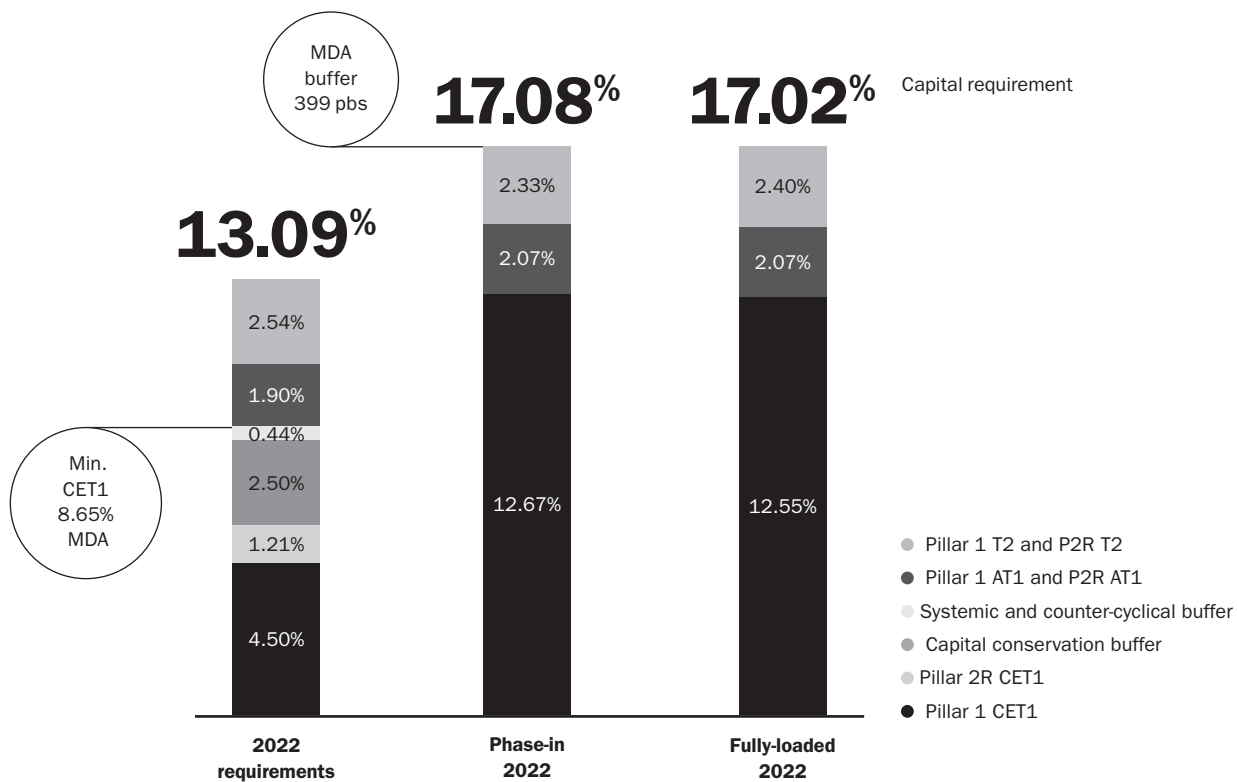
During 2022, the Group decreased its capital base by 735 million euros in fully-loaded terms.

The voluntary early redemption of the full amount of preferred securities envisaged in the conditions of the AT1 Preferred Securities 1/2017 issue, whose value amounted to 750 million euros, took place in 2022.

In terms of risk-weighted assets, over the period two securitisations have been carried out: the traditional consumer loan securitisation Sabadell Consumo 2 executed on 8 July 2022 and the Boreas synthetic securitisation of project finance exposures executed on 28 September 2022. It is also worth calling attention to the improved ratings of businesses, as a result of the improved financial situation and the improvements of house prices in the United Kingdom, both of which had a positive impact on risk-weighted assets. During the period, new PD, LGD and CCF calibrations were implemented for the businesses segments, the Foundation IRB approach began to be used for exposures to corporates and groups and the new rating models were implemented for project finance exposures. Furthermore, after receiving approval from the Supervisor, exposures to financial institutions, which in 2021 were calculated under the Foundation IRB approach, began to be calculated under the Standardised approach. Lastly, in 2022, impacts linked to the completion of the IRB Repair Programme and due to materialise in the short/medium term have been front-loaded.

As a result, the fully-loaded CET1 ratio stood at 12.55% as at year-end 2022.

As at 31 December 2022, the Group had a phase-in CET1 capital ratio of 12.67%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2022 was 8.65%, meaning that the aforesaid ratio is 402 basis points above the minimum requirement.



Banco Sabadell received a communication from the Bank of Spain regarding the decision reached by the Single Resolution Board (SRB) concerning the minimum requirement for own funds and eligible liabilities (MREL) and the subordination requirement on a consolidated basis that it is required to meet.

The requirements that must be met from 1 January 2024 are as follows:

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

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

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

The own funds used by the Institution to meet the combined buffer requirement (CBR), which comprises the capital conservation buffer, the systemic risk buffer and the countercyclical capital buffer, will not be eligible to meet the MREL and subordination requirements expressed in terms of the TREA.

Banco Sabadell is already compliant with the requirements that it needs to meet from 1 January 2024 onwards, which are consistent with the expectations of Banco Sabadell and in line with its funding plans.