

Rating Object	Rating Information
<p>Banco de Sabadell S.A. (Group)</p> <p>Creditreform ID: 18644</p>	<p>Long Term Issuer Rating / Outlook: BBB+ / positive</p> <p>Short Term: L3</p> <p>Type: Update / Unsolicited</p>
<p>Rating Date: 28 June 2024</p> <p>Monitoring until: withdrawal of the rating</p> <p>Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3"</p> <p>Rating History: www.creditreform-rating.de</p>	<p>Rating of Bank Capital and Unsecured Debt Instruments:</p> <p>Preferred Senior Unsecured (PSU): BBB+</p> <p>Non-Preferred Senior Unsecured (NPS): BBB</p> <p>Tier 2 (T2): BB</p> <p>Additional Tier 1 (AT1): BB-</p>

Rating Action

Creditreform Rating affirms Banco de Sabadell's Long-Term Issuer Rating at BBB+ (Outlook: positive)

Creditreform Rating (CRA) affirms Banco de Sabadell's Long-Term Issuer Rating at BBB+. The rating outlook is positive.

CRA affirms Banco de Sabadell's Preferred Senior Unsecured Debt at BBB+, Non-Preferred Senior Unsecured Debt at BBB, Tier 2 Capital at BB and AT1 Capital at BB-.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

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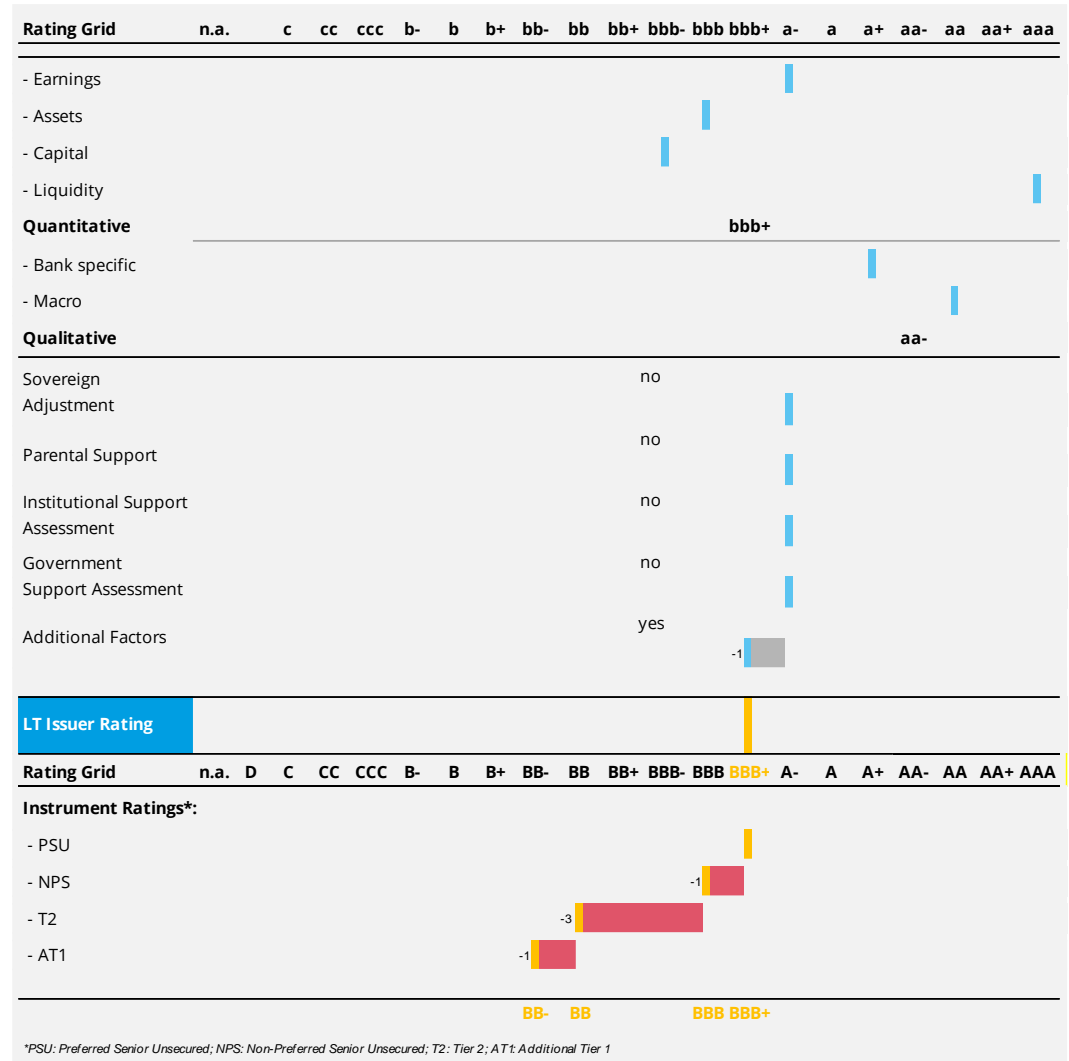
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Key Rating Drivers

- Greatly increased net interest income in higher interest environment
- Otherwise stagnant development in assets and operational income
- Satisfactory capital position and asset quality
- Temporary banking tax may lead to competitive disadvantages
- Takeover attempt by competitor BBVA may impact operational efficiency

Executive Summary



The rating of Banco de Sabadell S.A. is prepared on the basis of group consolidated accounts. The Long-Term Issuer Rating of BBB+ is affirmed. The outlook is raised to positive.

Banco de Sabadell experienced a significant increase in profitability in 2023 in the light the new interest environment, already acknowledged in the previous rating upgrade, but confirmed with the full year results as well as Q1-24 figures. Asset quality as well as capitalization remains adequate as a whole.

Additional factors that have a negative impact on the rating include a lack of growth in assets and operational income outside the context of the new interest environment. Furthermore, despite an increase in interest income, operating income is lagging behind that of the peer banks. Finally, the attempted hostile takeover of BBVA may lead to operational friction.

Company Overview

Banco de Sabadell (in the following: Sabadell) acts as a universal bank (focus on individuals and SME) and operates primarily in Spain and the United Kingdom. In addition, Sabadell operates offices worldwide and a noteworthy business in Mexico. Sabadell reports along three major segments: *Banking Business Spain* includes Sabadell's Retail Banking and Business Banking, as well as the Corporate Banking (CIB). *Banking Business UK*, as part of Sabadell's international presence, covers retail business activities of Sabadell's franchise Trustee Savings Bank plc (TSB) in the United Kingdom. TSB was acquired by Sabadell in 2015 and is the most relevant acquisition in the past years. The acquisition of TSB enabled Sabadell to access the banking market in the United Kingdom, as well as to increase its international operations significantly. *Banking Business Mexico* covers Sabadell's corporate and commercial banking efforts in Mexico.

Sabadell introduced its new strategic business plan in 2021, which is based on three main pillars. According to the plan, Sabadell intends to consolidate its position with a focus on Spain. For the international businesses, Sabadell seeks to significantly improve the profitability, specifically through a cost base reduction. At the end of the planning period, the bank expects to maintain a fully loaded CET1 ratio of above 12% and a return on tangible equity (ROTE) of 10.5%. Due to the new interest rate environment, many of the targets set have already been achieved; against this backdrop, the operating targets were updated and increased overall in 2023.

At the end of April 2024, Banco de Sabadell received an offer to be taken over by its direct competitor BBVA. Banco de Sabadell rejected this offer; BBVA is now in the process of a hostile takeover. This process may have a negative impact on the bank's operating processes.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

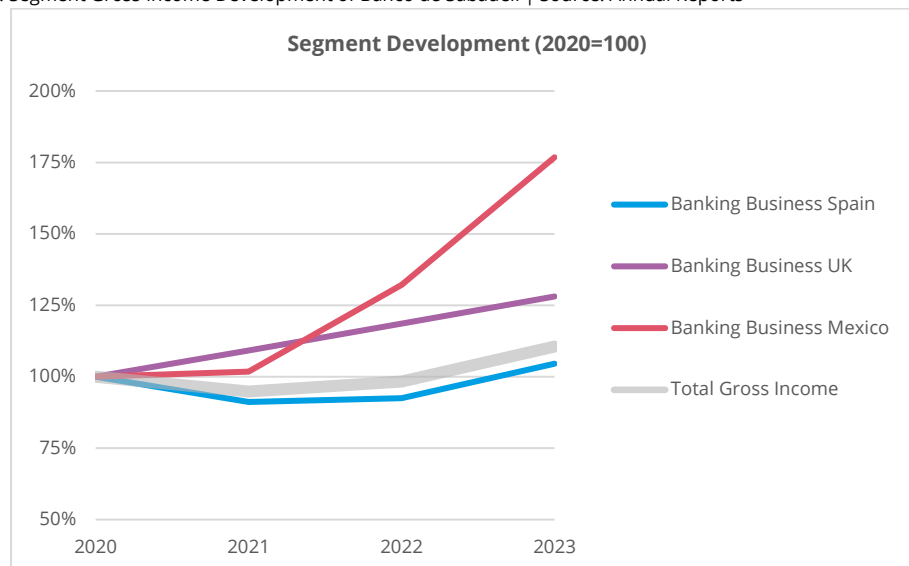
Operating profit rose sharply in the 2023 financial year thanks to the change in the ECB's interest rate policy and only moderately higher expenses.

In detail, operating income increased by EUR 0.7bn (+12.7%) to EUR 6.4bn, mainly due to net interest income, which rose by EUR 0.9bn (+24.3%) to EUR 4.7bn. Net fee and commission income fell by EUR 0.1bn (-7%) to EUR 1.4bn, while trading income made only a negligible contribution to the result, as in the previous year. Interest income more than doubled in the 2020-2023 period under review, while interest expenses more than quadrupled - but the bottom line is that positive added value remained. Net fee and commission income remained virtually unchanged over the same period. The reduction in regard to 2022 came from lower service and asset management fees.

Overall, operating income for 2023 clearly stands out from the rather stagnant trend of recent years. However, it is also clear that this is exclusively attributable to net interest income, while other business areas will at best stagnate (net fee and commission) or decline sharply (trading and net securities income) in the medium term.

Geographically, around two-thirds of income from interest is generated in Spain, while the UK accounts for more than a quarter and Mexico for around 8%. Income from services, on the other hand, is very lopsided in favor of Spain, with Spain accounting for almost 92%, the UK for just over 7% and Mexico for only a very small share. The segment gross income performance of Banco de Sabadell over the period of 2020-2023 is overall mixed. The growth trends of the foreign branches in Mexico and the UK are clear, while the Spanish domestic market, which continues to account for the lion's share of operating income, only recorded growth over the 2020-2023 period under review due to the new interest rate environment.

Chart 1: Segment Gross Income Development of Banco de Sabadell | Source: Annual Reports



Operating expenses rose moderately in the reporting year, after contracting sharply in the previous year due to significantly lower personnel costs.

In detail, personnel and other costs increased by just over EUR 0.1bn each. Other costs increased in particular due to the temporary bank tax in Spain (EUR 156mn in 2023) and higher expenses for the Deposit Guarantee Fund. Partially offset by lower expenses for the Single Resolution Fund. Against this backdrop, operating expenses increased by EUR 0.1bn overall (+2.9%).

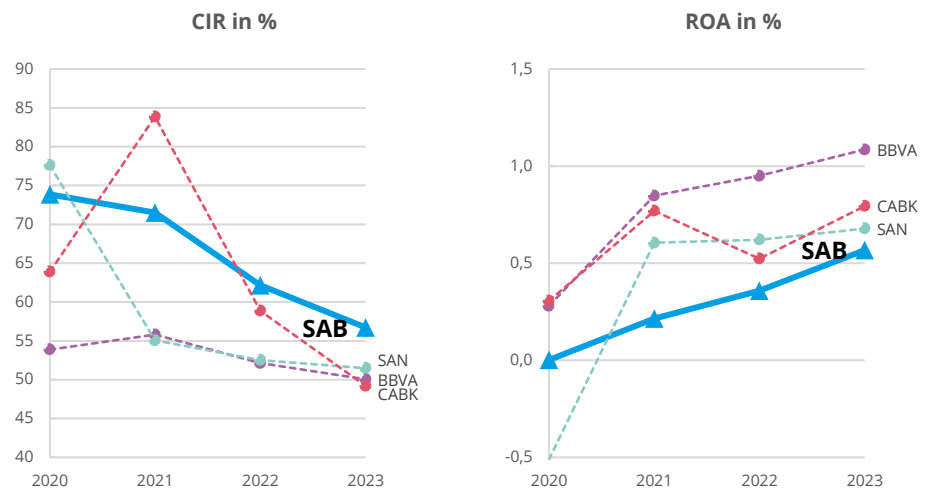
Overall, operating profit increased from EUR 2.2bn to just under EUR 2.8bn (+28.9%). Virtually unchanged cost of risk / impairment left Banco de Sabadell with a pre-tax profit of just under EUR 1.9bn. After tax, net profit amounted to EUR 1.3bn (2022: EUR 0.9bn, +48%).

A good start in Q1-24 has already allowed Banco de Sabadell to raise its guidance for 2024. Net interest income increased by almost 12% year-on-year in Q1-24, and net interest income is now expected to be almost 3% higher for the year as a whole. Net fees and commissions fell further by 3.1% compared to the same period of the previous year; a mid-single digit decline is still expected for the year as a whole. Recurrent costs increased by 2.9% and are expected to remain unchanged at 2.5% for the year as a whole. Cost of risk amounted to 50 basis points in Q1-24; the bank is aiming for less than 55 basis points for the year as a whole. The expected return on tangible equity (ROTE) was increased to 12%, compared to >11.5% expected at the end of the year. In Q1-24, the ROTE amounted to 12.2%, compared to 11.5% for the full year 2023.

The key earnings figures improved considerably for the year as a whole. The cost income ratio (CIR) improved significantly to 62.2% in the previous year and even to 56.7% in the 2023 reporting year. The return on equity (ROE) increased from 6.9% to 9.6%. The net financial margin increased from 1.5% to 1.9%, driven by a significant rise in net interest income.

Banco de Sabadell's positive earnings performance is comparable to that of a selected domestic peer group. While Sabadell achieved a very positive performance in the period from 2020-2023, it continues to lag behind the peer group despite outperformance. This applies to both the CIR and ROE. It is important to note that Banco de Sabadell's performance has been more consistent than that of its domestic peers. This is due in part to the bank's relatively low reliance on trading income, which is inherently more volatile.

Chart 2: CIR and ROA of Banco de Sabadell in comparison to the peer group | Source: eValueRate / CRA



Asset Situation and Asset Quality

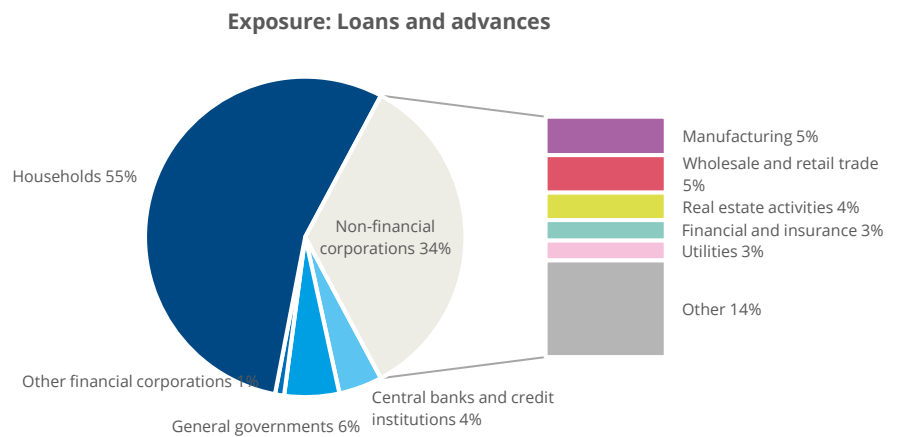
The balance sheet of Banco de Sabadell has been reduced compared to the previous year. The main reasons for the decline were lower liquid assets and fewer net loans to customers.

The decrease totalling EUR 16.1bn to EUR 235.2bn (-6.4%) was largely due to the decline in cash and cash equivalents (EUR -11.3bn) and customer loans (EUR -6.5bn). Over a four-year horizon, Banco de Sabadell was unable to report any significant growth in its main business area, with total assets remaining virtually unchanged. No significant growth was achieved in the first quarter either.

More than three-fifths of Banco de Sabadell's on-balance sheet exposure is located in Spain and just under a quarter in the UK. Other regions, with Mexico as the largest exposure, are only of minor importance with low single-digit percentages at the most.

The sectoral distribution of Banco de Sabadell's loan book is far more diversified. With 55% of the exposure, the retail segment of households forms the basis, while non-financial corporations form the second cornerstone of the exposure in loans and advances with just over a third. The non-financial portfolio is well-diversified, with manufacturing and wholesale and retail trade each accounting for around one-sixth of the portfolio. There are no evident overexposures in higher-risk industries. More than 90% of the bond portfolio consists of government bonds and the remainder mainly of bonds from credit institutions.

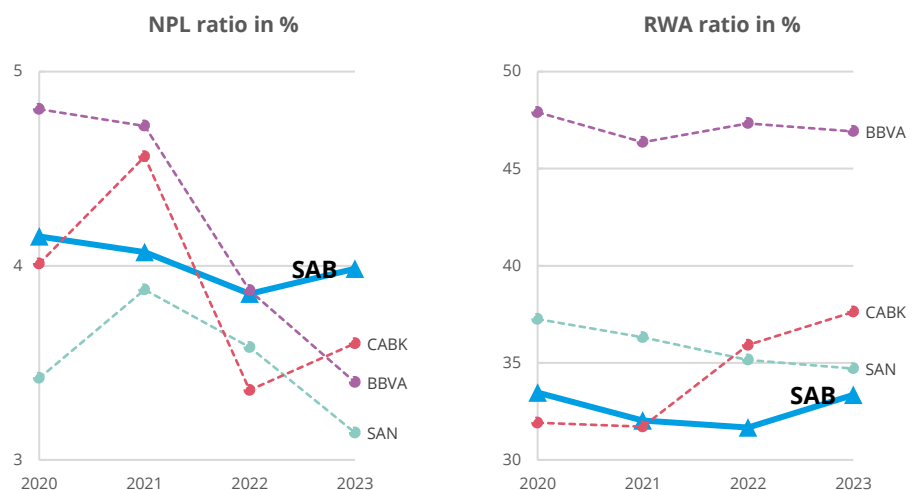
Chart 3: Exposure Loans and Advances | Source: Pillar III



The asset quality of Banco de Sabadell can be described as solid overall. Both the NPL ratio and the cost of risk are average and but can be considered comparatively high compared to Western European peers in France or Germany. The NPL ratio was also comparatively stable during the period under review and has reached a plateau of around 3.5-4%. At 33.4%, the RWA ratio can be considered low, meaning that the risk appetite is rather low from a regulatory perspective.

The bank's Q1-24 financial figures have not materially altered our asset quality assessment. Banco de Sabadell is in good company when it comes to asset quality and risk appetite. While the NPL ratio is the highest in comparison, the differences are marginal. The RWA ratio is quite low in the lower 30s, where BBVA stands out negatively. Asset quality can therefore be rated as solid, although it remains weaker than that of Western European peers.

Chart 4: NPL and RWA ratios of Banco de Sabadell in comparison to the peer group | Source: eValueRate / Pillar III



Refinancing, Capital Quality and Liquidity

On the refinancing side, the decrease in total assets is mainly due to the decline in bank deposits, which fell by EUR 18.3bn (EUR -58.9bn), while customer deposits fell by EUR 3.5bn (-2.2%). The reason for the decline in bank deposits is the prepayment of TLTRO III borrowing in the amount of EUR 17bn in 2023. Total debt increased by EUR 3.2bn, an increase of 14.2% over the

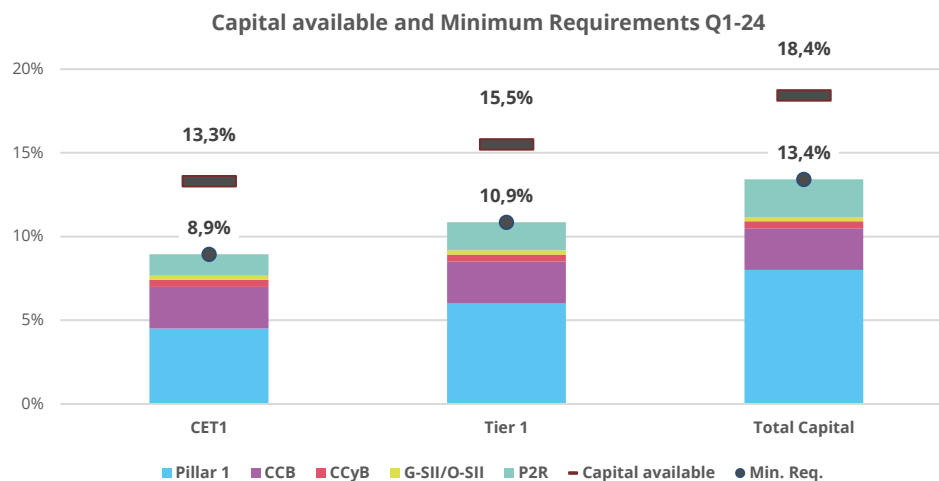
previous year.

Equity increased by just under EUR 0.8bn in 2023. The bank paid out an aggregate of around EUR 0.5bn in dividends and share buybacks in 2023.

There were no material changes in Q1-24.

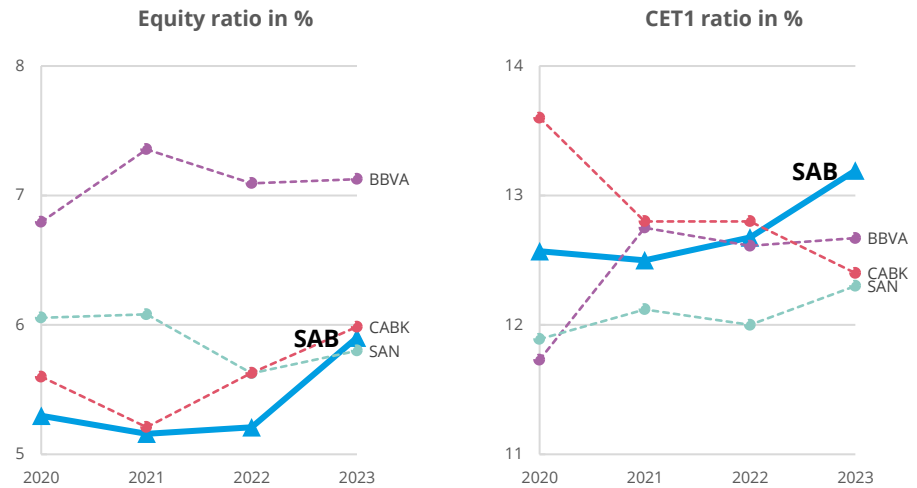
Despite higher distributions, the bank's capitalisation has improved significantly overall. The equity ratio improved from 5.2% to 5.9% against the backdrop of higher profits and a shrinking balance sheet. The leverage ratio also jumped from 4.6% to 5.2%. Banco de Sabadell plans for a CET1 ratio of 13% in the medium term and distributions above this ratio totaling EUR 2.4bn in 2024 and 2025. Against this background, the CET1 ratio reached a 13.2% at year-end 2023 and 13.3% in Q1-24, the minimum requirement was 8.9%. The capital buffer of 4.3% is considered adequate.

Chart 5: Regulatory Capital Ratios and Minimum Requirements as per Q1-24 | Source: Banco de Sabadell Q1-24



Banco de Sabadell's capitalization has developed very positively, particularly in comparison with its direct peer group. While the equity ratio is now in excellent company, the CET1 ratio is the best in the peer group under review. However, it should be noted that the differences within the peer group are now very small, and it seems that a kind of industry standard is establishing itself, both in terms of the absolute level of the CET1 ratio and with regard to regulatory buffers.

Chart 6: Equity and CET1 ratios of Banco de Sabadell in comparison to the peer group | Source: eValueRate / Pillar III



Due to Banco de Sabadell's bank capital and debt structure, as well as its status as an O-SII, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating and rated BBB+. Due to the seniority structure, Banco de Sabadell's Non-Preferred Senior Unsecured debt is rated BBB. Banco de Sabadell's Tier 2 Capital is rated BB based on the bank's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BB+, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Banco de Sabadell has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral, Coporate Behaviour is rated positive.

**ESG
Bank Grade**

3,6 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	()
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	()
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	()

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	()

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	(+ +)

ESG Relevance Scale		ESG Evaluation Guidance	
5	Highest Relevance	(+ +)	Strong positive
4	High Relevance	(+)	Positive
3	Moderate Relevance	()	Neutral
2	Low Relevance	(-)	Negative
1	No significant Relevance	(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

Outlook

The outlook of Banco de Sabadell is upgraded to positive. In the medium term, Creditreform Rating continues to expect good returns due to the new interest rate environment with solid asset quality and capitalization. An upgrade is conceivable if the renewed earnings strength is maintained and a growth path for assets and other sources of income is established while costs increase only moderately and asset quality and capitalization are at least maintained.

Best-case scenario: A

Worst-case scenario: BBB

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A in the “Best-Case-Scenario” and a Long-Term Issuer Rating of BBB in the “Worst-Case-Scenario”. The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Banco de Sabadell's Long-Term Issuer Rating and ratings of Bank Capital and Unsecured debt should the bank sustain a definitive growth path in assets and non-interest income. A significantly improved asset quality could also lead to an upgrade and the dividend policy should remain moderate to strengthen the capital base.

By contrast, a downgrade of Banco de Sabadell's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt could occur if the new earnings level cannot be maintained. A lack of growth prospects and eroding asset and capital quality could be additional factors for a downgrade.

Appendix

Bank ratings Banco de Sabadell S.A.

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **BBB+ / L3 / positive**

Bank Capital and Debt Instruments Ratings Banco de Sabadell S.A.

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **BBB+**
 Non-Preferred Senior Unsecured (NPS): **BBB**
 Tier 2 (T2): **BB**
 Additional Tier 1 (AT1): **BB-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	23.05.2018	BBB / stable / L3
Rating Update	08.07.2019	BBB / stable / L3
Monitoring	24.03.2020	BBB / NEW / L3
Rating Update	01.10.2020	BBB- / stable / L3
Rating Update	13.10.2021	BBB- / positive / L3
Rating Update	15.12.2022	BBB / stable / L3
Rating Update	29.08.2023	BBB+ / stable / L3
Rating Update	28.06.2024	BBB+ / positive / L3
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (Initial)	23.05.2018	BBB- / BB- / B+
PSU / NPS / T2 / AT1	08.07.2019	BBB- / BB+ / BB- / B+
PSU / NPS / T2 / AT1 (NEW)	24.03.2020	BBB- / BB+ / BB- / B+
PSU / NPS / T2 / AT1	01.10.2020	BB+ / BB / B+ / B
PSU / NPS / T2 / AT1	13.10.2021	BB+ / BB / B+ / B
PSU / NPS / T2 / AT1	15.12.2022	BBB- / BB+ / BB- / B+
PSU / NPS / T2 / AT1	29.08.2023	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	28.06.2024	BBB+ / BBB / BB / BB-

Tables Group

Figure 2: Income statement¹ | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	4.723	+24,3	3.799	3.425	3.399
Net Fee & Commission Income	1.386	-7,0	1.490	1.468	1.350
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	68	-34,0	104	344	800
Equity Accounted Results	123	-19,7	153	100	36
Dividends from Equity Instruments	8	> +100	3	1	1
Other Income	103	-25,9	139	263	235
Operating Income	6.412	+12,7	5.687	5.602	5.821
Expense					
Depreciation and Amortisation	545	-10,1	606	632	564
Personnel Expense	1.495	+7,4	1.392	1.777	1.885
Tech & Communications Expense	442	+4,8	422	446	395
Marketing and Promotion Expense	97	+35,0	72	79	88
Other Provisions	6	-93,5	97	88	275
Other Expense	1.053	+11,2	946	983	1.092
Operating Expense	3.637	+2,9	3.534	4.006	4.299
Operating Profit & Impairment					
Operating Profit	2.775	+28,9	2.153	1.596	1.522
Cost of Risk / Impairment	859	+0,4	855	987	1.974
Net Income					
Non-Recurring Income	0	-	0	56	354
Non-Recurring Expense	26	+6,8	24	46	24
Pre-tax Profit	1.891	+48,5	1.273	620	-121
Income Tax Expense	557	+49,3	373	81	-124
Discontinued Operations	-	-	-	-	-
Net Profit	1.334	+48,2	900	539	3
Attributable to minority interest (non-controlling interest)	1	-86,8	11	8	1
Attributable to owners of the parent	1.332	+49,8	889	530	2

Figure 3: Key earnings figures | Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	56,72	-5,42	62,15	71,50	73,85
Cost Income Ratio ex. Trading (CIRex)	57,33	-5,97	63,30	76,19	85,61
Return on Assets (ROA)	0,57	+0,21	0,36	0,21	0,00
Return on Equity (ROE)	9,61	+2,73	6,88	4,15	0,02
Return on Assets before Taxes (ROAbT)	0,80	+0,30	0,51	0,25	-0,05
Return on Equity before Taxes (ROEbT)	13,62	+3,89	9,73	4,77	-0,97
Return on Risk-Weighted Assets (RORWA)	1,70	+0,57	1,13	0,67	0,00
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,41	+0,81	1,60	0,77	-0,15
Net Financial Margin (NFM)	1,93	+0,46	1,47	1,40	1,49
Pre-impairment Operating Profit / Assets	1,18	+0,32	0,86	0,63	0,65

Change in %Points

¹ Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	30.142	-27,2	41.423	49.384	35.319
Net Loans to Banks	1.394	-3,5	1.445	1.204	1.655
Net Loans to Customers	152.278	-4,1	158.730	157.366	149.120
Total Securities	28.031	+1,0	27.750	22.732	25.196
Total Derivative Assets	4.421	-13,8	5.127	1.900	3.373
Other Financial Assets	5.619	+72,6	3.255	4.938	5.488
Financial Assets	221.886	-6,7	237.729	237.525	220.151
Equity Accounted Investments	463	+22,8	377	639	780
Other Investments	230	-23,4	300	379	348
Insurance Assets	81	-10,1	90	116	134
Non-current Assets & Discontinued Ops	771	+4,4	738	778	976
Tangible and Intangible Assets	4.541	-4,5	4.757	4.979	5.448
Tax Assets	6.838	-0,2	6.851	7.027	7.152
Total Other Assets	364	-8,7	399	503	775
Total Assets	235.173	-6,4	251.241	251.947	235.763

Figure 5: Development of asset quality | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	64,75	+1,57	63,18	62,46	63,25
Risk-weighted Assets ¹ / Assets	33,35	+1,69	31,66	32,01	0,00
NPL ² / Loans to Customers ³	3,98	+0,13	3,86	4,07	4,15
NPL ² / Risk-weighted Assets ¹	7,44	+0,09	7,35	7,63	7,48
Potential Problem Loans ⁴ / Loans to Customers ³	7,92	-1,03	8,95	8,06	7,91
Reserves ⁵ / NPL ²	91,65	-0,36	92,02	90,94	87,87
Cost of Risk / Loans to Customers ³	0,59	+0,02	0,56	0,65	1,39
Cost of Risk / Risk-weighted Assets ¹	1,09	+0,02	1,08	1,22	2,50
Cost of Risk / Total Assets	0,37	+0,02	0,34	0,39	0,84

Change in %Points

1 RWA: Pillar 3, EU CR1

2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	12.795	-58,9	31.099	41.668	35.175
Total Deposits from Customers	160.130	-2,2	163.672	162.179	151.257
Total Debt	25.791	+14,2	22.578	21.051	20.413
Derivative Liabilities	3.280	-10,3	3.657	1.855	3.592
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	16.745	+16,0	14.437	9.300	9.717
Total Financial Liabilities	218.741	-7,1	235.442	236.054	220.154
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	13	-	-	-	-
Tax Liabilities	333	+46,9	227	205	206
Provisions	536	-16,8	645	886	984
Total Other Liabilities	1.670	-9,3	1.842	1.805	1.928
Total Liabilities	221.294	-7,1	238.155	238.950	223.272
Total Equity	13.879	+6,1	13.086	12.996	12.492
Total Liabilities and Equity	235.173	-6,4	251.241	251.947	235.763

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	5,26	+0,10	5,16	5,30	5,80
Leverage Ratio ¹	4,62	-1,28	5,90	5,25	5,01
Common Equity Tier 1 Ratio (CET1) ²	12,68	+0,18	12,50	12,57	11,77
Tier 1 Ratio (CET1 + AT1) ²	14,75	-0,72	15,47	14,03	13,20
Total Capital Ratio (CET1 + AT1 + T2) ²	17,08	-0,90	17,98	16,14	15,06
CET1 Minimum Capital Requirements ¹	8,65	+0,13	8,52	8,52	8,67
Net Stable Funding Ratio (NSFR) ¹	137,86	-2,90	140,76	0,00	0,00
Liquidity Coverage Ratio (LCR) ¹	224,36	+2,95	221,41	197,95	158,18

Change in %Points

¹ Pillar 3 EU KM 1

² Regulatory Capital Ratios: Pillar 3 EU KM 1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and [Rating Criteria and Definitions \(v1.3\)](#):

- [Bank ratings \(v3.3\)](#)
- [Rating of bank capital and unsecured debt instruments \(v2.2\)](#)
- [Environmental, Social and Governance Score for Banks \(v1.1\)](#)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 28 June 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Banco de Sabadell S.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

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No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services

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To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings

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The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

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