

Long-Term Issuer Rating: BBB
Outlook: stable

Short-Term Rating: L3

Preferred Sen. Unsec. Debt: BBB-
Non-Preferred Sen. Unsec. Debt: BB+
Tier 2 Capital: BB-
AT1 Capital: B+

15 December 2022

Rating Action:

Creditreform Rating upgrades Banco de Sabadell S.A.'s (Group) long-term issuer rating by one notch to 'BBB' (Outlook: stable)

Creditreform Rating (CRA) has upgraded Banco de Sabadell's long-term issuer rating to 'BBB' from 'BBB-' and affirmed the short-term rating at 'L3'. The rating outlook is stable. At the same time, we upgrade Banco de Sabadell's 'preferred senior unsecured' debt to 'BBB-', from 'BB+' and its non-preferred senior unsecured debt to 'BB+' from 'BB'. Furthermore, we upgrade the Tier 2 capital to 'BB-' from 'B+' and the AT1 capital to 'B+' from 'B'.

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

Key Rating Driver

CRA has revised the rating of Banco de Sabadell S.A. and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- Significant net profit increase in 2021, but still below pre-covid levels
- Strongly improving earnings ratios, in particular ROE and RORWA, but still at subpar levels
- On the one hand noticeably lower asset write-down and RWA-ratio, on the other hand worsening of NPL- and Stage 2 ratio; Stage 2 above pre-covid level
- Strong increase in all capital ratios, where steady growth is evident; however, still at average levels

Company Overview

Banco de Sabadell S.A. (hereafter: Sabadell or SB) is a banking group whose roots go back to 1881. Sabadell decided in October 2017 to relocate its registered headquarters from Barcelona to Alicante as a result of the independence ambitions of Catalonia; the operational headquarters, however, remained in Catalonia. The bank is recognized as an "other systemically important institution" (O-SII) and must therefore comply with additional regulatory requirements. With 21,327 employees (average as of 31.12. 2021) and 1,593 branches (thereof 1,270 in Spain) and had total assets of €252 billion as of 31.12.2021.

Sabadell acts as a universal bank (focus on individuals and SME) with activities in the insurance business, and operates primarily in Spain and the United Kingdom. In addition, SB has 12 representative offices worldwide and a noteworthy business in Mexico. SB is divided into the following segments: Banking Business Spain includes SB's Retail Banking and Business Banking as well as the Corporate Banking (CIB). TSB, as part of SB's International Presence, covers retail business activities of SB'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.

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Sabadell introduced its new strategic business plan for 2021-2023, which is based on three main pillars. According to the plan, SB intends to consolidate its position and increase its business volume at Spanish companies. In addition, SB intends to complete the digital transformation of the retail banking service with 100% digital access to its products. Moreover, TSB is determined to accelerate its mortgage growth, to the detriment of consumer and SME loans. At the end of the plan, the bank expects to maintain a fully loaded CET1 ratio of above 12% and a return on equity of >6%. As far as the plan is concerned, the first successes have already been achieved. Worth mentioning is, for example, the introduction of the 100% digital application for new cards and the expansion of the product range in terms of loans. Furthermore, TSB was able to increase its contribution to the Group significantly with substantial growth in new mortgages.

The most significant recent changes in the scope of consolidation of the Group are as follows: In April 2021, Banco Sabadell and the ALD Automotive Group entered into a long-term strategic partnership to offer vehicle-leasing products. The transaction was closed in November 2021 and included the sale of 100% of the share capital of Bansabadell Renting S.L.U. for €59 million. Moreover, in October 2021, Banco Sabadell transferred to Mora Banc Grup S.A. its entire stake in BancSabadell d'Andorra S.A., which represents 50.97% of its share capital (and 51.61% including the proportional part of treasury stock) for €68 million.

SB's shareholder structure is ordinary. Most significant shareholders (at year-end 2021) are BlackRock Inc., Fintech Europe S.A.R.L. and Lewis A. Sanders with about 3% each, while the remaining shares are in free float.

The main subsidiaries and investments of Sabadell can be found in the following chart:

Chart 1: Main subsidiaries and investments of Sabadell | Source: Own presentation based on Annual Report 2021 of Banco de Sabadell



Rating Considerations and Rationale

Sabadell's credit rating upgrade was primarily due to improved profitability in 2021 and in the first half of 2022, as well as a stronger regulatory capitalization. Overall, all sub-scores of our quantitative analysis have improved compared to the previous year.

Profitability

Sabadell was able to improve its profitability significantly compared with 2020, recovering from the Corona crisis. However, the bank was not able to achieve the pre-crisis earnings level from 2019 yet. With respect to its operating income, it decreased slightly from €5.8bn to €5.6bn, with net interest income and net fee & commission income having improved marginally. The increase is mainly due to growth in volumes and lower costs of capital markets. With regard to the latter, a good performance of commissions from services, as well as of asset management were the key drivers. Nevertheless, net trading income declined considerably in 2021, which demonstrates the decrease in operating income. Overall, the bank boosted its net profit dramatically from €3 million in 2020 to €538 million in 2021, which was predominantly due to the massive decrease in impairment/cost of risk from €1.97bn in 2020 to €0.99bn in 2021. With respect to its earnings ratios, except of one, all of them improved. The sharpest increases can be noticed in ROE and RORWA, where ROE improved from 0.02% in 2020 to 4.15% in 2021 due to the massive increase in net profit, and RORWA from 0% in 2020 to 0.67% in 2021, which is attributable to the higher up rise of net profits than the increase of its total RWA. On the other hand, CIR and ROA just improved slightly. However, it should be noted that Sabadell generally scores below average on the earnings ratios and these have not recovered to their pre-covid levels yet.

As of June 2022, net interest income as the main source of income increased by 4.2% YOY. The improvement was mainly stemming from volume growth, in particular from strong mortgage demand at TSB. Furthermore, net fee & commission income as the second most important source of income rose by 2.8% YOY due to good development over all segments. Net trading income increased significantly YOY, which is associated to one-off effects. Furthermore, operating expenses decreased sharply by 6.7% YOY, which is attributable to lower staff expenses following the efficiency plan. Overall, due to the additional fact that SB's cost of risk/impairment decreased dramatically, net profits increased significantly YOY. As a result, all earnings ratios improved YOY.

Asset Situation and Asset Quality

In a risk environment that is recovering slightly from the covid crisis on Sabadell's markets, asset quality as a whole has marginally improved. Nevertheless, the bank's NPL-ratio (stage 3 loans over net loans to customer) rose slightly from 3.6% to 3.65%, which is mainly due to methodology changes, as well as the repurchase of non-performing portfolios. Additionally, the NPL-ratio still below pre-covid year and displays a slight above average ratio. Furthermore, the potential problem loan ratio (stage 2 loans over net loans to customers) increased moderately from 7.56% to 7.82% while the ratio of reserves over NPL stayed stable at 57.95%. Still, the potential problem loan ratio is far higher than pre-covid (5.37%) and constitutes a below average score for the bank, whereas the reserves over NPL ratio is attributable to an almost similar growth in reserves and NPL with an average score. Moreover, with the onset of the economic recovery in Spain, which accounts for around 66% of Sabadell's credit risk exposure, the bank was able to reduce its asset write-downs significantly. Still, write-downs remained elevated. With respect to its RWA

ratio and total assets, we note that RWA's have been on an upward trajectory since 2019 and are up to €252bn in 2021. Despite this development, Sabadell's RWA-ratio decreased marginally to 32% due to the stronger growth of its total assets than the rise of the bank's total RWA. Overall, the bank's RWA ratio, which exhibits a far better result than in the ordinary fiscal year 2019, is above average.

As of June 2022, SB's NPL-ratio decreased significantly to 3.2%, which is mainly attributable to the sale of unsecured NPL's with an exposure of €400 million, whereas its potential problem loan ratio increased marginally to 8%. Moreover, SB was able to reduce its RWA ratio further to 31.3% due to an increase of its total assets and a decrease of its RWA exposure.

Refinancing, Capital Quality and Liquidity

As total Sabadell's total equity increased to a lesser extent than its asset base, the total equity ratio fell marginally from 5.30% to 5.16%, which is a below average score. Furthermore, it is noticeable that its total equity to asset ratio declines steadily since 2019. With respect to its capital ratios, the bank's CET1 ratio increased marginally from 12% to 12.2% due to a stronger CET1 capital position, mainly driven by organic capital generation. Coming from this, Sabadell in 2021 held a CET1 buffer above its SREP minimum requirements of 3.7%, which has potential to improve. In addition, the bank exhibits a considerable rise of its T1 ratio from 13.5% to 15.2% and its Total Capital ratio from 15.9% to 17.7%, where the key driver was the issuance of additional AT1 capital with a nominal amount of €1.25bn. Overall, Sabadell's capital ratios have been improving steadily since 2019, but are still average or below average, respectively. With regard to the liquidity situation, it remains remarkable with a liquidity coverage ratio significantly above the previous year's level at 221% and an above average NSFR of 141%.

As of June 2022, SB's CET1 ratio increased marginally to 12.5%, whereas its T1 Ratio and total capital ratio decreased to 14.5% and 17% respectively. The declines of the latter ones are mainly driven by the early redemption of a T1 issue with an exposure of €750 million. With a liquidity coverage ratio of 225% and a NSFR of 142%, SB's liquidity position stays stable.

Environmental, Social and Governance (ESG) Score Card

Banco de Sabadell SA 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 upnotched to neutral due to the bank's implementation of its Sustainable Bond Framework, the overcome of the issues in relation with the IT migration of TSB as well due to the bank's increased ambitions with regard to the ESG development.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting was upnotched to neutral due to relatively low but increasing amount of green bonds since the start of issuance in 2020, Corporate Behaviour is rated positive due its business activities in accordance with the ideas and beliefs of the society.

ESG Score

3,6 / 5

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

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	and is rated neutral	3	()
	1.2 Exposure to Environmental Factors	and is rated positive	2	(+)
	1.3 Resource Efficiency	and is rated positive	1	(+)

Social	2.1 Human Capital	and is rated positive	2	(+)
	2.2 Social Responsibility	and is rated neutral	1	()

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral 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, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
()	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score 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 "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Sabadell is 'stable'. In the medium term, CRA expects no significant deterioration in profitability and asset quality, due to the war in Ukraine and rising consumer prices. In the short term, rising consumer prices may have an impact on Sabadell's profitability. In the medium to long term, rising interest rates will lead to increasing profitability for Sabadell's substantial lending business. Asset quality and capital ratios (due to RWAs) will strongly depend on the economic development in Spain and United Kingdom.

Scenario Analysis

Best-case scenario: BBB+

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.

In a scenario analysis, the bank is able to reach a "BBB+" rating in the "best case" scenario and a "BBB-" rating in the "worst case" scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Sabadell's long-term issuer credit rating and its bank capital and debt if we see that Sabadell is able to increase its level of profitability. In addition, improvements in SB's asset capitalization might lead to an upgrade as well. Furthermore, a significant improvement of Sabadell's capital ratios might lead to an upgrade as well.

By contrast, a downgrade of the Group's long-term issuer credit rating and its bank capital and debt instruments is likely if we see a lasting decline of Sabadell's profitability and / or a reduction of the banks' capital ratios. In particular, we will observe the ongoing Economic development in Spain and United Kingdom and the impact on Sabadell's asset quality and its business activities in general.

CRA's rating actions at a glance

Banco de Sabadell S.A. (Group):

- Long-Term Issuer Rating upgraded to 'BBB' from 'BBB-', stable outlook
- Short-term rating affirmed at 'L3'
- Preferred senior unsecured debt upgraded to 'BBB-' from 'BB+'
- Non-preferred senior unsecured debt upgraded to 'BB+' from 'BB'
- Tier 2 capital upgraded to 'BB-' from 'B+'
- AT1 capital upgraded to 'B+' from 'B'

Ratings Detail

Bank ratings

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.

LT Issuer / Outlook / Short-Term **BBB / stable / L3**

Bank Capital and Debt Instruments Ratings

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 debt (PSU): **BBB-**
 Non-preferred senior unsecured debt (NPS): **BB+**
 Tier 2 (T2): **BB-**
 Additional Tier 1 (AT1): **B+**

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
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+

Appendix

Figure 2: Group income statement¹ | Source: eValueRate / CRA

Income Statement (EUR k)	2021	%	2020	2019	2018
Income					
Net Interest Income	3.425.456	+0,8	3.399.116	3.622.396	3.675.184
Net Fee & Commission Income	1.467.541	+8,7	1.350.328	1.438.741	1.335.301
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	344.219	-57,0	799.640	126.256	225.391
Equity Accounted Results	100.280	> +100	35.926	56.427	56.554
Dividends from Equity Instruments	1.262	+24,0	1.018	4.516	8.180
Other Income	263.109	+12,1	234.711	281.993	293.653
Operating Income	5.601.867	-3,8	5.820.739	5.530.329	5.594.263
Expense					
Depreciation and Amortisation	632.481	+12,2	563.648	555.892	753.743
Personnel Expense	1.776.797	-5,7	1.884.576	1.648.836	1.590.590
Tech & Communications Expense	446.057	+13,0	394.755	431.645	518.201
Marketing and Promotion Expense	79.452	-9,5	87.783	99.333	114.162
Other Provisions	87.566	-68,2	275.408	26.595	160.706
Other Expense	983.202	-10,0	1.092.471	1.120.863	1.246.860
Operating Expense	4.005.555	-6,8	4.298.641	3.883.164	4.384.262
Operating Profit & Impairment					
Operating Profit	1.596.312	+4,9	1.522.098	1.647.165	1.210.001
Cost of Risk / Impairment	986.847	-50,0	1.973.684	829.633	828.234
Net Income					
Non-Recurring Income	56.087	-84,2	354.372	133.586	49.645
Non-Recurring Expense	45.563	+92,9	23.615	41	12.547
Pre-tax Profit	619.989	< -100	-120.829	951.077	418.865
Income Tax Expense	81.282	< -100	-123.839	174.199	83.635
Discontinued Operations	-	-	-	-	-
Net Profit	538.707	> +100	3.010	776.878	335.230
Attributable to minority interest (non-controlling interest)	8.469	> +100	1.008	9.056	7.128
Attributable to owners of the parent	530.238	> +100	2.002	767.822	328.102

Figure 3: Group key earnings figures | Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	71,50	-2,35	73,85	70,22	78,37
Cost Income Ratio ex. Trading (CIRex)	76,19	-9,43	85,61	71,86	81,66
Return on Assets (ROA)	0,21	+0,21	0,00	0,35	0,15
Return on Equity (ROE)	4,15	+4,12	0,02	5,99	2,77
Return on Assets before Taxes (ROAbT)	0,25	+0,30	-0,05	0,43	0,19
Return on Equity before Taxes (ROEbT)	4,77	+5,74	-0,97	7,33	3,46
Return on Risk-Weighted Assets (RORWA)	0,67	+0,66	0,00	0,96	0,42
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,77	+0,92	-0,15	1,17	0,52
Net Financial Margin (NFM)	1,40	-0,09	1,49	1,62	1,69
Pre-Impairment Operating Profit / Assets	0,63	-0,01	0,65	0,74	0,54
Cost of Funds (COF)	0,31	-0,11	0,42	0,65	0,57
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 k)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	49.384.077	+39,8	35.319.407	15.282.125	23.592.633
Net Loans to Banks	1.203.567	-27,3	1.654.961	2.470.321	2.831.414
Net Loans to Customers	157.366.285	+5,5	149.119.982	147.579.752	142.390.905
Total Securities	22.732.039	-9,8	25.196.429	27.792.423	26.844.884
Total Derivative Assets	1.900.417	-43,7	3.372.994	2.558.313	2.079.221
Other Financial Assets	4.938.372	-10,0	5.487.621	12.040.929	5.963.266
Financial Assets	237.524.757	+7,9	220.151.394	207.723.863	203.702.323
Equity Accounted Investments	638.782	-18,1	779.859	733.930	574.940
Other Investments	379.268	+9,0	348.092	514.629	701.021
Insurance Assets	116.453	-12,9	133.757	133.960	132.299
Non-current Assets & Discontinued Ops	778.035	-20,2	975.540	764.203	4.586.923
Tangible and Intangible Assets	4.978.911	-8,6	5.448.370	5.512.753	5.192.681
Tax Assets	7.027.123	-1,7	7.151.681	7.008.327	6.859.405
Total Other Assets	503.262	-35,0	774.599	1.361.976	572.829
Total Assets	251.946.591	+6,9	235.763.292	223.753.641	222.322.421

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

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	62,46	-0,79	63,25	65,96	64,05
Risk-weighted Assets/ Assets	32,03	-1,44	33,47	36,32	36,07
NPLs*/ Net Loans to Customers	3,65	+0,05	3,60	3,83	4,22
NPLs*/ Risk-weighted Assets	7,06	+0,32	6,74	7,29	8,07
Potential Problem Loans**/ Net Loans to Customers	7,82	+0,26	7,56	5,37	6,22
Reserves/ NPLs*	57,95	+0,03	57,92	49,53	53,05
Reserves/ Net Loans	2,10	+0,03	2,07	1,99	2,41
Cost of Risk/ Net Loans	0,63	-0,70	1,32	0,56	0,58
Cost of Risk/ Risk-weighted Assets	1,22	-1,28	2,50	1,02	1,03
Cost of Risk/ Total Assets	0,39	-0,45	0,84	0,37	0,37

* NPLs are represented by Stage 3 Loans where available.
 ** Potential Problem Loans are Stage 2 Loans where available.

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

Liabilities (EUR k)	2021	%	2020	2019	2018
Total Deposits from Banks	41.668.240	+18,5	35.174.739	23.928.591	33.198.223
Total Deposits from Customers	162.179.141	+7,2	151.256.688	146.411.095	136.545.974
Total Debt	21.050.955	+3,1	20.413.398	22.569.896	22.598.653
Derivative Liabilities	1.855.150	-48,4	3.592.218	2.805.859	2.360.374
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	9.300.283	-4,3	9.716.709	12.494.414	13.782.131
Total Financial Liabilities	236.053.769	+7,2	220.153.752	208.209.855	208.485.355
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	10.155	82.605
Tax Liabilities	204.924	-0,6	206.206	240.803	176.013
Provisions	886.138	-9,9	983.512	430.434	466.379
Total Other Liabilities	1.805.479	-6,4	1.928.184	1.887.988	995.069
Total Liabilities	238.950.310	+7,0	223.271.654	210.779.235	210.205.421
Total Equity	12.996.281	+4,0	12.491.638	12.974.406	12.117.000
Total Liabilities and Equity	251.946.591	+6,9	235.763.292	223.753.641	222.322.421

Figure 7: Development of capital ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	5,16	-0,14	5,30	5,80	5,45
Leverage Ratio	5,90	+0,65	5,25	5,01	4,86
Common Equity Tier 1 Ratio (CET1)*	12,22	+0,20	12,02	11,73	11,11
Tier 1 Ratio (CET1 + AT1)*	15,19	+1,70	13,49	13,15	12,55
Total Capital Ratio (CET1 + AT1 + T2)*	17,70	+1,79	15,91	15,00	14,13
SREP/ CET1 Minimum Capital Requirements	8,52	-0,98	9,50	9,64	8,31
MREL / TLAC Ratio	26,20	+1,40	24,80	-	-
Net Loans/ Deposits (LTD)	97,03	-1,55	98,59	100,80	104,28
Net Stable Funding Ratio (NSFR)	141,00	-	-	-	-
Liquidity Coverage Ratio (LCR)	221,00	+23,00	198,00	172,00	168,00
Change in %- Points					

* Fully-loaded where available

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 scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
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 rating methodology for [bank ratings \(v3.1\)](#), the methodology for the [rating of bank capital and unsecured debt instruments \(v2.1\)](#), the methodology for the rating of [Government-Related Banks \(v2.0\)](#) the methodology for the rating of [Institutional Protection Scheme Banks \(v1.0\)](#) as well as the rating methodology for [Environmental, Social and Governance Score for Banks \(v1.0\)](#) in conjunction with Creditreform's basic document [Rating Criteria and Definitions \(v1.3\)](#).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

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

On 15 December 2022, 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. (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

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. Rating Endorsement Status:

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1. Aggregated data base by eValueRate
2. Annual Report and interim reports
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4. Website of the rated bank
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