Mr MIQUEL ROCA i JUNYENT, Secretary to the Board of Directors of BANCO DE SABADELL, S.A., with registered office in Sabadell, Plaça de Sant Roc núm. 20, and holder of tax identification number (NIF) A08000143.

CERTIFIES:

That at the meeting of the company's Board of Directors held today by telematics means at the registered office, by written notice dated 13 February 2026, attended by the Chairman José Oliu Creus and directors Pedro Fontana García, César González-Bueno Mayer Wittgenstein, Aurora Catá Sala, Ana Colonques García-Planas, Luis Deulofeu Fuguet, María José García Beato, Mireya Giné Torrens, María Gloria Hernández García, George Donald Johnston, Margarita Salvans Puigbò, Manuel Valls Morató, David Vegara Figueras and Pedro Viñolas Serra, with the undersigned acting as Secretary, the following resolutions were unanimously adopted after due deliberation, among other matters not contradicting it:

"The members of the Board of Directors declare that, to the best of their knowledge, the individual and consolidated annual financial statements for the fiscal year 2025, prepared today and drawn up in accordance with the accounting principles applicable under current legislation, give a true and fair overview of the equity, financial position and results of Banco de Sabadell, S.A. and of the companies included in its scope of consolidation taken as a whole, and that the respective Directors' reports prepared include a true and fair analysis of the performance and results of the business and of the position of Banco de Sabadell, S.A. and of the companies included in its scope of consolidation taken as a whole, together with a description of the main risks and uncertainties they face."

Express mention is hereby made that the minutes of the aforesaid Board meeting in which the above resolutions were read and unanimously approved at the end of the meeting, and that they have been signed by the Secretary with the Chairman's approval.

In witness whereof and for all pertinent purposes, I hereby issue this Certificate with the approval of the Chairman, in Sabadell, on 19 February 2026.

Approved by

The Chairman The Secretary

Auditor's Report on Banco de Sabadell, S.A.

(Together with the annual financial statements and directors' report of Banco de Sabadell, S.A. for the year ended 31 December 2025)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report on the Annual Financial Statements

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Banco de Sabadell, S.A.

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of Banco de Sabadell, S.A. (hereinafter the "Bank"), which comprise the balance sheet at 31 December 2025, and the income statement, statement of recognised income and expenses, statement of total changes in equity and cash flow statement for the year then ended, and notes.

In our opinion, the accompanying annual financial statements give a true and fair view, in all material respects, of the equity and financial position of the Bank at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 1 to the accompanying annual financial statements) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report.

We are independent of the Bank in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual financial statements pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

See notes 1.3.3.1, 3.4.2 and 10 to the annual financial statements

Key audit matter	*How the matter was addressed in our audit*
The Bank's portfolio of loans and advances to customers classified as financial assets at amortised cost reflects a net balance of Euros 116,476 million at 31 December 2025, while allowances recognised at that date for impairment total Euros 2,082 million. For the purposes of estimating impairment, loans and advances to customers measured at amortised cost are classified into three categories (Stage 1, 2 or 3) according to whether a significant increase in credit risk since their initial recognition has been identified (Stage 2), whether the financial assets are credit-impaired (Stage 3) or whether neither of the foregoing circumstances apply (Stage 1). For the Bank, establishing this classification is a relevant process inasmuch as the calculation of allowances and provisions for credit risk varies depending on the category in which the financial asset has been included. Impairment is calculated based on models for estimating expected losses, which the Bank estimates on both an individual and a collective basis. This calculation entails a considerable level of judgement as this is a significant and complex estimate. Allowances and provisions for credit risk determined individually consider estimates of future business performance and the market value of collateral provided for credit transactions. In the case of allowances and provisions calculated collectively, expected losses are estimated using internal models that use large databases, different macroeconomic scenarios, parameters to estimate provisions, segmentation criteria and automated processes, which are complex in their design and implementation and require past and present information and future forecasts to be considered. The Bank regularly conducts tests of its internal models in order to improve their predictive capabilities based on actual historical experience. The current geopolitical landscape, along with heightened uncertainty in international trade, continues to generate uncertainty about the future trajectory of the macroeconomic environment, potentially affecting the economies and business activities of the countries in which the Bank and its	Our audit approach in relation to the Bank's estimate of impairment of loans and advances to customers due to credit risk mainly consisted of assessing the methodology applied to calculate expected losses, particularly as regards the methods and assumptions used to estimate exposure at default, probability of default and loss given default; and determining the future macroeconomic scenarios. We also reviewed the mathematical accuracy of the calculations of expected losses and the reliability of the data used. To this end, we brought in our credit risk specialists. Our procedures related to the control environment focused on the following key areas: • Credit risk management framework and assessing the compliance of the Bank's accounting policies with the applicable regulations. • Classification of the loans and advances to customers portfolio based on credit risk, in accordance with the criteria defined by the Bank, particularly the criteria for identifying and classifying refinancing and restructuring transactions. • Relevant controls relating to the monitoring of transactions. • Correct functioning of the internal models for estimating both individual and collective allowances and provisions for credit risk, and for the management and valuation of collateral. • Aspects observed by the internal validation unit in its periodic reviews and in the contrast testing of the models for estimating collective allowances and provisions. • Integrity, accuracy and updating of the data used and of the control and management process in place. • Governance over the estimate of additional adjustments (post model adjustments or overlays) to the expected loss models recorded by the Bank and review of the updates by the internal validation unit.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Impairment of loans and advances to customers See notes 1.3.3.1, 3.4.2 and 10 to the annual financial statements	
Key audit matter	*How the matter was addressed in our audit*
customers operate. Calculating expected credit risk losses therefore entails greater uncertainty and requires a higher degree of judgement, primarily as regards estimating macroeconomic scenarios. The Bank supplements its estimate of expected losses resulting from its credit risk models with certain additional adjustments, known as post model adjustments or overlays. The consideration of this matter as a key audit matter is based both on the significance of the Bank's loans and advances to customers portfolio, and thus of the related allowance and provision for impairment, as well as on the relevance of the process for classifying these financial assets for the purpose of estimating impairment thereon and the complexity and judgement applied to calculating expected losses.	Our tests of detail on the estimated expected losses included the following: ● With regard to the appropriate classification of the portfolio of loans and advances to customers based on credit risk, we assessed the accounting classification methodology and criteria used by the Bank. We also replicated the accounting classification process applied by the Bank, including a review of the appropriate accounting classification for a sample of transactions. ● With regard to the impairment of individually significant transactions, we reviewed the methodology and appropriateness of the discounted cash flow models used by the Bank. We also selected a sample from the population of significant transactions and assessed the appropriateness of both the credit risk classification and the corresponding allowance and provision recognised. ● With respect to the allowances and provisions for impairment estimated collectively, we reviewed the methodology used by the Bank, testing the integrity and accuracy of the input data for the process and the correct functioning of the calculation engine by replicating the calculation process, taking into account the segmentation and assumptions used by the Bank. ● We evaluated the methods and assumptions used to estimate exposure at default, probability of default and loss given default. ● We reviewed the macroeconomic scenario variables used by the Bank in its internal models to estimate expected losses. ● We analysed a sample of guarantees associated with credit transactions, checking their valuation, with the involvement of our real estate valuation specialists. ● We reviewed the main additional adjustments (post model adjustments or overlays) to the internal expected loss estimation models recorded by the Bank at 31 December 2025, assessing the calculation methodology applied as well as the completeness and accuracy of the data used in estimating these adjustments. Likewise, we analysed whether the disclosures in the notes to the annual financial statements were

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Impairment of loans and advances to customers See notes 1.3.3.1, 3.4.2 and 10 to the annual financial statements	
Key audit matter	*How the matter was addressed in our audit*
	prepared in accordance with the criteria set out in the financial reporting framework applicable to the Bank.

Risks associated with information technology	
Key audit matter	*How the matter was addressed in our audit*
The Bank operates in a complex technological environment that is constantly evolving and which must efficiently and reliably meet business requirements. The high level of dependence on these systems with regard to the processing of the Bank's financial and accounting information make it necessary to ensure that these systems function correctly. In this context, it is critical to ensure that management of the technological risks that could affect information systems is adequately coordinated and harmonised in relevant areas such as data and program security, systems operation, and development and maintenance of IT applications and systems used to the prepare financial information. We have therefore considered the risks associated with information technology to be a key audit matter.	With the help of our information systems specialists, we performed tests relating to internal control over the processes and systems involved in generating the financial information, in the following areas: • Understanding of the information flows and identification of the key controls that ensure the appropriate processing of the financial information. • Testing of the key automated processes that are involved in generating the financial information. • Testing of the controls over the applications and systems related to accessing and processing the information and those related to the security settings of those applications and systems. • Testing of the controls over the operation, maintenance and development of applications and systems.

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Other Information: Directors' Report

Other information solely comprises the 2025 directors' report, the preparation of which is the responsibility of the Bank's Directors and which does not form an integral part of the annual financial statements.

Our audit opinion on the annual financial statements does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the Consolidated Non-Financial Information and Sustainability Statement, and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual financial statements, based on knowledge of the Bank obtained during the audit of the aforementioned annual financial statements. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual financial statements for 2025, and that the content and presentation of the report are in accordance with applicable legislation.

Responsibilities of the Bank's Directors' and the Audit and Control Committee for the Annual Financial Statements

The Bank's Directors are responsible for the preparation of the accompanying annual financial statements in such a way that they give a true and fair view of the equity, financial position and financial performance of the Bank in accordance with the financial reporting framework applicable to the Bank in Spain, and for such internal control as they determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Bank's Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Bank's Audit and Control Committee is responsible for overseeing the preparation and presentation of the annual financial statements.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank’s Directors.

- Conclude on the appropriateness of the Bank’s Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We communicate with the Bank's Audit and Control Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Bank's Audit and Control Committee with a statement that we have complied with the applicable ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, safeguarding measures adopted to eliminate or reduce the threat.

From the matters communicated to the Bank's Audit and Control Committee, we determine those that were of most significance in the audit of the annual financial statements of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of Banco de Sabadell, S.A. for 2025 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual financial statements for the aforementioned year, which will form part of the annual financial report.

The Directors of Banco de Sabadell, S.A. are responsible for the presentation of the 2025 annual report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

Our responsibility consists of examining the digital file prepared by the Directors of the Bank, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual financial statements included in the aforementioned digital file fully corresponds to the annual financial statements we have audited, and whether the annual financial statements have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual financial statements, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Additional Report to the Bank's Audit and Control Committee

The opinion expressed in this report is consistent with our additional report to the Bank's Audit and Control Committee dated 20 February 2026.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting held on 20 March 2025 for a period of one year, from the year commenced 1 January 2025.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their ordinary general meeting, and have been auditing the annual financial statements since the year ended 31 December 2020.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

This report corresponds to stamp number 20/26/00790 issued by the Catalan Institute of Registered Auditors (Col.legi de Censors Jurats de Comptes de Catalunya)

Dídac Feliubadaló Prat
On the Spanish Official Register of Auditors ("ROAC") with No. 23923

20 February 2026

BANCO DE SABADELL, S.A.

Annual financial statements and Director's Report for the year ended 31 December 2025

Translation of the Annual Financial Statements originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (Bank of Spain Circular 4/2017, and as amended thereafter, adapted to EU-IFRS). In the event of a discrepancy the Spanish language version prevails.

Sabadell

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Annual financial statements for the year ended 31 December 2025

Balance sheets of Banco de Sabadell, S.A.

As at 31 December 2025 and 2024

Thousand euro

Assets	Note	2025	2024 (*)
Cash, cash balances at central banks and other demand deposits (**)	**6**	**11,364,908**	**11,831,284**
Financial assets held for trading		**3,189,903**	**2,616,270**
Derivatives	9	1,175,487	1,195,314
Equity instruments	8	527,327	541,005
Debt securities	7	1,487,089	879,951
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights		*790,393*	*177,365*
Non-trading financial assets mandatorily at fair value through profit or loss		**123,641**	**132,074**
Equity instruments	8	3,090	2,832
Debt securities	7	19,398	26,326
Loans and advances	10	101,153	102,916
Central banks		—	—
Credit institutions		—	—
Customers		101,153	102,916
Memorandum item: Loaned or posted as collateral with sale or pledging rights		—	—
Financial assets designated at fair value through profit or loss		**—**	**—**
Debt securities		—	—
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights		—	—
Financial assets at fair value through other comprehensive income		**4,690,382**	**6,171,009**
Equity instruments	8	113,551	85,196
Debt securities	7	4,576,831	6,085,813
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: Loaned or posted as collateral with sale or pledging rights		*1,284,972*	*599,794*
Financial assets at amortised cost		**158,056,305**	**148,833,603**
Debt securities	7	26,441,174	21,639,367
Loans and advances	10	131,615,131	127,194,236
Central banks		—	—
Credit institutions		15,124,949	14,596,078
Customers		116,490,182	112,598,158
Memorandum item: loaned or posted as collateral with sale or pledging rights		*11,604,385*	*6,170,535*
Derivatives – Hedge accounting	**11**	**1,085,458**	**872,559**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**11**	**(724,174)**	**(206,216)**
Investments in subsidiaries, joint ventures and associates	**13**	**3,948,852**	**6,333,090**
Subsidiaries		3,837,242	6,224,846
Associates		111,610	108,244
Tangible assets	**14**	**1,390,905**	**1,488,632**
Property, plant and equipment		1,373,531	1,466,239
For own use		1,373,531	1,466,239
Leased out under operating leases		—	—
Investment properties		17,374	22,393
Of which: leased out under operating leases		*17,374*	*22,393*
Memorandum item: acquired through leases		*626,533*	*679,433*
Intangible assets	**15**	**14,436**	**18,046**
Goodwill		9,462	10,830
Other intangible assets		4,974	7,216
Tax assets		**4,984,265**	**5,405,226**
Current tax assets		462,386	612,867
Deferred tax assets	35	4,521,879	4,792,359
Other assets	**16**	**214,031**	**211,459**
Insurance contracts linked to pensions		75,189	80,888
Inventories		—	—
Rest of other assets		138,842	130,571
Non-current assets and disposal groups classified as held for sale	**12**	**4,189,716**	**625,019**
Total assets		**192,528,628**	**184,332,055**

(*) Shown for comparative purposes only.

(**) See details in the cash flow statement (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the balance sheet as at 31 December 2025.

Balance sheets of Banco de Sabadell, S.A.

As at 31 December 2025 and 2024

Thousand euro

Liabilities	Note	2025	2024 (*)
Financial liabilities held for trading		**1,740,947**	**1,379,618**
Derivatives	9	1,160,690	1,296,947
Short positions		580,257	82,671
Deposits		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Debt securities issued		—	—
Other financial liabilities		—	—
Financial liabilities designated at fair value through profit or loss		**—**	**—**
Deposits		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Debt securities issued		—	—
Other financial liabilities		—	—
Memorandum item: subordinated liabilities		—	—
Financial liabilities at amortised cost		**176,469,498**	**168,565,561**
Deposits		152,628,834	141,693,739
Central banks		—	—
Credit institutions	17	18,760,245	14,064,490
Customers	18	133,868,589	127,629,249
Debt securities issued	19	19,231,039	22,064,018
Other financial liabilities	20	4,609,625	4,807,804
Memorandum item: subordinated liabilities		*3,772,893*	*4,106,654*
Derivatives – Hedge accounting	**11**	**287,972**	**647,884**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**11**	**(103,707)**	**(64,714)**
Provisions	**21**	**332,989**	**418,115**
Pensions and other post employment defined benefit obligations		40,682	47,133
Other long term employee benefits		33	40
Pending legal issues and tax litigation		110,622	75,064
Commitments and guarantees given		69,233	131,587
Other provisions		112,419	164,291
Tax liabilities		**258,315**	**156,411**
Current tax liabilities		186,607	87,927
Deferred tax liabilities	35	71,708	68,484
Share capital repayable on demand		**—**	**—**
Other liabilities	**16**	**372,250**	**423,364**
Liabilities included in disposal groups classified as held for sale	**12**	**1,272,270**	**—**
Total liabilities		**180,630,534**	**171,526,239**

(*) Shown for comparative purposes only (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the balance sheet as at 31 December 2025.

Balance sheets of Banco de Sabadell, S.A.

As at 31 December 2025 and 2024

Thousand euro

Equity	Note	2025	2024 (*)
Shareholders' equity	**22**	**12,105,954**	**12,932,917**
Capital		627,960	680,028
Paid up capital		627,960	680,028
Unpaid capital called up		—	—
Memorandum item: capital not called up		—	—
Share premium		6,600,371	7,695,227
Equity instruments issued other than capital		—	—
Equity component of compound financial instruments		—	—
Other equity instruments issued		—	—
Other equity		17,436	15,434
Retained earnings		6,314,139	5,918,817
Revaluation reserves		—	—
Other reserves		(2,440,249)	(2,334,149)
Treasury shares		(25,852)	(119,344)
Profit or loss for the year		1,711,813	1,505,815
Interim dividends		(699,664)	(428,911)
Accumulated other comprehensive income	**23**	**(207,860)**	**(127,101)**
Items that will not be reclassified to profit or loss		(33,217)	(55,432)
Actuarial gains or losses on defined benefit pension plans		(3,653)	(3,485)
Non-current assets and disposal groups classified as held for sale		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income		(29,564)	(51,947)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]		—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		—	—
Items that may be reclassified to profit or loss		(174,643)	(71,669)
Hedge of net investments in foreign operations [effective portion]		60,347	(20,946)
Foreign currency translation		(27,122)	146,401
Hedging derivatives. Cash flow hedges reserve [effective portion]		(142,039)	(80,301)
Fair value changes of debt instruments measured at fair value through other comprehensive income		(86,321)	(116,823)
Hedging instruments [not designated elements]		—	—
Non-current assets and disposal groups classified as held for sale		20,492	—
Total equity		**11,898,094**	**12,805,816**
Total equity and total liabilities		**192,528,628**	**184,332,055**
Memorandum item: off-balance sheet exposures			
Loan commitments given	**24**	**21,844,683**	**22,044,023**
Financial guarantees given	**24**	**2,693,389**	**3,855,851**
Other commitments given	**24**	**9,770,942**	**9,426,660**

(*) Shown for comparative purposes only (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the balance sheet as at 31 December 2025.

Income statements of Banco de Sabadell, S.A.

For the years ended 31 December 2025 and 2024

Thousand euro

Income statements	Note	2025	2024 (*)
Interest income	26	5,651,696	6,540,917
Financial assets at fair value through other comprehensive income		120,730	99,802
Financial assets at amortised cost		5,230,108	6,051,439
Other interest income		300,858	389,676
Interest expenses	26	(2,334,430)	(2,977,689)
Expenses on share capital repayable on demand		—	—
Net interest income	**26**	**3,317,266**	**3,563,228**
Dividend income		168,425	105,303
Fee and commission income	27	1,283,183	1,249,569
Fee and commission expenses	27	(121,897)	(106,846)
Net profit or net loss on financial operations	28	643,255	(309,448)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net		40,892	11,463
Financial assets at amortised cost		44,263	5,907
Other financial assets and liabilities		(3,371)	5,556
Gains or losses on financial assets and liabilities held for trading, net		608,448	(335,660)
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortised cost		—	—
Other gains or losses		608,448	(335,660)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net		4,938	12,715
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortised cost		—	—
Other gains or losses		4,938	12,715
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net		—	—
Gains or losses from hedge accounting, net		(11,023)	2,034
Exchange differences [gain or loss], net	28	(682,391)	320,953
Other operating income		55,440	64,767
Other operating expenses	29	(106,988)	(287,024)
Gross income		**4,556,293**	**4,600,502**
Administrative expenses		(2,029,788)	(1,988,381)
Staff expenses	30	(1,132,109)	(1,074,102)
Other administrative expenses	30	(897,679)	(914,279)
Depreciation and amortisation	14, 15	(136,016)	(146,452)
Provisions or reversal of provisions	21	20,020	(45,509)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	31	(423,746)	(467,575)
Financial assets at fair value through other comprehensive income		(456)	236
Financial assets at amortised cost		(423,290)	(467,811)
Profit or loss on operating activities		**1,986,763**	**1,952,585**
Impairment or reversal of impairment on investments in joint ventures and associates	13	20,413	(9,541)
Impairment or reversal of impairment on non-financial assets	32	(19,189)	(31,237)
Tangible assets		(19,189)	(31,237)
Intangible assets		—	—
Other		—	—
Gains or losses on derecognition of non-financial assets, net	33	(10,869)	(903)
Negative goodwill recognised in profit or loss		—	—
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	34	6,062	(14,101)
Profit or loss before tax from continuing operations		**1,983,180**	**1,896,803**
Tax expense or income related to profit or loss from continuing operations	35	(689,076)	(591,673)
Profit or loss after tax from continuing operations		**1,294,104**	**1,305,130**
Profit or loss after tax from discontinued operations	12	417,709	200,685
Profit or loss for the year		**1,711,813**	**1,505,815**

(*) Shown for comparative purposes only (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the income statement for 2025.

Statements of recognised income and expenses of Banco de Sabadell, S.A.

For the years ended 31 December 2025 and 2024

Thousand euro

Statements of recognised income and expenses	Note	2025	2024 (*)
Profit or loss for the year		**1,711,813**	**1,505,815**
Other comprehensive income	**23**	**(80,759)**	**69,204**
Items that will not be reclassified to profit or loss		22,214	8,708
Actuarial gains or losses on defined benefit pension plans		(239)	2,019
Non-current assets and disposal groups held for sale		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income		29,724	9,116
Gains or losses from hedge accounting of equity instruments at fair value through other comprehensive income, net		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]		—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		—	—
Income tax relating to items that will not be reclassified		(7,271)	(2,427)
Items that may be reclassified to profit or loss		(102,973)	60,496
Hedge of net investments in foreign operations [effective portion]		81,293	(28,165)
Valuation gains or losses taken to equity		81,293	(28,165)
Transferred to profit or loss		—	—
Other reclassifications		—	—
Foreign currency translation		(173,522)	85,633
Translation gains or losses taken to equity		(173,522)	85,633
Transferred to profit or loss		—	—
Other reclassifications		—	—
Cash flow hedges [effective portion]		(92,327)	(21,087)
Valuation gains or losses taken to equity		(97,989)	(11,047)
Transferred to profit or loss		(13,987)	(10,040)
Transferred to initial carrying amount of hedged items		19,649	—
Other reclassifications		—	—
Hedging instruments [not designated elements]		—	—
Valuation gains or losses taken to equity		—	—
Transferred to profit or loss		—	—
Other reclassifications		—	—
Debt instruments at fair value through other comprehensive income		40,141	(10,906)
Valuation gains or losses taken to equity		47,099	(4,464)
Transferred to profit or loss		(6,958)	(6,442)
Other reclassifications		—	—
Non-current assets and disposal groups held for sale		29,274	38,762
Valuation gains or losses taken to equity		—	—
Transferred to profit or loss		—	—
Other reclassifications		29,274	38,762
Income tax relating to items that may be reclassified to profit or loss		12,168	(3,741)
Total comprehensive income for the year		**1,631,054**	**1,575,019**

(*) Shown for comparative purposes only (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the statement of recognised income and expenses for 2025.

Statements of total changes in equity of Banco de Sabadell, S.A.

For the years ended 31 December 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss for the year	(-) Interim dividends	Accumulated other comprehensive income	Total
Closing balance 31/12/2024	**680,028**	**7,695,227**	**—**	**15,434**	**5,918,817**	**—**	**(2,334,149)**	**(119,344)**	**1,505,815**	**(428,911)**	**(127,101)**	**12,805,816**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	—
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—
Opening balance 01/01/2025	**680,028**	**7,695,227**	**—**	**15,434**	**5,918,817**	**—**	**(2,334,149)**	**(119,344)**	**1,505,815**	**(428,911)**	**(127,101)**	**12,805,816**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,711,813**	**—**	**(80,759)**	**1,631,054**
Other equity changes	**(52,068)**	**(1,094,856)**	**—**	**2,002**	**395,322**	**—**	**(106,100)**	**93,492**	**(1,505,815)**	**(270,753)**	**—**	**(2,538,776)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction (see Note 22)	(52,068)	(1,094,856)	—	—	—	—	52,068	1,094,856	—	—	—	—
Dividends (or shareholder remuneration) (see Note 2)	—	—	—	—	(666,943)	—	—	—	—	(699,664)	—	(1,366,607)
Purchase of treasury shares	—	—	—	—	—	—		(1,032,207)	—	—	—	(1,032,207)
Sale or cancellation of treasury shares	—	—	—	—	—	—	1,554	30,843	—	—	—	32,397
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	—	1,076,904	—	—	—	(1,505,815)	428,911		—
Equity increase or decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	2,002	—	—	—	—	—	—	—	2,002
Other increase or decrease in equity	—	—	—	—	(14,639)	—	(159,722)	—	—	—	—	(174,361)
Closing balance 31/12/2025	**627,960**	**6,600,371**	**—**	**17,436**	**6,314,139**	**—**	**(2,440,249)**	**(25,852)**	**1,711,813**	**(699,664)**	**(207,860)**	**11,898,094**

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the statement of total changes in equity for 2025.

Statements of total changes in equity of Banco de Sabadell, S.A.

For the years ended 31 December 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss for the year	(-) Interim dividends	Accumulated other comprehensive income	Total
Closing balance 31/12/2023	**680,028**	**7,695,227**	**—**	**12,625**	**5,165,689**	**—**	**(2,228,293)**	**(39,621)**	**1,088,014**	**(162,103)**	**(196,305)**	**12,015,261**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	**—**
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	**—**
Opening balance 01/01/2024	**680,028**	**7,695,227**	**—**	**12,625**	**5,165,689**	**—**	**(2,228,293)**	**(39,621)**	**1,088,014**	**(162,103)**	**(196,305)**	**12,015,261**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,505,815**	**—**	**69,204**	**1,575,019**
Other equity changes	**—**	**—**	**—**	**2,809**	**753,128**	**—**	**(105,856)**	**(79,723)**	**(1,088,014)**	**(266,808)**	**—**	**(784,464)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	**—**
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	**—**
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	**—**
Dividends (or shareholder remuneration) (see Note 2)	—	—	—	—	(162,417)	—	—	—	—	(428,911)	—	**(591,328)**
Purchase of treasury shares	—	—	—	—	—	—	—	(111,880)	—	—	—	**(111,880)**
Sale or cancellation of treasury shares	—	—	—	—	—	—	1,309	32,157	—	—	—	**33,466**
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	**—**
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Transfers among components of equity	—	—	—	—	925,911	—	—	—	(1,088,014)	162,103	—	**—**
Equity increase or decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	**—**
Share based payments	—	—	—	2,809	—	—	—	—	—	—	—	**2,809**
Other increase or decrease in equity	—	—	—	—	(10,366)	—	(107,165)	—	—	—	—	**(117,531)**
Closing balance 31/12/2024	**680,028**	**7,695,227**	**—**	**15,434**	**5,918,817**	**—**	**(2,334,149)**	**(119,344)**	**1,505,815**	**(428,911)**	**(127,101)**	**12,805,816**

Shown for comparative purposes only.

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the statement of total changes in equity for 2025.

Cash flow statements of Banco de Sabadell, S.A.

For the years ended 31 December 2025 and 2024

Thousand euro

Cash flow statements	Note	2025	2024 (*)
Cash flows from/(used in) operating activities		**1,551,343**	**(10,152,130)**
Profit or loss for the period		1,711,813	1,505,815
Adjustments to obtain cash flows from operating activities		1,263,952	1,335,960
Depreciation and amortisation		136,016	146,452
Other adjustments		1,127,936	1,189,508
Net increase/decrease in operating assets		(9,873,866)	(15,392,872)
Financial assets held for trading		(573,633)	(884,447)
Non-trading financial assets mandatorily at fair value through profit or loss		8,433	17,717
Financial assets designated at fair value through profit or loss		—	—
Financial assets at fair value through other comprehensive income		435,467	184,843
Financial assets at amortised cost		(9,671,293)	(14,628,535)
Other operating assets		(72,840)	(82,450)
Net increase/decrease in operating liabilities		8,835,671	2,621,339
Financial liabilities held for trading		361,329	(338,541)
Financial liabilities designated at fair value through profit or loss		—	—
Financial liabilities at amortised cost		8,976,205	3,471,233
Other operating liabilities		(501,863)	(511,353)
Income tax receipts or payments		(386,227)	(222,372)
Cash flows from/(used in) investing activities		**467,727**	**(57,090)**
Payments		(230,077)	(412,036)
Tangible assets	14	(113,028)	(84,765)
Intangible assets	15	(500)	(1,267)
Investments in joint ventures and associates		—	—
Other business units	13	(116,549)	(326,004)
Non-current assets and liabilities classified as held for sale		—	—
Other payments related to investing activities		—	—
Collections		697,804	354,946
Tangible assets		31,610	22,684
Intangible assets		—	—
Investments in joint ventures and associates	13	159,775	98,112
Other business units	13	391,695	148,907
Non-current assets and liabilities classified as held for sale		114,724	85,243
Other collections related to investing activities		—	—
Cash flows from/(used in) financing activities		**(2,399,859)**	**(357,154)**
Payments		(3,432,256)	(890,620)
Dividends	2	(1,366,607)	(591,328)
Subordinated liabilities	Schedule III	(800,000)	—
Redemption of own equity instruments		—	—
Acquisition of own equity instruments		(1,032,207)	(111,880)
Other payments related to financing activities		(233,442)	(187,412)
Collections		1,032,397	533,466
Subordinated liabilities	Schedule III	1,000,000	500,000
Issuance of own equity instruments		—	—
Disposal of own equity instruments		32,397	33,466
Other collections related to financing activities		—	—
Effect of changes in foreign exchange rates		**(85,587)**	**96,433**
Net increase (decrease) in cash and cash equivalents		**(466,376)**	**(10,469,941)**
Cash and cash equivalents at the beginning of the year	**6**	**11,831,284**	**22,301,225**
Cash and cash equivalents at the end of the year	**6**	**11,364,908**	**11,831,284**
Components of cash and cash equivalents at the end of the year			
Cash on hand	6	628,548	617,515
Cash equivalents in central banks	6	10,433,718	10,894,579
Other demand deposits	6	302,642	319,190
Other financial assets		—	—
Less: bank overdrafts repayable on demand		—	—
Total cash and cash equivalents at the end of the year		**11,364,908**	**11,831,284**

(*) Shown for comparative purposes only (see Note 1.4).

Notes 1 to 39 and accompanying Schedules I to V form an integral part of the cash flow statement for 2025.

Annual report of Banco Sabadell, S.A. for the year ended 31 December 2025

Note 1 – Activity, accounting policies and practices, and other information

1.1 Activity

Banco de Sabadell, S.A. (hereinafter also referred to as Banco Sabadell, the Bank, the Institution, or the Company), with tax identification number (NIF) A08000143 and with registered office in Sabadell, Plaça de Sant Roc, 20, engages in banking business and is subject to the standards and regulations governing banking institutions operating in Spain. The supervision of Banco Sabadell on a consolidated basis is performed by the European Central Bank (ECB).

At its meeting held on 22 January 2025, the Board of Directors of Banco Sabadell resolved to amend Article 2 of the Articles of Association to establish the registered office in Sabadell, at Plaça de Sant Roc, no. 20. The registered office was previously located in Alicante, at Avenida Óscar Esplá, 37.

The Institution is entered in the Companies Register of Barcelona under Volume/I.R.U.S.[1] 1000152932861, Folio 873, Sheet B-1561 and in the Bank of Spain's Official Register of Credit Institutions under code 0081. The Legal Entity Identifier (LEI) of Banco de Sabadell, S.A. is SI5RG2M0WQQLZCXKRM20.

The Articles of Association and other public information can be viewed both at the Bank's registered office and on its website (www.grupbancsabadell.com).

The Bank is the parent company of a group of entities (see Note 13 and Schedule I) whose activity it controls directly or indirectly and which comprise, together with the Bank, Banco Sabadell Group (hereinafter, the Group).

1.2 Basis of presentation

The Bank's annual financial statements for the year 2025 have been prepared in accordance with that set forth in Bank of Spain Circular 4/2017 of 27 November (hereinafter, "Circular 4/2017"), as well as other provisions of the financial reporting regulations applicable to the Bank, and considering the formatting and mark-up requirements established in Commission Delegated Regulation EU 2019/815, in order to fairly present the Bank's equity and financial situation as at 31 December 2025 and the results of its operations, recognised income and expenses, changes in equity and cash flows in 2025. The aforesaid Circular 4/2017 constitutes the implementation and transposition to Spanish credit institutions of the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) in accordance with that set forth in Regulation 1606/2002 of the European Parliament and of the Council regarding the application of these standards.

The information included in these annual financial statements is the responsibility of the directors of the Bank. The Bank's annual financial statements for 2025 were signed off by the directors of Banco Sabadell at a meeting of the Board of Directors on 19 February 2026 and will be submitted to shareholders at the Annual General Meeting for approval. It is expected that the shareholders will approve the accounts without significant changes.

Except as otherwise indicated, these annual financial statements are expressed in thousands of euros. In order to show the amounts in thousands of euros, the accounting balances have been subject to rounding; for this reason, some of the amounts appearing in certain tables may not be the exact arithmetic sum of the preceding figures.

[1] *Identificador Registral Único de la Sociedad* (unique company identifier).

The consolidated annual financial statements of Banco Sabadell Group, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), are presented separately from the standalone financial statements. The key figures given in the consolidated annual financial statements that are subject to audit procedures are as follows:

Thousand euro

	2025	2024
Total assets	245,392,394	239,597,927
Shareholders' equity	14,630,651	15,389,242
Income from financial activities related to continuing operations (*)	7,970,598	8,905,076
Income from financial activities related to discontinued operations (**)	2,538,804	2,769,601
Profit or loss attributable to owners of the parent	1,775,411	1,826,805

(*) Corresponds to the sum of the following headings from the consolidated income statement: "Interest income", "Dividend income", "Profit or loss of entities accounted for using the equity method", "Fee and commission income", "Net profit or net loss on financial operations", and "Exchange differences [gain or loss], net".

(**) Corresponds to the sum of profit or loss generated in 2025 and 2024 by TSB Banking Group and its subsidiary undertakings in respect of Interest income, Fee and commission income, Net profit or net loss on financial operations, and Exchange differences (gain or loss) net, recorded under the heading "Profit or loss after tax from discontinued operations" of the Group's consolidated income statements for 2025 and 2024 (see Note 13 to the consolidated annual financial statements).

Adoption of Bank of Spain Circular 01/2025

The aim of this Circular is to update the accounting and financial reporting framework applicable to credit institutions in order to keep domestic regulations aligned with the EU-IFRS, ensuring consistent criteria are applied to the standalone and consolidated annual financial statements.

In particular, this Circular incorporates the amendments introduced by IFRS 9, IFRS 7 and other IFRS stemming from the regulations approved in recent years by the European Commission into Spanish accounting regulations. These updates affect, among other aspects, the classification and measurement of certain financial assets whose contractual cash flows are influenced by events affecting the obligor, the definition of accounting estimates, certain disclosure requirements, and the recognition of deferred tax assets and liabilities stemming from the global minimum level of taxation promoted by the Organisation for Economic Co-operation and Development (OECD). The amendments also include the outcome of the review of requirements related to credit risk allowances for country risk.

Additionally, this Circular marks the beginning of a process to simplify financial reporting obligations to the Bank of Spain, through the gradual replacement of certain non-public financial statements with granular information obtained through the Central Credit Register (Central de Información de Riesgos). This process considerably alleviates the administrative burden of banks.

The Bank has been applying the requirements of this Circular since 30 December 2025, although certain accounting and financial reporting requirements will be gradually applied during 2026. The entry into force of this standard has had no significant impact on the Bank's financial statements.

Judgements and estimates

The preparation of the annual financial statements requires certain accounting estimates to be made. It also requires Management to use its best judgement in the process of applying the Bank's accounting policies. Such judgements and estimates may affect the value of assets and liabilities and the disclosure of contingent assets and contingent liabilities as at the date of the annual financial statements, as well as income and expenses in the year.

The main judgements and estimates relate to the following:

- The fair value of certain unquoted financial assets (see Notes 1.3.2 and 5).
- The accounting classification of financial assets and off-balance sheet exposures according to their credit risk (see Notes 1.3.3, 7, 10 and 24).
- Impairment losses on certain financial assets and off-balance sheet exposures (see Notes 1.3.3, 3.4.2.5, 7, 10 and 24).
- The fair value of real estate assets held on the balance sheet (see Notes 1.3.8, 1.3.9 and 5).
- The useful life and impairment losses of tangible assets and other intangible assets (see Notes 1.3.9, 1.3.10, 1.3.11, 14 and 15).
- The measurement of goodwill (see Notes 1.3.11 and 15).

- The provisions and consideration of contingent liabilities (see Notes 1.3.14 and 21).
- The assumptions used in actuarial calculations of liabilities and post-employment obligations (see Notes 1.3.15 and 21).
- The recoverability of non-monetisable deferred tax assets and tax credits (see Notes 1.3.18 and 35).

The estimates are based on the best knowledge to hand about current and foreseeable circumstances, taking into account the uncertainties stemming from the existing economic and geopolitical environment and, consequently, the final results could differ from these estimates, particularly in relation to impairment losses on certain financial assets and off-balance sheet exposures. Future events may therefore make it necessary to modify these estimates, which would involve recording the effects of such estimation changes, if any, in the Bank's financial statements on a forward-looking basis, in accordance with applicable regulations. The macroeconomic scenarios considered by the Bank in its main estimates and the sensitivity of financial asset impairment allowances to changes in the main variables considered in the macroeconomic scenarios are described in Note 3.4.2.5 – Calculation of credit loss allowances.

1.3 Accounting principles and policies and measurement criteria

The accounting principles and policies, as well as the most significant measurement criteria applied when preparing these annual financial statements, are described below. There are no cases in which accounting principles or measurement criteria have not been applied because of a significant effect on the Bank's annual financial statements for 2025.

1.3.1 Investments in subsidiaries, joint ventures and associates

The Bank considers subsidiaries to be companies over which it has the ability to exercise control, which exists when the following circumstances apply:

- Power: an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.
- Returns: an investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative, or both positive and negative.
- Relationship between power and returns: an investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee.

Generally, voting rights are rights that provide it with the power to lead the relevant activities of an investee. Furthermore, the Bank takes into account any event or circumstance that could weigh in on the decision as to whether or not control exists, in accordance with the requirements of Circular 4/2017.

As at 31 December 2025, there were no companies qualifying as subsidiary undertakings in which the Bank held an interest of less than 50%.

Joint ventures are entities subject to joint control contractual arrangements whereby decisions about the relevant activities are made unanimously by all the entities that share control and where there are rights to their net assets.

The Bank held no investments in joint ventures in 2025 and 2024.

Associates are entities over which the Bank exerts significant influence, which generally, although not exclusively, takes the form of a direct or indirect interest representing 20% or more of the investee's voting rights. The Bank also considers other factors when determining whether it exerts significant influence over an investee, including the representation on its Board of Directors, involvement in decision-making and the existence of significant transactions between both entities.

As at 31 December 2025, investments in entities qualifying as associates even though the Bank holds less than 20% of the voting rights and investments in entities not qualifying as associates even though the Bank holds at least 20% of their voting rights were not significant. Given the absence of any significant transactions between the Bank and the aforesaid entities, the main factor that currently determines the existence of significant influence is its representation, or absence thereof, in the management bodies of the investee undertaking.

Investments in the capital of subsidiaries, joint ventures and associates are initially recognised at cost, which is equivalent to the fair value of the consideration paid.

In relation to compound financial instruments, that is, contracts that simultaneously generate a financial liability and an own equity instrument for their issuer (such as, for example, convertible bonds that grant their holder the right to convert them into equity instruments of the issuing entity) issued by subsidiaries and acquired by the Bank, the Institution recognises an increase in the cost of investing in the subsidiary if the issuance meets the requirements provided in the accounting standard to be considered an equity instrument from the issuer's perspective. Conversely, it will recognise a financial asset if, from the issuer's perspective, the instrument constitutes a financial liability (see Note 1.3.2).

The Bank recognises allowances for the impairment of investments in joint ventures and associates, always provided there is objective evidence that the carrying amount of an investment is not recoverable. Objective evidence that equity instruments have become impaired is considered to exist when, after initial recognition, one or more events occur whose direct or combined effect demonstrates that the carrying amount is not recoverable.

The Bank considers the following indicators, among others, to determine whether there is evidence of impairment:

- Significant financial difficulties.
- Disappearance of an active market for the instrument in question because of financial difficulties.
- Significant changes in performance compared with budgets, business plans or milestones.
- Significant changes in the market for the issuer's equity or its products or potential products.
- Significant changes in the global economy or in the economic environment in which the issuer operates.
- Significant changes in the technological or legal environment in which the issuer operates.

The value of allowances for the impairment of interests held in associates included under the heading of "Investments in joint ventures and associates" is estimated by comparing their carrying amount against their recoverable amount. The latter amount is the higher of the fair value, less costs of disposal, and the value in use.

The Bank determines the value in use of each interest held based on its net asset value, or based on estimates of the companies' profit or loss, pooling them into activity sectors (real estate, renewables, industrial, financial, etc.) and evaluating the macroeconomic factors specific to that sector which could affect the performance of those companies. In particular, interests held in insurance investees are valued by applying the market consistent embedded value methodology, those held in companies involved in real estate are valued based on their net asset value, while those held in financial investees are valued using multiples of their carrying amount and/or the profit of other comparable listed companies.

Impairment losses are recognised in the income statement for the year in which they materialise and subsequent recoveries are recognised in the income statement for the year in which they are recovered.

Financial and insurance institutions in which the Bank holds an interest, both subsidiaries and associates, regardless of the country in which they are located, are subject to supervision and regulation by various bodies.

The laws in effect in the various jurisdictions, along with the need to meet certain minimum capital requirements and the performance of supervisory activities, are circumstances that could affect the ability of those institutions to transfer funds in the form of cash, dividends, loans or advances.

Note 13 includes information on the most significant acquisitions and disposals that have taken place during the year. Significant disclosures regarding the Group's companies are provided in Schedule I.

1.3.2 Classification and measurement of financial instruments and recognition of changes arising in their subsequent measurement

In general, all financial instruments are initially recognised at fair value (see definition in Note 5) which, unless evidence to the contrary is available, coincides with the transaction price. For financial instruments not recognised at fair value through profit or loss, the fair value is adjusted by either adding or deducting the transaction costs directly attributable to their acquisition or issuance. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are recognised immediately in the income statement. As a general rule, conventional purchases and sales of financial assets are recognised at the settlement date.

Changes in the value of financial instruments originating from the accrual of interest and similar items are recorded in the income statement, under the headings "Interest income" or "Interest expenses", as applicable. Dividends received from other companies are recognised in the income statement for the year in which the right to receive them is originated.

Instruments that form part of a hedging relationship are treated in accordance with regulations applicable to hedge accounting.

Changes in measurements occurring subsequent to initial recognition for reasons other than those mentioned above are treated according to the classification of financial assets and financial liabilities for the purposes of their measurement. In the case of financial assets, classification is generally based on the following aspects:

- the business model under which they are managed, and
- their contractual cash flow characteristics.

Business model

A business model refers to the way in which financial assets are managed in order to generate cash flows. The business model is determined by considering the way in which groups of financial assets are managed together to achieve a particular objective. Therefore, the business model does not depend on the Bank's intentions for an individual instrument, rather, it is determined for a group of instruments.

The business models used by the Bank are indicated here below:

- Business model whose objective is to hold financial assets in order to collect contractual cash flows: under this model, financial assets are managed in order to collect their particular contractual cash flows, rather than to obtain an overall return by both holding and selling assets. The above notwithstanding, assets can be disposed of prior to maturity in certain circumstances. Sales that may be consistent with a business model whose objective is to hold assets in order to collect contractual cash flows include sales that are infrequent or insignificant in value, sales of assets close to maturity, sales triggered by an increase in credit risk and sales carried out to manage credit concentration risk.
- Business model whose objective is to sell financial assets.
- Business model that combines the two objectives above (hold financial assets in order to collect contractual cash flows and sell financial assets): this business model typically involves greater frequency and value of sales because such sales are integral to achieving the business model's objective.

Contractual cash flow characteristics of financial assets

Financial assets should initially be classified in one of the following two categories:

- Those whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets.

For the purposes of this classification, the principal of a financial asset is its fair value at initial recognition, which could change over the life of the financial asset; for example, if there are repayments of principal. Interest is understood as the sum of consideration for the time value of money, for lending and structural costs, and for the credit risk associated with the principal amount outstanding during a particular period of time, plus a profit margin.

If a financial asset contains contractual terms that could change the timing or amount of cash flows, the Bank will estimate the cash flows that could arise before and after the change and determine whether these are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

The most significant judgements used in this evaluation are indicated here below:

- Modified time value of money: in order to determine whether the interest rate of a transaction incorporates any consideration other than that linked to the passage of time, transactions that present a difference between the tenor of the benchmark interest rate and the reset frequency of that interest rate are analysed, considering a tolerance threshold, in order to determine whether the instrument's contractual undiscounted cash flows could be significantly different from the contractual undiscounted benchmark cash flows of a financial instrument whose time value of money element was not modified. At present, tolerance thresholds of 10% and 5%, respectively, are used for the differences in each tenor and for the analysis of cumulative cash flows over the life of the financial asset.

- Contractual terms that change the timing or amount of cash flows: an analysis is carried out to determine whether any contractual terms exist that could change the timing or amount of contractual cash flows from the financial asset:

  - Clauses for conversion to equity shares: clauses that include a conversion-to-equity option and the loss of the right to claim contractual cash flows in the event the principal amount is reduced due to insufficient funds. Contracts that include this option will automatically fail the SPPI test.

  - Existence of the option to prepay or extend the financial instrument, or extend the contractual term, and possible residual compensation: a financial asset will fulfil the SPPI test requirements if it includes a contractual option that permits the issuer (or debtor) to prepay a debt instrument or to put back a debt instrument before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest outstanding, which may include reasonable additional compensation for the early termination of the contract.

  - Financial assets with contingent features: in some cases, a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in the basic lending risks and costs. In the Bank's case, it is mainly applied when the interest rate of a financial asset is adjusted for a contractually specified amount if certain ESG objectives are achieved. These financial assets with ESG-linked features provide general funding at a contractual interest rate that is discounted based on the level of compliance, by customers, of certain environmental metrics, not requiring any specific destination for the funds, the purpose of the adjustment being to incentivise the achievement of those targets. The key consideration here is whether the resulting cash flows reflect a return for risk that is unrelated to a basic lending arrangement. Thus, if the adjustment linked to ESG targets does not introduce compensation for risks that is inconsistent with a basic lending arrangement, or if it does so only residually, then it is considered that the financial asset has contractual cash flows that are compatible with a basic lending arrangement. As at 31 December 2025 and 2024, the impacts of environmental clauses on the interest rate applied to transactions whose remuneration is linked to ESG targets are considered to be residual for the purposes of the SPPI test. Similarly, in general terms, those financing transactions do not include other features that could call into question their status as basic lending arrangements.

  - Other clauses that could change the timing or amount of cash flows: clauses that could alter contractual cash flows as a result of changes in credit risk are considered to pass the SPPI test.

- Leverage: financial assets with leverage (i.e. those in which the contractual cash flow variability increases, such that they do not have the same economic characteristics as the interest rate on the principal amount of the transaction) fail the SPPI test.

- Contractually linked financial instruments: the cash flows arising from these types of financial instruments are considered to consist solely of payments of principal and interest on the principal amount outstanding provided that:

  - the contractual terms of the tranche being assessed for classification (without looking through to the underlying pool of financial instruments) give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;

  - the underlying pool of financial instruments contains instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding; and

  - the exposure to credit risk corresponding to the tranche being assessed is equal to or lower than the exposure to credit risk of the underlying pool of financial instruments.

- Non-recourse financial assets: in the case of debt instruments that are primarily repaid with cash flows from specified assets or projects and for which there is no personal liability for the holder, an assessment is made of the underlying assets or cash flows to determine whether the contractual cash flows of the instrument are indeed payments of principal and interest on the principal amount outstanding.

For cases in which a financial asset characteristic is inconsistent with a basic lending arrangement (i.e. if any of the asset's characteristics give rise to contractual cash flows other than payments of principal and interest on the principal amount outstanding), the significance and probability of occurrence is assessed to determine whether that characteristic should be taken into account in the SPPI test:

- To determine the significance of a financial asset characteristic, the impact that it could have on contractual cash flows is estimated. The impact is not considered significant (*de minimis* effect) if it is estimated that the change in expected cash flows will be below the tolerance thresholds indicated previously.

- If an instrument's characteristic could have a significant effect on the contractual cash flows but would only affect the instrument's contractual cash flows upon occurrence of an event that is very unlikely to occur, that characteristic will not be taken into account to determine whether the contractual cash flows of the instrument are solely payments of principal and interest on the principal amount outstanding.

Portfolios of financial instruments classified for the purpose of their measurement

Financial assets and financial liabilities are classified, for the purpose of their measurement, into the following portfolios, based on the aspects described above:

Financial assets at amortised cost

This category includes financial assets that meet the following two conditions:

- They are managed with a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category comprises investments associated with typical lending activities, such as amounts loaned to customers withdrawn in cash and not yet repaid, deposits placed with other institutions, regardless of the legal arrangements under which the funds were provided, debt securities that meet the two conditions indicated above, as well as debts incurred by purchasers of goods or users of services forming part of the Bank's business.

Following their initial recognition, financial assets classified in this category are measured at amortised cost, which should be understood as the acquisition cost adjusted to account for repayments of principal and the portion recognised in the income statement, using the effective interest rate method, of the difference between the initial cost and the corresponding repayment value at maturity. In addition, the amortised cost is decreased by any reduction in value due to impairment recognised directly as a decrease in the value of the asset or through an allowance or offsetting item of the same value.

The effective interest rate is the rate that exactly discounts the value of a financial instrument to the estimated cash flows over the expected life of the instrument, on the basis of its contractual terms, such as early repayment options, but without taking into account expected credit losses. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate set at the time of their acquisition, considering, where appropriate, the fees, transaction costs, premiums or discounts which, because of their nature, may be likened to an interest rate. In the case of floating-rate financial instruments, the effective interest rate coincides with the rate of return in respect of all applicable concepts until the date of the first scheduled benchmark rate revision.

Financial assets at fair value through other comprehensive income

This category includes financial assets that meet the following two conditions:

- They are managed with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets primarily correspond to debt securities.

Furthermore, the Bank may opt, at initial recognition and irrevocably, to include in the portfolio of financial assets at fair value through other comprehensive income investments in equity instruments that should not be classified as held for trading and which would otherwise be classified as financial assets mandatorily at fair value through profit or loss. This option is exercised on an instrument-by-instrument basis.

Income and expenses from financial assets at fair value through other comprehensive income are recognised in accordance with the following criteria:

- Interest accrued or, where applicable, dividends accrued are recognised in the income statement.
- Exchange differences are recognised in the income statement when they relate to monetary financial assets, or through other comprehensive income when they relate to non-monetary financial assets.
- Losses due to impairment of debt instruments, or gains due to their subsequent recovery, are recognised in the income statement.
- All other changes in value are recognised through other comprehensive income.

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the amount corresponding to the fair value change recognised under the heading "Accumulated other comprehensive income" of the statement of equity is reclassified to the income statement. However, when an equity instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, this amount is not reclassified to the income statement, but rather to reserves.

Financial assets at fair value through profit or loss

A financial asset is classified in the portfolio of financial assets at fair value through profit or loss whenever the business model used by the Bank for its management or its contractual cash flow characteristics make it inadvisable to classify it into any of the other portfolios described above.

This portfolio is in turn subdivided into:

- *Financial assets held for trading*

  Financial assets held for trading are those which have been acquired for the purpose of realising them in the near term, or which form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Financial assets held for trading also include derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

- *Non-trading financial assets mandatorily at fair value through profit or loss*

  All other financial assets mandatorily at fair value through profit or loss are classified in this portfolio.

Fair value changes are directly recognised in the income statement, making a distinction, in the case of non-derivative instruments, between the portion attributable to returns accrued on the instrument, which are recognised either as "Interest income", applying the effective interest rate method, or as dividends, depending on their nature, and the remaining portion, which is recognised as profit or loss on financial operations under the corresponding heading.

In 2025 and 2024, no significant reclassifications took place between the portfolios in which financial assets are recognised for the purpose of their measurement.

Financial liabilities held for trading

Financial liabilities held for trading include financial liabilities that have been issued for the purpose of repurchasing them in the near term, or which form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. They also include short positions arising from the outright sale of assets acquired in reverse repurchase agreements, borrowed in securities lending or received as collateral with sale rights, as well as derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments.

Fair value changes are directly recognised in the income statement, making a distinction, in the case of non-derivative instruments, between the portion attributable to returns accrued on the instrument, which are recognised as interest applying the effective interest rate method, and the remaining portion, which is recognised as profit or loss on financial operations under the corresponding heading.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are financial liabilities that cannot be classified into any of the above categories and which relate to the typical deposit-taking activity of a financial institution, irrespective of their substance and maturity.

Following initial recognition, financial liabilities at amortised cost are measured applying the same criteria applicable to financial assets at amortised cost, generally recognising the interest accrued, calculated using the effective interest rate method, in the income statement.

The financial liabilities at amortised cost category includes preferred securities contingently convertible into ordinary shares that meet the requirements that make them eligible in terms of own funds as Additional Tier 1 capital and therefore do not meet the requirements to be classified as equity for accounting purposes. Their main characteristics are that they have no defined maturity, they can be redeemed by the issuer in certain circumstances, the associated coupon payments are discretionary, and they can be converted into a variable number of ordinary shares newly issued by the Bank where the latter or its consolidated group have a CET1 ratio below 5.125%.

Taking the foregoing into account, these securities are compound financial instruments that simultaneously present attributes of financial liabilities (i.e. there are conversion scenarios in which the issuer must deliver a variable number of its equity instruments to cancel the issuance) and of equity (i.e. discretionary coupon payments). The Institution estimates that the fair value of the liability component of the compound financial instrument as at the date of origination corresponds to the payment that would need to be made if an instantaneous conversion event were to occur, so the amount allocated to that component is the entire carrying amount of the issued instrument, which is classified under the heading "Financial liabilities at amortised cost – Debt securities issued" on the balance sheet. Furthermore, given that the Institution has the discretion to decide to pay the coupons associated with these instruments, those coupons are considered equity distributions and they are recognised under the "Other reserves" heading of the balance sheet on each payment date, reducing the Institution's equity.

Hybrid financial instruments

Hybrid financial instruments are those that combine a non-derivative host contract and a financial derivative, known as an 'embedded derivative', which cannot be transferred separately, nor does it have a different counterparty, and which results in some of the cash flows of the hybrid instrument varying in a similar way to the cash flows that would exist if the derivative were considered separately.

Generally, where the host contract of a hybrid financial instrument is a financial asset, the embedded derivative is not separated and the measurement rules are applied to the hybrid financial instrument as a whole.

Where the host contract of a hybrid financial instrument is a financial liability, the embedded derivatives of that contract are accounted for separately if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, if a separate financial instrument with the same terms as the embedded derivative would meet the definition of a derivative instrument, and if the hybrid contract is not fully measured at fair value through profit or loss.

Most of the hybrid financial liabilities issued by the Bank are instruments whose payments of principal and/or interest are indexed to specific equity instruments (generally, shares of listed companies), to a basket of shares, to stock market indices (such as IBEX and NYSE), or to a basket of stock market indices.

The fair value of the Bank's financial instruments as at 31 December 2025 and 2024 is indicated in Note 5.

1.3.3 Impairment of financial assets

A financial asset or a credit exposure is considered to be impaired when there is objective evidence that one or more events have occurred whose direct or combined effect gives rise to:

- In the case of debt instruments, including loans and debt securities, a negative impact on future cash flows estimated at the time the transaction was executed, due to the materialisation of credit risk.
- In the case of off-balance sheet exposures that carry credit risk, expected inflows that are lower than the contractual cash flows due if the holder of a loan commitment draws down the loan or, in the case of financial guarantees given, inflows that are lower than the payments scheduled to be made.
- In the case of investments in joint ventures and associates, a situation in which their carrying amount cannot be recovered.

1.3.3.1 Debt instruments and off-balance sheet exposures

Impairment losses on debt instruments and other off-balance sheet credit exposures are recognised as an expense in the income statement for the year in which the impairment is estimated. The recoveries of any previously recognised losses are also recognised in the income statement for the year in which the impairment is eliminated or reduced.

The impairment of financial assets is calculated based on the type of instrument and other circumstances that could affect it, after taking into account any effective guarantees received. For debt instruments measured at amortised cost, the Bank recognises both allowances, when loan loss provisions are allocated to absorb impairment losses, as well as direct write-offs, when the probability of recovery is considered to be remote. For debt instruments at fair value through other comprehensive income, impairment losses are recognised in the income statement, with a balancing entry under the heading "Accumulated other comprehensive income" on the statement of equity. Impairment allowances for off-balance sheet exposures are recognised on the liabilities side of the balance sheet as a provision.

For risks classified as stage 3 (see section "Definition of classification categories" in this note), accrued interest is recognised in the income statement by applying the effective interest rate to its amortised cost adjusted to account for any impairment allowances.

To determine impairment losses, the Bank monitors borrowers individually, at least all those who are significant borrowers, and collectively, for groups of financial assets with similar credit risk characteristics that reflect borrowers' ability to satisfy their outstanding payments.

The Bank has policies, methods and procedures in place to estimate the losses that it may incur as a result of its credit risks, due to both insolvency attributable to counterparties and country risk. These policies, methods and procedures are applied when granting, assessing and arranging debt instruments and off-balance sheet exposures, when identifying their possible impairment and, where applicable, when calculating the amounts necessary to cover these expected losses.

1.3.3.1.1 Accounting classification on the basis of credit risk attributable to insolvency

The Bank has established criteria that allow borrowers showing a significant increase in credit risk, vulnerabilities or objective evidence of impairment to be identified and classified on the basis of their credit risk.

The following sections describe the classification principles and methodology used by the Bank.

Definition of classification categories

Credit exposures and off-balance sheet exposures are both classified, on the basis of their credit risk, into the following stages:

- Stage 1: standard exposures, i.e. transactions whose risk profile has not changed since they were granted and for which there are no doubts as to the fulfilment of repayment commitments in accordance with the contractually agreed terms.
- Stage 2: standard exposures under special monitoring, i.e. transactions which, although they do not meet the criteria to be classified individually as stage 3 or write-offs, show a Significant Increase in Credit Risk (SICR) since initial recognition. Among other things, this category includes:
  - Exposures in which there are amounts more than 30 days past due, with the exception of non-recourse factoring, for which a threshold of more than 60 days is applied (the amount of non-recourse factoring transactions with amounts between 30 and 60 days past due came to 13 million euros and 12 million euros as at the end of 2025 and 2024, respectively).
  - Refinanced and restructured transactions not classified as stage 3 until they are classified into a lower risk category once they meet the established requirements for amending their classification (see section "Forbearance" in this note). Refinanced and restructured transactions classified in this category shall be classified into a lower risk category when they meet the criteria for such reclassification.
  - Transactions that were classified as standard exposures under special monitoring (stage 2) due to the existence of amounts more than 30 days past due, if they have not completed a probation period of 3 months with no payments more than 30 days past due and depending on the likelihood of them re-entering the stage 2 category.
  - Transactions that were classified as standard exposures under special monitoring (stage 2) due to significant increases in credit risk if they have not completed a 3-month probation period when they belong to customers who have been given a negative rating/score by internal customer monitoring tools.
  - Transactions that were classified in this category after passing a 3-month probation period in the "doubtful for reasons other than borrower arrears" category (stage 3) if they have not completed an additional 9-month probation period in stage 2.
- Stage 3: non-performing exposures are transactions for which there are reasonable doubts as to their repayment in full in accordance with the contractually agreed terms. This category comprises debt instruments, matured or otherwise, which do not meet the conditions for classification into the write-offs category but for which there are reasonable doubts as to their repayment in full (principal and interest) by the borrower, as well as off-balance sheet exposures whose payment by the Bank is likely but whose recovery is doubtful:
  - As a result of borrower arrears:
    - All transactions, without exception, with any amount of principal, interest or contractually agreed expenses more than 90 days past due, unless they should be classified as write-offs.
    - Debt transactions and guarantees given classified as non-performing due to the pulling effect (more than 20% of the exposures of one obligor are more than 90 days past due).
  - For reasons other than borrower arrears:
    - Transactions which do not meet the conditions for classification as write-offs or stage 3 as a result of borrower arrears, but for which there are reasonable doubts as to the likelihood of obtaining the estimated cash flows of the transaction, as well as off-balance sheet exposures not classified as stage 3 as a result of borrower arrears whose payment by the Bank is likely but whose recovery is doubtful.

- Transactions that were classified as stage 3 as a result of borrower arrears and which will be maintained, for a 3-month probation period, in the stage 3 category for reasons other than borrower arrears.

- Refinanced and restructured transactions classified in this category shall be classified into a lower risk category when they meet the criteria for such reclassification (see section "Forbearance" in this note).

The accounting definition of stage 3 is in line with the definition used in the Bank's credit risk management activities.

– Write-offs:

The Bank derecognises transactions from the balance sheet where their possibility of full or partial recovery is concluded to be remote following an individual assessment. The aspects that the Bank considers to recognise transactions as write-offs include the amount of time elapsed since they were classified as stage 3 as a result of borrower arrears, the guarantees, the level of coverage, whether the borrower has filed for bankruptcy, and the portfolio to which the transactions in question relate. This also includes transactions which, despite not being in any of the previous situations, are undergoing a manifest and irreversible deterioration of their solvency.

The remaining amounts of transactions with portions that have been derecognised ('partial derecognition'), either because of the termination of the Bank's debt collection rights ('definitive loss') – for reasons such as debt remissions or debt reductions – or because they are considered irrecoverable even though debt collection rights have not been terminated ('write-downs'), will be fully classified in the corresponding category on the basis of their credit risk.

In the above situations, the Bank derecognises write-offs along with their associated provisions from the balance sheet, notwithstanding any actions that may be taken to collect payment until no more rights to collect payment exist, whether due to time-barring, debt remission, or for any other reasons.

Purchased or originated credit-impaired transactions

The expected credit loss on purchased or originated credit-impaired assets will not form part of the loss allowance or the gross carrying amount on initial recognition. When a transaction is purchased or originated with credit impairment, the loss allowance will be equal to the cumulative changes in lifetime expected credit losses since initial recognition. Interest income on these assets will be calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

Degree of alignment between the stage 3 accounting category and the prudential definition of default

The prudential definition of default adopted by the Bank bases materiality thresholds and the counting of days past due on regulatory technical standard EBA/RTS/2016/06 and all other conditions on guidelines EBA/GL/2016/07 (Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013).

In general, all contracts impaired from an accounting standpoint are also considered impaired for prudential purposes, except where they are impaired by reason of the accounting definition of default but where the past-due amounts are equal to or below a materiality threshold (100 euros for the retail segment and 500 euros for the non-retail segment, and where 1% of the total exposures are past-due for both cases).

Notwithstanding the foregoing, despite the high level of alignment, the prudential definition is generally somewhat more conservative than the accounting definition. The key differing aspects are set out here below:

– Under the prudential definition, the number of days in default are counted from the moment the first past-due amount goes above the materiality threshold. The counting cannot be restarted or reduced until the borrower has paid all past-due amounts or until the past-due amounts fall back below the materiality thresholds. Under the accounting definition, a FIFO criterion can be applied to past-due amounts when there have been partial repayments, enabling the number of days past due to be reduced for that reason.

- Under the prudential definition, a 3-month probation period exists for all amounts in default, while a 12-month probation period is used for amounts in default classified as refinancing. Under the accounting definition, the 3-month period applies only to amounts classified as stage 3 as a result of borrower arrears, while the 12-month period applies only to amounts classified as stage 3 that correspond to refinancing.

- In terms of unlikely-to-pay amounts in default (for reasons other than borrower arrears), there are explicit criteria defined at the prudential level, which are additional to those applied at the accounting level.

Transaction classification criteria

The Bank applies various criteria to classify borrowers and transactions into different categories based on their credit risk. These include:

- Automatic criteria;

- Criteria based on indicators (triggers); and

- Specific criteria for refinancing.

The automatic factors and specific classification criteria for refinancing make up what the Institution refers to as the classification and cure algorithm and are applied to the entire portfolio.

Furthermore, to enable an early identification of any significant increase in credit risk or vulnerabilities, or any transaction impairment, the Bank establishes different triggers for significant and non-significant borrowers. The details for each borrower group are described in the sections on “Individual assessment” and “Collective assessment”, respectively. In particular, non-significant borrowers are assessed by means of a process which aims to identify any significant increase in credit risk since the transaction was first approved and which could result in losses greater than those incurred on other similar transactions classified as stage 1. For significant borrowers, on the other hand, there is an automated system of triggers in place that generates a series of alerts, which serve to indicate, during a borrower’s assessment, that a decision needs to be made with regard to their classification.

As a result of the application of these criteria, the Bank either classifies its borrowers as stage 2 or 3 or keeps them in stage 1.

Individual assessment

The Bank has established a significance threshold in terms of exposure, which is used to classify certain borrowers as significant, meaning that their risks need to be assessed individually.

The thresholds at the customer level used to classify borrowers as significant have been set at 10 million euros for customers classified in stage 1, and at 3 million euros for customers classified in stage 2 or 3. These thresholds comprise amounts drawn, amounts available and guarantees.

Exposures of more than 1 million euros of borrowers within the top 10 main risk groups classified in stage 3, identified on an annual basis, are also considered individually. Exceptionally, and with the sole purpose of classifying and more precisely impairing transactions, borrowers whose exposures are not above the significance threshold but who nevertheless belong to a group in which the individual assessment of its components is based on consolidated data may also be assessed individually.

To assess significant borrowers’ transactions, a system of triggers is established. These triggers identify any significant increase in credit risk, as well as any signs of impairment.

A team of expert risk analysts carries out the individual assessment of borrowers, reviewing each transaction and assigning it the corresponding accounting classification.

The system of triggers for significant borrowers is automated and takes into account the particular characteristics of segments that perform differently within the loan portfolio, with specific triggers in place for certain segments. In any event, the system of triggers does not automatically or individually classify borrowers. Instead, it brings forward the due date for assessment of the borrower by the analyst and prompts decision-making with regard to their classification. The main aspects identified by the system of triggers are listed here below:

Stage 2 triggers:

- Adverse changes in the financial situation, such as a significant increase in levels of leverage or a sharp drop in turnover or equity.
- Adverse changes in the economy or market indicators, such as a significant fall in share prices or a reduction in the price of debt issues.
- Significant fall in the internal credit rating of the borrower.
- Significant increase in credit risk of other transactions of the same borrower, or in entities associated with the borrower's risk group.
- For transactions secured with collateral, significant decline in the value of the collateral received.

Stage 3 triggers:

- A negative value of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA), or a significant decrease in EBITDA, in turnover, or in general, in the borrower's recurrent cash flows.
- Increase in the borrower's leverage ratios.
- Negative equity or equity reduction as a result of the borrower sustaining equity losses of 50% or more in the past year.
- Existence of an internal or external credit rating showing that the borrower is in arrears.

The Bank carries out an annual review of the reasonableness of its thresholds and of the credit risk captured in the individual assessments carried out using those thresholds.

Collective assessment

For borrowers who have been classed below the significance threshold and who, in addition, have not been classified as stage 2 or 3 by the automatic classification rules, there is a process in place to identify transactions that show a significant increase in credit risk compared to when the transaction was approved, and which could give rise to greater losses than those incurred on other similar transactions classified as stage 1.

The Bank uses a statistical model that allows it to determine the Probability of Default (PD) term structure and, therefore, the residual lifetime PD of a contract (or the PD from a given moment in time up to the maturity of the transaction), based on different characteristics:

- Systemic: macroeconomic characteristics shared by all exposures.
- Cross-cutting: aspects that remain stable over time and which are shared by a group of transactions, such as the shared effect of lending policies in effect at the time the transaction was approved, or the transaction's approval channel.
- Idiosyncratic: aspects specific to each transaction or borrower.

With this specification, it is possible to measure the annualised residual lifetime PD of a transaction under the conditions that existed at the time the transaction was approved (or originated), or under the conditions existing at the time the provision is calculated. Therefore, the current annualised residual lifetime PD may fluctuate in relation to the PD at the time the transaction was approved, due to changes in the economic environment or in the idiosyncratic characteristics of the transaction or of the borrower.

The Bank uses a statistical model that estimates significant increase in credit risk for borrowers and transactions subject to collective assessment models. The estimate is made using a logistic regression that considers, as explanatory variables, the ratio of the absolute increase between the annualised lifetime PD under the economic and idiosyncratic circumstances at the time the provision is calculated relative to the annualised residual lifetime PD under the circumstances that existed at the time the transaction was approved, along with other defining variables of the borrower or exposure. For this model, absolute and relative thresholds have been calibrated for the increase in annualised lifetime PD which, if exceeded, indicate that classification in stage 2 is required. The thresholds are calibrated using historical data with the aim of maximising efficient and early detection of arrears at 30 days, refinancings and stage 3, thereby maximising risk discrimination among borrowers and/or transactions classified as stage 1 and 2.

The thresholds for significant increase in credit risk vary according to the portfolio, company size, product and level of PD upon approval, requiring higher relative increases if the PD upon approval is low.

Exceptionally, those thresholds are not applicable at certain low levels of current PD where there is practically no indication of any significant increase in credit risk over a 6-month horizon (low credit risk exemption); those levels vary according to the portfolio/segment (0.3% for the Retail Banking portfolio and between 0.2% and 1% for the Business Banking portfolio) and have been calibrated using historical data. The current PD thresholds to identify the population exempt from significant increases in credit risk have been calibrated differently for each of the portfolios under the collective model perimeter, i.e. companies differentiated by size, mortgages, and consumer loans.

In any case, as a general criterion and in addition to those described previously, borrowers included in the watchlist identified by the risk function (list of high-risk borrowers) and all transactions that have a current 12-month PD above a given threshold that varies according to portfolio/segment and is statistically calibrated, are reclassified to stage 2. Similarly, all transactions with a current 12-month PD above 50% are reclassified to stage 3.

For the portfolios of retail mortgages, consumer loans and business lending items, the average multiplier of the current annualised lifetime PD relative to the annualised residual lifetime PD upon approval, which requires exposures to be reclassified from stage 1 to stage 2 depending on the annualised residual lifetime PD upon approval, varies between the values shown in the following table:

Annualised residual lifetime PD upon approval	Average multiplier
PD<0.5%	12.9
0.5%≤PD<1%	4.9
1%≤PD<2%	3
2%≤PD<3%	2.2
PD>3%	1.3

This multiplier will also vary depending on the portfolio to which each exposure is allocated.

In other less material portfolios, the multiplier between the annualised lifetime PD upon approval and the current annualised lifetime PD is used as a metric to identify the increase in credit risk and classify exposures as stage 2. More specifically, any exposures with a multiplier of more than 3 are reclassified to stage 2.

Forbearance

The credit risk management policies and procedures applied by the Bank ensure that borrowers are carefully monitored, identifying cases where provisions need to be allocated as there is evidence that their solvency is declining (see Note 3.4.2 – Credit risk). To that end, the Bank allocates loan loss provisions for the transactions that require them given the borrower's circumstances, before formally executing any refinancing/restructuring transactions, which should be understood as follows:

- Refinancing transaction: transaction which, irrespective of the borrower or guarantees involved, is approved or used for economic or legal reasons related to the current or foreseeable financial difficulties of the borrower (or borrowers) to repay one or more transactions approved by the Bank and granted to the borrower (or borrowers) or to another company or companies belonging to its group, or to bring outstanding payments fully or partially up to date, with a view to making it easier for holders of refinanced transactions to repay their debt (principal and interest) when they are unable, or will predictably soon be unable, to honour their payment obligations in good time and in the manner agreed.

- Restructured transaction: transaction in which, for economic or legal reasons related to the current or foreseeable financial difficulties of the borrower (or borrowers), the financial terms and conditions are modified to make it easier for them to repay their debt (principal and interest) when they are unable, or will predictably soon be unable, to honour their payment obligations in good time and in the manner agreed, even when such a modification is already provided for in the contract. In any case, transactions in which the debt is written down or assets are received to reduce the debt, or transactions whose terms are modified to extend the term to maturity, or to amend the repayment schedule so as to the reduce repayment instalment amounts in the short term or reduce their payment frequency, or to establish or extend the grace period for the repayment of principal, interest, or both, are all considered restructured transactions, except where it can be proven that the terms are being modified for reasons other than borrowers' financial difficulties and that the modified terms are analogous to those that would be applied in the market, on the date of such modification, to transactions with a similar risk profile.

If a transaction is classified in a particular risk category, refinancing does not mean that its risk classification will automatically improve. The algorithm establishes the initial classification of refinanced transactions based on their characteristics, mainly, the existence of a borrower's financial difficulties (e.g. an inadequate business plan), the existence of certain clauses such as long grace periods, or the existence of amounts that have been written off as they are considered to be non-recoverable. The algorithm then changes the initial classification depending on the established cure periods. Reclassification into a lower risk category will only be considered if evidence exists of a continuous and significant improvement in the recovery of the debt over time; therefore, the act of refinancing does not in itself produce any immediate improvements.

Refinancing, refinanced and restructured transactions remain identified as such during a probation period until all of the following requirements are met:

- It is concluded, having reviewed the borrower's assets and financial position, that the borrower is unlikely to experience financial difficulties.
- A minimum of two years has elapsed since the date of the restructuring or refinancing or, if later, since the date of reclassification to the stage 3 category.
- The borrower has paid the instalments of principal and interest accrued since the date of the refinancing or restructuring or, if later, since the date of reclassification to the stage 3 category.
- The borrower has no other transactions with amounts more than 30 days past due at the end of the probation period.
- At least 12 months have passed since the grace period came to an end.
- The refinanced amount of both the contract and the borrower has been reduced, through payments made by the customer whose cumulative amount since the refinancing date is at least the amount equivalent to the write-down, the unpaid amount at the time of refinancing or the new risk approved.

Refinancing, refinanced and restructured transactions remain in the stage 3 category until it can be verified that they meet the general criteria for reclassification to the stage 2 category, particularly the following requirements:

- It is concluded, having reviewed the borrower's assets and financial position, that the borrower is unlikely to experience financial difficulties.
- One year has passed since the date of the refinancing or restructuring.
- The borrower has paid the accrued instalments of principal and interest.
- The borrower has no other transactions with amounts more than 90 days past due on the date on which the refinancing, refinanced or restructured transaction is reclassified to stage 2.
- At least 12 months have passed since the grace period came to an end.
- The refinanced amount of both the contract and the borrower has been reduced, through payments made by the customer whose cumulative amount since the refinancing date is at least the amount equivalent to the write-down, the unpaid amount at the time of refinancing or the new risk approved.

In the case of refinanced/restructured loans classified as stage 2, in addition to the general classification criteria, certain specific criteria are applicable which, if met, lead to reclassification into one of the higher risk categories described previously (i.e. to stage 3, as a result of borrower arrears, when payments are, in general, over 90 days past due, or for reasons other than borrower arrears, when there are reasonable doubts as to their recoverability).

1.3.3.1.2 Credit loss allowances

The Bank applies the following parameters to determine its credit loss allowances:

– Exposure at Default (EAD): the Institution defines exposure at default as the value to which it expects to be exposed when a loan defaults.

  The exposure metrics considered by the Bank in order to cover this value are the currently drawn balances and the estimated amounts that it expects to disburse in the event its off-balance sheet exposures enter into default, by applying a Credit Conversion Factor (CCF).

– Probability of Default (PD): estimation of the probability that a borrower will default within a given period of time.

  The Bank has tools in place to help in its credit risk management that predict the probability of default of each borrower and which cover practically all lending activity.

  In this context, the Bank reviews the quality and stability of the scoring and rating tools currently in use on an annual basis. The review process includes the definition of the sample used and the methodology to be applied when monitoring rating models (see Note 3.4.2.2 – Risk management models).

– Loss Given Default (LGD): expected loss on transactions which are in default. This loss also takes into account outstanding debt, late-payment interest and expenses relating to the recovery process. Additionally, for each cash flow (amounts outstanding and amounts recovered), an adjustment is applied to consider the time value of money.

– Effective Interest Rate (EIR): the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

– Multiple scenarios: in order to estimate expected losses, the Bank applies different scenarios to identify the effect of the non-linearity of losses. To that end, the provisions required are estimated in the different scenarios for which a probability of occurrence has been defined (see Note 3.4.2.5 – Calculation of credit loss allowances).

Summary of criteria for classification and allowances

The classification of credit risk and the measurement of allowances are determined based on whether or not there has been a significant increase in credit risk since the transaction was originated, and on whether or not any default events have occurred:

Observed credit impairment since initial recognition				
Credit risk category	**Stage 1**	**Stage 2**	**Stage 3**	**Write-off**
Criteria for classification into stages	Transactions in which there has been no significant increase in credit risk since initial recognition and which do not meet the requirements for classification into other categories	Transactions which show a significant increase in credit risk since initial recognition	Transactions whose full recovery is considered doubtful, even if no amounts are more than ninety days past due Transactions with amounts more than 90 days past due	Transactions whose possibility of recovery is considered remote due to a manifest and irreversible deterioration of the solvency of the transaction or the borrower
Calculation of allowance	12-month expected credit loss	Lifetime expected credit loss		Write-off from balance sheet and recognition of the loss in the income statement, at the carrying amount of the transaction
Accrual of interest	Calculated by applying the effective interest rate to the gross carrying amount of the transaction		Calculated by applying the effective interest rate to the amortised cost (adjusted to account for any impairment allowances)	Not recognised in the income statement
Transactions included, by stage	Initial recognition	Transactions which show a significant increase in credit risk since initial recognition	Transactions classified as stage 3 as a result of borrower arrears: Amount of debt instruments with one or more amounts more than 90 days past due	Transactions whose possibility of recovery is considered remote
		Refinancing, refinanced and restructured transactions that do not meet the conditions for classification as stage 3	Transactions classified as stage 3 for reasons other than borrower arrears: ・ Transactions with no amounts more than 90 days past due but whose full recovery is considered doubtful ・ Refinancing, refinanced and restructured transactions that do not meet the conditions for classification as stage 2 ・ Purchased or Originated Credit-Impaired (POCI) transactions	Transactions partially deemed to be irrecoverable even though debt collection rights have not yet been terminated (write-downs)
		Transactions with amounts more than 30 days past due		

The methodology used to estimate losses on refinanced and restructured transactions is generally similar to that used for other financial assets at amortised cost, but it is considered that, in principle, the estimated loss on a transaction that has had to be restructured to enable payment obligations to be satisfied should be greater than the estimated loss on a transaction with no history of non-payment, unless sufficient additional effective guarantees are provided to justify otherwise.

Classification of credit risk and allowances for country risk

Country risk is the risk arising in counterparties resident in a particular country for reasons other than ordinary business risk (sovereign risk, transfer risk or risks arising from international financial activity). The Bank classifies transactions carried out with third parties into different groups, based on the economic development of those countries, their political situation, regulatory and institutional framework, and payment capacity and experience.

Debt instruments and off-balance sheet exposures whose end obligors are residents of countries that have long experienced difficulties in servicing their debt, and whose recovery is therefore deemed unlikely, are classified as stage 3, unless they should be classified as write-offs.

There are two stages involved in estimating allowances: first, the credit loss allowance is estimated, and then the additional country risk provision is determined. This way, exposures not fully provisioned for by the amount that can be recovered with either effective collateral or credit loss allowances are provisioned for by applying the coverage percentages established in Circular 4/2017, based on the country risk group in which the transaction has been included and its credit risk classification in the accounts.

Allowances for country risk are not significant in relation to the impairment allowances allocated by the Bank.

Guarantees

Effective guarantees are collateral and personal guarantees proven by the Bank to be a valid means of mitigating credit risk.

Under no circumstances will guarantees whose effectiveness substantially depends on the credit quality of the debtor or, where applicable, of the economic group of which the debtor forms part, be accepted as effective guarantees.

Based on the foregoing, the following types of guarantees can be considered to be effective guarantees:

- Real estate guarantees applied as first mortgage liens:
    - Completed buildings and building components:
        - Housing units.
        - Offices, commercial premises and multi-purpose industrial buildings.
        - Other buildings, such as non-multi-purpose industrial buildings and hotels.
    - Urban land and regulated building land.
    - Other real estate.
- Collateral in the form of pledged financial instruments:
    - Cash deposits.
    - Equity instruments in listed entities and debt securities issued by creditworthy issuers.
- Other collateral:
    - Personal property received as collateral.
    - Subsequent mortgages on properties.
- Personal guarantees such that direct liability to the customer falls to the new guarantors, who are persons or entities whose solvency is sufficiently verified to ensure the full redemption of the transaction under the terms set forth.

The Bank has collateral valuation criteria for assets located in Spain that are in line with prevailing legislation. In particular, the Bank applies criteria for the selection and engagement of appraisers that are geared towards assuring their independence and the quality of the appraisals. All of the appraisers used are appraisal companies that have been entered in the Bank of Spain Special Register of Appraisal Firms, and the appraisals are carried out in accordance with the criteria established in Order ECO/805/2003 on rules for the appraisal of real estate and particular rights for specific financial purposes.

Real estate guarantees for loan transactions are valued on the date they are granted, while real estate assets are valued on the date on which they are recognised, whether as a result of a purchase, foreclosure or deed in lieu, and also whenever there is a significant reduction in value. In addition, the criteria for updating the appraisal, established in Annex 9 to Circular 4/2017 published by the Bank of Spain, are applied for assets subject to the calculation of provisions for impairment risk. Similarly, statistical methodologies may be used to update appraisals but only for properties that have a certain level of homogeneity among them, in other words, those with low exposure and low risk whose characteristics are likely to be shared by other properties and which are located in an active market with frequent transactions, although a full appraisal is carried out in accordance with the aforesaid ECO Order (an "ECO appraisal") at least once every three years.

Assets located in other EU countries are appraised in accordance with that set forth in Royal Decree 716/2009 of 24 April, while those in the rest of the world are appraised by companies and/or experts with recognised expertise and experience in the country in question. Real estate assets located in a foreign country, if any, will be appraised using the method approved by the Royal Institution of Chartered Surveyors (RICS), through prudent and independent appraisals carried out by authorised experts in the country where the property is located or, where appropriate, by appraisal firms or services accredited in Spain, and in accordance with the appraisal rules applicable in that country insofar as these are compatible with generally accepted appraisal practices.

The Bank has developed internal methodologies to estimate credit loss allowances. These methodologies use the appraisal value as a starting point to determine the amount that can be recovered with the enforcement of real estate guarantees. This appraisal value is adjusted to account for the time required to enforce such guarantees, price trends and the Bank's ability and experience in realising the value of properties with similar prices and enforcement timeframes, as well as the costs of enforcement, maintenance and sale.

Credit losses on State-guaranteed loans granted as part of a government support scheme designed to address the impact of Covid-19, irrespective of the credit risk category or categories into which the transaction is classified throughout its life, are calculated based on their expected credit loss less the positive impact of cash flows expected to be recovered with that guarantee.

1.3.4 Hedging transactions

The Bank applies the criteria established by Circular 4/2017, based on IAS 39 on hedge accounting.

The Bank uses financial derivatives to (i) provide these instruments to customers that request them, (ii) manage risks associated with the Bank's proprietary positions (hedging derivatives), and (iii) realise gains as a result of their price fluctuations. To that end, it uses both financial derivatives traded in organised markets and those traded bilaterally with counterparties outside organised markets (Over The Counter, or OTC).

Financial derivatives that do not qualify for designation as hedging instruments are classified as derivatives held for trading. To be designated as a hedging instrument, a financial derivative must meet the following conditions:

- The financial derivative must hedge against the exposure to changes in the value of assets and liabilities caused by interest rate and/or exchange rate fluctuations (fair value hedge), the exposure to variability in estimated cash flows that is attributable to a particular risk of financial assets and financial liabilities, firm commitments or highly probable forecast transactions (cash flow hedge), or the exposure associated with net investments in foreign operations (hedge of net investments in foreign operations).

- The financial derivative must effectively eliminate some portion of the risk inherent in the hedged item or position throughout the entire expected life of the hedge. This effectiveness should be measured both prospectively and retrospectively. To that end, the Bank analyses whether, at the time of its inception, a hedge is expected to operate with a high level of effectiveness in business-as-usual conditions. It also runs effectiveness tests throughout the life of the hedge, in order to verify that the results of these tests show an effectiveness that falls within a range of between 80% and 125%.

- Suitable documentation must be available to show that the financial derivative was acquired specifically to hedge against certain balances or transactions and to show the intended method for achieving and measuring hedge effectiveness, provided that this method is consistent with the Bank's own risk management processes.

Hedges are applied to either individual items and balances (micro-hedges) or to portfolios of financial assets and financial liabilities (macro-hedges). In the latter case, the set of financial assets and financial liabilities to be hedged must share the same type of risk, a condition that is met when the individual hedged items have a similar interest rate sensitivity.

Changes that take place after the designation of the hedge, changes in the measurement of financial instruments designated as hedged items and changes in financial instruments designated as hedging instruments are recognised in the following way:

- In fair value hedges, differences arising in the fair value of the derivative and the hedged item that are attributable to the hedged risk are recognised directly in the income statement, with a balancing entry under the headings of the balance sheet in which the hedged item is included, or under the heading "Derivatives – Hedge accounting", as appropriate.

  In fair value hedges of interest rate risk of a portfolio of financial instruments, gains or losses arising when the hedging instrument is measured are recognised directly in the income statement. Losses and gains arising from fair value changes in the hedged item that can be attributed to the hedged risk are recognised in the income statement with a balancing entry under the heading "Fair value changes of the hedged items in portfolio hedge of interest rate risk" under either assets or liabilities on the balance sheet, as appropriate. In this case, hedge effectiveness is assessed by comparing the net position of assets and liabilities in each time period against the hedged amount designated for each of them, immediately recognising the ineffective portion under the heading "Net profit or net loss on financial operations" of the income statement.

- In cash flow hedges, differences in the value of the effective portion of hedging instruments are recognised under the heading "Accumulated other comprehensive income – Hedging derivatives. Cash flow hedges reserve [effective portion]" of the statement of equity. These differences are recognised in the income statement when the losses or gains on the hedged item are recognised through profit or loss, when the envisaged transactions are executed, or on the maturity date of the hedged item.

- In hedges of net investments in foreign operations, measurement differences in the effective portion of hedging instruments are recognised temporarily in the statement of equity under "Accumulated other comprehensive income – Hedge of net investments in foreign operations [effective portion]". These differences are recognised in the income statement when the investment in foreign operations is disposed of or derecognised from the balance sheet.

- Measurement differences in hedging instruments corresponding to the ineffective portion of cash flow hedges and net investments in foreign operations are recognised under the heading "Net profit or net loss on financial operations" of the income statement.

If a derivative assigned as a hedging derivative does not meet the above requirements due to its termination, discontinuance, ineffectiveness, or for any other reason, it will be treated as a trading derivative for accounting purposes. Therefore, changes in its measurement will be recognised with a balancing entry in the income statement.

Where a fair value hedge is discontinued, any previous adjustments made to the hedged item are recognised in the income statement using the effective interest rate method, recalculated as at the date on which the item ceased to be hedged, and must be fully amortised upon maturity.

Where a cash flow hedge is discontinued, the accumulated gains or losses on the hedging instrument that had been recognised under "Accumulated other comprehensive income" in the statement of equity while the hedge was still effective will continue to be recognised under that heading until the hedged transaction takes place, at which time the gain or loss will be recognised in the income statement, unless the hedged transaction is not expected to take place, in which case it will be recognised in the income statement immediately.

1.3.5 Financial guarantees

Contracts whereby the Bank undertakes to make specific payments on behalf of a third party in the event of that third party failing to do so, irrespective of their legal form, are considered financial guarantees. These can be bonds, bank guarantees, insurance contracts or credit derivatives, among other items.

The Bank recognises financial guarantee contracts under the heading "Financial liabilities at amortised cost – Other financial liabilities" at their fair value which, initially and unless there is evidence to the contrary, is the present value of the expected fees and income to be received. Fees and similar income received upon commencement of the operations, as well as receivables measured at the present value of future cash flows pending collection, are simultaneously recognised as a credit item on the asset side of the balance sheet.

In the particular case of long-term guarantees given in cash to third parties under service contracts, where the Bank guarantees a particular level or volume in terms of the provision of such services, it initially recognises those guarantees at fair value. The difference between their fair value and the disbursed amount is considered an advance payment made or received in exchange for the provision of the service, and this is recognised in the income statement for the period in which the service is provided. Subsequently, the Bank applies analogous criteria to debt instruments measured at amortised cost.

Financial guarantees are classified according to the risk of incurring loan losses attributable to either the customer or the transaction and, where appropriate, an assessment is made of whether provisions need to be allocated for these guarantees by applying criteria similar to the criteria used for debt instruments measured at amortised cost.

Income from guarantee instruments is recognised under the heading "Fee and commission income" in the income statement and calculated applying the rate laid down in the related contract to the nominal amount of the guarantee. Interest from long-term guarantees given in cash to third parties is recognised by the Bank under the heading "Interest income" in the income statement.

1.3.6 Transfers and derecognition of financial instruments from the balance sheet

Financial assets are only derecognised from the balance sheet when they no longer generate cash flows or when their inherent risks and rewards have been substantially transferred to third parties. Similarly, financial liabilities are only derecognised from the balance sheet when there are no further obligations associated with the liabilities or when they are acquired for the purpose of their termination or resale.

Note 3 provides details of asset transfers in effect at the end of 2025 and 2024, indicating those that did not involve the derecognition of the asset from the balance sheet.

1.3.7 Offsetting of financial instruments

Financial assets and financial liabilities are only offset for the purpose of their presentation in the balance sheet when the Bank has a legally enforceable right to offset the amounts recognised in such instruments and intends to settle them at their net value or realise the asset and settle the liability simultaneously.

1.3.8 Non-current assets and assets and liabilities included in disposal groups classified as held for sale and discontinued operations

The "Non-current assets and disposal groups classified as held for sale" heading on the balance sheet includes the carrying amounts of assets – stated individually or combined in a disposal group, or as part of a business unit intended to be sold (discontinued operations) – which are very likely to be sold in their current condition within one year of the date of the annual financial statements.

It can therefore be assumed that the carrying amount of these assets, which may be of a financial or non-financial nature, will be recovered through the disposal of the item concerned rather than through its continued use.

Specifically, real estate or other non-current assets received by the Bank for the full or partial settlement of debtors' payment obligations are treated as non-current assets held for sale, unless the Bank has decided to make continued use of those assets or to include them in its rental operations. Similarly, investments in joint ventures or associates that meet the above criteria are also recognised as non-current assets held for sale. For all of these assets, the Bank has specific units that focus on the management and sale of real estate assets.

The heading "Liabilities included in disposal groups classified as held for sale" includes credit balances associated with assets or disposal groups, or with the Bank's discontinued operations.

Non-current assets and disposal groups classified as held for sale are measured, both on the acquisition date and thereafter, at the lower of their carrying amount and their fair value less estimated selling costs. The carrying amount at the acquisition date of non-current assets and disposal groups classified as held for sale deriving from foreclosure or recovery is defined as the outstanding balance of the loans or credit that gave rise to those purchases (less any associated provisions). Tangible and intangible assets that would otherwise be subject to depreciation or amortisation are not depreciated or amortised while they remain classified as non-current assets held for sale.

In order to determine the net fair value of real estate assets, the Bank uses its own internal methodology, which uses as a starting point the appraisal value, adjusting this based on its past experience of selling properties that are similar in terms of prices, the period during which each asset remains on the balance sheet and other explanatory factors. Similarly, agreements entered into with third parties for the disposal of these assets are also taken into account.

The appraisal value of real estate assets recognised under this heading is obtained following policies and criteria analogous to those described in the section entitled "Guarantees" in Note 1.3.3. The main appraisal firms and agencies used to obtain market appraisal values are listed in Note 5.

Profit or loss generated on the disposal of assets and liabilities classified as non-current assets or liabilities held for sale, as well as impairment losses and their reversal, where appropriate, are recognised under the heading "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" in the income statement. The remaining income and expenses relating to these assets and liabilities are disclosed according to their nature.

Discontinued operations are components of the Institution that have been disposed of or classified as held for sale and which (i) represent a business line or geographical area that is significant and separate from the rest or is part of a single coordinated plan to dispose of that business or geographical area, or (ii) are subsidiaries acquired solely in order to be resold. Income and expenses of any kind generated by discontinued operations, if any, during the year, including those generated before they were classified as discontinued operations, are presented net of the tax effect as a single amount under the heading "Profit or loss after tax from discontinued operations" in the income statement, regardless of whether the business has been derecognised from or remains on the asset side of the balance sheet as at year-end. This heading also includes the profit or loss obtained on their sale or disposal.

1.3.9 Tangible assets

Tangible assets include (i) property, plant and equipment held by the Bank for current or future use that is expected to be used for more than one year, (ii) property, plant and equipment leased out to customers under operating leases, and (iii) investment properties, which include land, buildings and other structures held in order to be leased out or to obtain a capital gain on their sale. This heading also includes tangible assets received in payment of debts classified on the basis of their final use.

As a general rule, tangible assets are measured at their acquisition cost less accumulated depreciation and, if applicable, less any impairment losses identified by comparing the net carrying amount of each item against its recoverable amount.

Depreciation of tangible assets is systematically calculated on a straight-line basis, applying the estimated years of useful life of the various items to the acquisition cost of the assets less their residual value. The land on which buildings and other structures stand is considered to have an indefinite life and is therefore not depreciated.

The annual depreciation charge on tangible assets is recognised in the income statement and generally calculated based on the remaining years of the estimated useful life of the different groups of components:

	Useful life (years)
Buildings	17 to 75
Computer equipment and ATMs	4 to 10
Furniture, vehicles and facilities	6 to 20

The Bank reviews the estimated useful life of the various components of tangible assets at the end of every year, if not more frequently, in order to detect any significant changes. Should any such changes occur, the useful life is adjusted, correcting the depreciation charge in the income statements for future years as required to reflect the new estimated useful life.

At each year-end closing, the Bank analyses whether there are any internal or external signs that a tangible asset might be impaired. If there is evidence of impairment, the Bank assesses whether this impairment actually exists by comparing the asset's net carrying amount against its recoverable amount (the higher of its fair value, less selling costs, and its value in use). Where the asset's carrying amount is higher than its recoverable amount, the Bank reduces the carrying amount of the corresponding component to its recoverable amount and adjusts future depreciation charges in proportion to the adjusted carrying amount and new remaining useful life, in the event this needs to be re-estimated. Where there are signs that the value of a component has been recovered, the Bank records the reversal of the impairment loss recognised in previous years and adjusts future depreciation charges accordingly. The reversal of an impairment loss on an asset component shall in no circumstances result in its carrying amount being increased to a value higher than the value that the asset component would have had if no impairment losses had been recognised in previous years.

In particular, certain items of property, plant and equipment are assigned to cash-generating units in the banking business. Impairment tests are conducted on these units to verify whether sufficient cash flows are generated to support the assets' value. To that end, the Bank (i) calculates the recurring net cash flow of each branch based on the cumulative contribution margin less the allocated recurring cost of risk, and (ii) that recurring net cash flow is regarded as a perpetual cash flow and a valuation is effected using the discounted cash flow method applying the cost of capital and growth rate in perpetuity determined by the Bank (see Note 15).

For investment properties, the Bank uses valuations carried out by independent third parties entered in the Bank of Spain Special Register of Appraisal Firms, in accordance with criteria set forth in Order ECO/805/2003.

The costs of preserving and maintaining tangible assets are recognised in the income statement for the year in which they are incurred.

1.3.10 Leases

The Bank evaluates the existence of a lease contract at its inception or when its terms are changed. A contract is deemed to be a lease contract when the asset is identified in that contract and the party receiving the asset has the right to control its use.

Leases in which the Bank acts as lessee

The Bank recognises, for leases in which it acts as lessee, which mostly correspond to lease contracts for real estate and office spaces linked to its operating activity, a right-of-use asset of the leased asset and a liability for payments outstanding as at the date on which the leased asset was made available to the Bank for use.

For lease contracts with a specified lease term that include, or not, a unilateral option for early termination that can be exercised by the Bank and in which the cost associated with such termination is not significant, the term of the lease is generally equivalent to the duration initially stipulated in the contract. However, if there are any circumstances that could result in contracts being terminated early, these will be taken into account.

For lease contracts with a specified lease term that include a unilateral option for extension that can be exercised by the Bank, the choice to exercise that option will be made on the basis of economic incentives and past experience.

The lease liability is initially recognised in the heading "Financial liabilities at amortised cost – Other financial liabilities" of the balance sheet (see Note 20), at a value equal to the present value of the estimated payments outstanding, based on the envisaged maturity date. Lease payments are discounted using the implicit interest rate, if this can be easily determined and, if not, the incremental borrowing rate, understood as the rate of interest that the Bank would have to pay to borrow the funds necessary to purchase assets with a value similar to the rights of use acquired over the leased assets for a term equal to the estimated duration of the lease contracts.

These payments comprise fixed payments (less any lease incentives receivable), variable payments determined by reference to an index or rate, amounts expected to be paid for residual value guarantees given to the lessor, the exercise price of a purchase option (if the Bank is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term shows that an option to terminate the lease is exercised).

The payments settled by the lessee in each period reduce the lease liability and accrue an interest expense that is recognised in the income statement over the lease term.

A right-of-use asset, which is classified as a fixed asset based on the nature of the leased asset, is initially recognised at cost, which comprises the amount of the initial measurement of the lease liability, payments made before or on the commencement date of the lease, initial direct costs and, where appropriate, the estimated costs of dismantling or restoring the asset to the condition required under the lease.

The right-of-use asset is depreciated on a straight-line basis at the shorter of the useful life of the asset or the lease term.

The criteria for impairing these assets are similar to those used for tangible assets (see Note 1.3.9).

The Bank exercises the option to recognise, as an expense during the year, the payments made on short-term leases (those that, at the commencement date, have a lease term of 12 months or less) and leases in which the leased asset has a low value.

Sale and leaseback

If the Bank does not retain control over the asset, (i) the asset sold is derecognised from the balance sheet and the right-of-use asset arising from the leaseback is recognised at the proportion of the leased asset's previous carrying amount that relates to the right of use retained, and (ii) a lease liability is recognised.

If the Bank retains control over the asset, (i) the asset sold is not derecognised from the balance sheet and (ii) a financial liability is recognised for the amount of consideration received.

The profit or loss generated on the transaction is immediately recognised in the income statement, if a sale is determined to exist (only for the amount of the gain or loss relating to the rights over the transferred asset), as the buyer-lessor has acquired control over the asset.

Leases in which the Bank acts as lessor

Finance leases

Where the Bank is the lessor of an asset, the sum of the present values of amounts receivable from the lessee is recorded as financing provided to a third party and is therefore included under the heading "Financial assets at amortised cost" on the balance sheet. This financing includes the exercise price of the purchase option payable to the lessee upon termination of the contract in cases where that exercise price is sufficiently lower than the fair value of the asset at the maturity date of the option, such that it is reasonably likely to be exercised.

Operating leases

In operating leases, ownership of the leased asset and a substantial proportion of all of the risks and rewards incidental to ownership of the asset remain with the lessor.

The acquisition cost of the leased asset is recognised under the heading "Tangible assets". These assets are depreciated in accordance with the same policies followed for similar tangible assets for own use and the revenue from the lease contracts is recognised in the income statement on a straight-line basis.

1.3.11 Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance that arise as a result of an acquisition from third parties or which are generated internally by the Bank. An intangible asset will be recognised when, in addition to meeting this definition, the Bank considers it likely that economic benefits deriving from the asset and its cost can be reliably estimated.

Intangible assets are initially recognised at their acquisition or production cost and are subsequently measured at cost less, where applicable, the accumulated amortisation and any impairment loss that may have been sustained.

Goodwill

Positive differences between the cost of a business combination and the acquired portion of the net fair value of the assets, liabilities and contingent liabilities of the acquired and subsequently merged entities are recognised as goodwill on the asset side of the balance sheet. These differences represent an advance payment made by the Bank of the future economic benefits derived from the acquired entities that are not individually identified and separately recognised. Goodwill is only recognised when acquired for valuable consideration and it is amortised over a period of 10 years.

Each goodwill item is assigned to one or more Cash-Generating Units (CGUs) that are expected to benefit from the synergies arising from the business combinations. These CGUs are the smallest identifiable group of assets which, as a result of their continuous operation, generate cash flows for the Bank, separately from other assets or groups of assets.

CGUs (or groups of CGUs) to which goodwill has been assigned are tested at least once a year for impairment, or whenever there is evidence that impairment might have occurred. To that end, the Bank calculates their value in use using mainly the dividend discount method, in which the following parameters are taken into account:

- Key business assumptions: these assumptions are used as a basis for the cash flow projections considered in the valuation. For businesses engaging in financial activities, projections are made for variables such as changes in lending volumes, default rates, customer deposits, interest rates under a forecast macroeconomic scenario, and capital requirements.

- Estimates of macroeconomic variables and other financial parameters.

- Projection period: this is usually five years, after which a recurring level is attained in terms of both profit and profitability. These projections take into account the existing economic situation at the time of the valuation.

- Discount rate (post-tax): the present value of future dividends, from which a value in use is obtained, is calculated using the Institution's cost of capital (Ke), from the standpoint of a market participant, as a discount rate. To determine the cost of capital, the Capital Asset Pricing Model (CAPM) is used in accordance with the formula: "Ke = Rf + β (Pm) + α", where: Ke = Required return or cost of capital, Rf = Risk-free rate, β = Company's systemic risk coefficient, Pm = Market premium and α = Non-systemic risk premium.

- Growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts: this is based on long-term estimates of the main macroeconomic figures and key business variables, and bearing in mind the existing financial market circumstances and outlooks at all times.

If the carrying amount of a CGU (or group of CGUs to which goodwill has been assigned) is higher than its recoverable amount, the Bank recognises an impairment loss that is allocated, firstly, by reducing the goodwill attributed to that CGU and, secondly, if any losses remain to be allocated, by reducing the carrying amount of the remaining allocated assets on a pro-rata basis. Impairment losses recognised for goodwill cannot subsequently be reversed.

Other intangible assets

This heading includes the amount of identifiable intangible assets, essentially, computer software.

These intangible assets have a finite useful life and are amortised based on their useful lives, applying similar criteria to those used for tangible assets. In particular, the software applications corresponding to infrastructure, communications, architecture and corporate functions of the banking platforms used by Group entities to carry out their activity generally have a useful life of between 10 and 15 years, while the useful life of applications corresponding to channels and to data & analytics ranges from 7 to 10 years.

The criteria for recognising impairment losses on these assets and any reversals of impairment losses recognised in earlier financial years are similar to those applied to tangible assets. To that end, the Bank determines whether there is evidence of impairment by comparing actual changes against the initial assumptions applied in the parameters used when they were first recognised. These include possible loss of customers, average customer balances, average revenue and the assigned cost-to-income ratio.

Changes in the estimated useful life of intangible assets are treated in a similar way to changes in the estimated useful life of tangible assets.

1.3.12 Own equity instruments

Own equity instruments are defined as equity instruments that meet the following conditions:

- They do not involve any contractual obligation for the issuer that entails delivering cash or another financial asset to a third party, or exchanging financial assets or liabilities with a third party under terms that are potentially unfavourable to the issuer.

- In the case of a contract that will or may be settled with the issuer's own equity instruments: if it is a non-derivative financial instrument, it does not entail an obligation to deliver a variable number of its own equity instruments; or, if it is a derivative instrument, it is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the issuer's own equity instruments.

All transactions involving own equity instruments, including their issuance or redemption, are recognised directly with a balancing entry in equity.

Changes in the value of instruments classified as own equity instruments are not recognised in the financial statements. Any consideration received or paid in exchange for such instruments is directly added to or deducted from equity net of the associated transaction costs.

Equity instruments issued in full or partial settlement of a financial liability are initially recognised at fair value, unless this cannot be reliably determined. In this case, the difference between the carrying amount of the financial liability (or any part thereof) that has been settled and the fair value of the equity instruments issued is recognised in the income statement for the year.

On the other hand, compound financial instruments, which are contracts that have both a financial liability and an own equity instrument from the issuer's perspective (e.g. convertible bonds that grant their holder the right to convert them into equity instruments of the issuing entity), are recognised at issuance, separating their component parts and presenting them according to their substance (see Note 1.3.2).

1.3.13 Remuneration in equity instruments

The delivery of own equity instruments to employees in payment for their services (where these instruments are determined at the start of, and delivered upon completion of, a specified period of service) is recognised as a service cost over the period during which the services are provided, with a balancing entry under the heading "Other equity" in the statement of equity. On the date these instruments are awarded, the services received are measured at fair value, unless this cannot be reliably estimated, in which case they are measured by reference to the fair value of the committed equity instruments, bearing in mind the tenors and other conditions envisaged in the commitments.

The amounts recognised in equity cannot subsequently be reversed, even when employees do not exercise their right to receive the equity instruments.

For share-based remuneration paid in cash, the Bank recognises a service cost over the period during which the services are provided by the employees, with a balancing entry on the liabilities side of the balance sheet. The Bank measures this liability at fair value until it is settled. Changes in value are recognised in the income statement for the year.

1.3.14 Provisions, contingent assets and contingent liabilities

Provisions are present obligations of the Bank resulting from past events and whose nature as at the date of the financial statements is clearly specified, but which are of uncertain timing and value. When such obligations mature or become due for settlement, the Bank expects to settle them with an expenditure.

In general, the Bank's annual financial statements include all significant provisions based on which it is estimated that it is more likely than not that the obligation will need to be settled. These provisions include, among other items, pension commitments undertaken with employees by the Bank's entities (see Note 1.3.15), as well as provisions for tax litigation and other contingencies.

Contingent liabilities are any possible obligations in the Bank that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Bank. Contingent liabilities include present obligations of the Bank whose settlement is unlikely to originate any reduction of funds, or whose value, in extremely rare cases, cannot be reliably measured. Contingent liabilities are not recognised in the annual financial statements, rather, they are disclosed in the notes to the annual financial statements.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of events not wholly within the control of the Bank. These contingent assets are not recognised on the consolidated balance sheet or in the income statement, but they are disclosed in the accompanying notes to those statements where an inflow of economic benefits is probable.

1.3.15 Provisions for pensions

The Bank's pension commitments to its employees are as follows:

Defined contribution plans

These are plans under which fixed contributions are made to a separate entity in accordance with the agreements entered into with each particular group of employees, without any legal or constructive obligation to make further contributions if the separate entity is unable to pay all employee benefits relating to employee service in the current and prior periods.

These contributions are recognised each year in the income statement (see Note 30).

Defined benefit plans

Defined benefit plans cover all existing commitments arising from the application of the Collective Bargaining Agreement for Banks (*Convenio Colectivo de Banca*).

These commitments are financed through the following vehicles: the Banco Sabadell employee pension plan, insurance contracts, the voluntary social welfare agency, and internal funds.

The "Provisions – Pensions and other post employment defined benefit obligations" heading on the liabilities side of the balance sheet includes the actuarial present value of pension commitments, which is calculated individually using the projected unit credit method on the basis of the financial and actuarial assumptions set out below. This is the same method used for the sensitivity analysis described in Note 21.

The fair value of the plan assets is deducted from the obligations calculated in this way. Plan assets are assets that will be used to settle obligations, including insurance policies, since they meet the following conditions: (i) they are not owned by the Bank but by a legally separate third party not qualifying as a related party, (ii) they are only available to pay or fund employee benefits and are not available to creditors of the Bank, even in the event of insolvency, (iii) they cannot be returned to the Bank unless the assets remaining in the plan are sufficient to settle all obligations, either of the plan or of the Institution, relating to employee benefits, or unless assets are to be returned to the Bank to reimburse it for employee benefits previously paid, and (iv) they are not non-transferable financial instruments issued by the Bank.

The assets that back pension commitments shown in the standalone balance sheet of the insurance company BanSabadell Vida, S.A. de Seguros y Reaseguros, also called reimbursement rights or pension-linked insurance contracts, are not plan assets, as the company is a related party of the Group (see Note 16).

Pension commitments are recognised in the following way:

- In the income statement, net interest on the defined benefit liability (asset) net of pension commitments as well as the service cost, which includes (i) the service cost in the current period, (ii) the past service cost arising from changes made to existing commitments or from the introduction of new benefits, and (iii) any gain or loss arising from a settlement of the plan.

- Under the heading "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss - Actuarial gains or losses on defined benefit pension plans" in the statement of equity, the remeasurement of the net defined benefit liability (asset) for pension commitments, which includes (i) actuarial gains and losses generated in the year arising from differences between the previous actuarial assumptions and the reality, and from changes in the actuarial assumptions made, and (ii) the return on plan assets. The amounts included in net interest on the defined benefit liability (asset) are not included in either case.

- The heading "Provisions – Other long term employee benefits" on the liabilities side of the balance sheet mainly includes the value of commitments undertaken with early retirees. Changes occurring during the year in the value of liabilities are recognised in the income statement.

Actuarial assumptions

The most relevant financial/actuarial assumptions used in the measurement of pension commitments are as follows:

	2025	2024
Mortality tables	PER2020_Col_1er.orden	PER2020_Col_1er.orden
Discount rate, pension plan	3.25% per annum	3.00% per annum
Discount rate, internal fund	3.25% per annum	3.00% per annum
Discount rate, related insurance	3.25% per annum	3.00% per annum
Discount rate, non-related insurance	3.25% per annum	3.00% per annum
Inflation rate	2.00% per annum	2.00% per annum
Rate of salary increase	3.00% per annum	3.00% per annum
Employee disability	SS90-Absolute	SS90-Absolute
Employee turnover	Not considered	Not considered
Early retirement	Considered	Considered
Normal retirement age	65 or 67 years	65 or 67 years

In 2025, the discount rate on all commitments was determined by reference to the return on AA-rated corporate bonds (iBoxx € Corporates AA 7-10), with an average duration of 7.37 years (in 2024, the return on AA-rated corporate bonds (iBoxx € Corporates AA 7-10) was also used, with an average duration of 7.58 years).

The early retirement age considered is the earliest retirement date after which pension entitlements cannot be revoked by the employer for 100% of the employees.

The return on long-term assets corresponding to plan assets and reimbursement rights (pension-linked insurance contracts) was determined by applying the same discount rate used in actuarial assumptions (3.25% and 3.00% in 2025 and 2024, respectively).

1.3.16 Foreign currency transactions

The Bank's functional and reporting currency is the euro. Consequently, all balances and transactions denominated in currencies other than the euro are treated as being denominated in a foreign currency.

On initial recognition, debit and credit balances denominated in foreign currencies are translated to the functional currency at the spot exchange rate, defined as the exchange rate for immediate delivery, on the recognition date. Subsequent to the initial recognition, the following rules are used to translate foreign currency balances to the functional currency:

- Monetary assets and liabilities are translated at the closing rate, defined as the average spot exchange rate at the reporting date.
- Non-monetary items measured at historical cost are translated at the exchange rate prevailing at the acquisition date.
- Non-monetary items measured at fair value are translated at the exchange rate prevailing at the date when the fair value was determined.
- Income and expenses are translated at the exchange rate prevailing at the transaction date.

In general, exchange differences arising in the translation of debit and credit balances denominated in foreign currency are recognised in the income statement. However, for exchange differences arising in non-monetary items measured at fair value where the fair value adjustment is recognised under the heading "Accumulated other comprehensive income" in the statement of equity, a breakdown is given for the exchange rate component of the remeasurement of the non-monetary item.

The exchange rates applied to translate balances denominated in foreign currency into euros are those published by the European Central Bank on 31 December of each year.

1.3.17 Recognition of income and expenses

Interest income and expenses and other similar items

Interest income and expenses and other similar items are generally accounted for over the period in which they accrue using the effective interest rate method, under the headings "Interest income" or "Interest expenses" of the income statement, as applicable. Dividends received from other entities are recognised as income at the time the right to receive them originates.

Commissions, fees and similar items

Generally, income and expenses in the form of commissions and similar fees are recognised in the income statement based on the following criteria:

- Those linked to financial assets and financial liabilities measured at fair value through profit or loss are recognised at the time of disbursement.
- Those related to transactions carried out or services rendered over a given period of time are recognised throughout that period.
- Those related to a transaction or service that is carried out or rendered in a single act are recognised when the originating act takes place.

Financial fees and commissions, which form an integral part of the effective cost or yield of a financial transaction, are accrued net of associated direct costs and recognised in the income statement over their expected average life.

Assets managed by the Bank but owned by third parties are not included in the balance sheet. Fees generated by this activity are recognised under the heading "Fee and commission income" in the income statement.

Non-financial income and expenses

These items are recognised in the accounts upon delivery of the non-financial asset or upon provision of the non-financial service. To determine the carrying amount and establish when this item should be recognised, a model is used that consists of five steps: identification of the contract with the customer, identification of the separate obligations of the contract, calculation of the transaction price, distribution of the transaction price between the identified obligations and, lastly, recognition of the revenue when, or as, the obligations are settled.

Deferred payments and collections

Deferred payments and collections are accounted for at the carrying amount obtained by discounting expected cash flows at market rates.

Levies

For levies and tax obligations whose amount and date of payment are certain, the obligation is recognised when the event that leads to its payment takes place in the terms provided in legislation. Therefore, the item to be paid is recognised when there is a present obligation to pay the levy.

Deposit Guarantee Fund (DGF)

The Bank is a member of the Deposit Guarantee Fund (DGF). In accordance with the provisions of Royal Decree-Law 16/2011 and Royal Decree 2606/1996, the Management Committee of the DGF of credit institutions has set the annual contribution for the year 2025 under the following terms: (i) no annual contribution needs to be made for the deposit guarantee compartment offered by the Fund, as the financial resources available in that guarantee as at 31 December 2023 already represented 0.8% of the amount of the guaranteed deposits, and (ii) the contribution to the securities guarantee compartment has been set at 0.2% of 5% of the value of the securities guaranteed as at 31 December 2025 (see Note 29).

Single Resolution Fund (SRF)

Law 11/2015 of 18 June, together with its implementing regulation through Royal Decree 1012/2015, entailed the transposition into Spanish law of Directive 2014/59/EU. This Directive established a new framework for the resolution of credit institutions and investment firms, and it is also one of the standards that have contributed to the establishment of the Single Resolution Mechanism, created through Regulation (EU) No 806/2014. This Regulation sets out standard rules and procedures for the resolution of credit institutions and investment firms within the framework of a Single Resolution Mechanism and a Single Resolution Fund (SRF) at a European level.

As part of the implementation of this Regulation, on 1 January 2016 the SRF came into effect, to operate as a financing instrument which the Single Resolution Board can use. The Single Resolution Board is the European authority that makes decisions on the resolution of failing banks, in order to efficiently undertake the resolution measures that have been adopted. The SRF receives contributions from credit institutions and investment firms subject to the same.

The calculation of each entity's contribution to the SRF, governed by Commission Delegated Regulation (EU) 2015/63, is based on the proportion that each entity represents with respect to the aggregate total liabilities of the Fund's member entities, after deducting own funds and the guaranteed amount of the deposits. The latter is then adjusted to the Institution's risk profile.

The Bank did not receive any requirements from the Single Resolution Board to make contributions to the Single Resolution Fund (SRF) in 2025 or 2024 since, as at 31 December 2024 and 2023, the available financial means had reached the minimum target level of at least 1% of covered deposits held in Member States participating in the Single Resolution Mechanism.

Temporary levy on credit institutions and financial credit establishments

Law 38/2022 of 27 December was published on 28 December 2022. Among other aspects, it established a temporary levy for credit institutions and financial credit establishments. This levy was to be paid during 2023 and 2024 by credit institutions and financial credit establishments operating in Spain whose sum of interest income and fee and commission income in 2019 was 800 million euros or more. The payment amount was set at 4.8% of the sum of net interest income plus net fees and commissions stemming from their activities in Spain recognised on the income statement for the calendar year immediately preceding the year in which the payment obligation arose. The payment obligation arose on 1 January of each year and had to be paid during the first 20 calendar days of the month of September of each year, without prejudice to a 50% advance payment of the total levy, which had to be made during the first 20 calendar days in the month of February following the date on which the payment obligation arose. Given the application period of the levy, which spanned the financial years 2023 and 2024, no amounts were accrued in connection with this item in 2025 (see Note 29).

1.3.18 Income taxes

Corporation tax, as well as similar taxes applicable to foreign branches, is considered to be an expense and is recognised under the heading "Tax expense or income related to profit or loss from continuing operations" in the income statement, except when it arises as a result of a transaction that has been directly recognised in the statement of equity, in which case it is recognised directly in the latter.

The total corporation tax expense is equivalent to the sum of current tax, calculated by applying the relevant levy to taxable income for the year (after applying fiscally admissible deductions and benefits), and the variation in deferred tax assets and deferred tax liabilities recognised in the income statement.

Taxable income for the year may be at variance with the income for the year shown in the income statement, as it excludes items of income or expenditure that are taxable or deductible in other years as well as items that are non-taxable or non-deductible.

Deferred tax assets and deferred tax liabilities relate to taxes expected to be payable or recoverable arising from differences between the carrying amounts of the assets and liabilities appearing in the financial statements and the related tax bases ("tax value"), as well as tax losses carried forward and unused tax credits that might be offset or applied in the future. They are calculated by applying to the relevant timing differences or tax credits the tax rate at which they are expected to be recovered or settled (see Note 35).

A deferred tax asset, such as a tax prepayment or a credit in respect of a tax deduction or tax benefit, or a credit in respect of tax losses carried forward, is recognised provided that the tax group is likely to obtain sufficient future taxable profits against which the tax asset can be realised, and that these are not derived from the initial recognition (except in a business combination) of other assets and liabilities in an operation that does not affect either the tax result or the accounting result.

Deferred tax assets arising due to deductible timing differences resulting from investments in subsidiaries, branches and associates, or from equity interests in joint ventures, are only recognised insofar as that difference is expected to be reversed due to the dissolution of the company.

Deferred tax liabilities arising from timing differences associated with investments in subsidiaries and associates are recognised in the accounts unless the Bank is capable of determining when the timing difference will reverse and, in addition, such a reversal is unlikely.

The "Tax assets" and "Tax liabilities" on the balance sheet include all tax assets and tax liabilities, differentiating between current tax assets/liabilities (to be recovered/paid in the next twelve months) and deferred tax assets/liabilities (to be recovered/paid in future years).

Income or expenses recognised directly in the statement of equity that do not affect profits for tax purposes, and income or expenses that are not recognised directly and do affect profits for tax purposes, are recorded as timing differences.

At each year-end closing, recognised deferred tax assets and liabilities are reviewed to ascertain whether they are still current and to ensure that there is sufficient evidence of the likelihood of generating future tax profits that will allow them to be realised, in the case of assets, adjusting them as required.

To conduct the aforesaid review, the following variables are taken into account:

- Forecasts of results of each Spanish tax group and of all other entities, based on the financial budgets approved by the Bank's directors for a five-year period, subsequently applying constant growth rates similar to the mean long-term growth rates of the sector in which the various companies of the group operate;
- Estimate of the reversal of timing differences on the basis of their nature;
- The period or limit set forth by prevailing legislation in each country for the reversal of the different tax assets.

Tax on net interest and commission income of certain financial institutions

Final Provision Nine of Law 7/2024 of 20 December established a tax on the net interest and commission income of certain financial institutions (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC). This tax, which is direct and progressive, is levied on the net interest and commission income arising from the activity in Spain of credit institutions, financial credit establishments and branches of foreign credit institutions obtained, respectively, in the tax periods beginning in the years 2024, 2025 and 2026. In terms of the tax rate, this is established on a scale which, after reducing the tax base by 100 million euros, includes five brackets: 1%, 3.5%, 4.8%, 6% and 7% (maximum rate applicable to the taxable base above 5 billion euros). 25% of the net corporation tax for the same tax period will be deducted from the total amount resulting from the above scale, thereby obtaining the net tax payable, to which an extraordinary deduction will be applied, indexed to the taxpayer's total Return on Assets (ROA), where this is below 0.7%.

The amount corresponding to the accrual of the tax on net interest and commission income (IMIC) in the year was recorded under the heading "Tax expense or income related to profit or loss from continuing operations" in the income statement (see Note 35).

1.3.19 Statement of recognised income and expenses

This statement sets out the recognised income and expenses resulting from the Bank's activity during the year, distinguishing between items recognised as profit or loss in the income statement and those recognised directly in equity.

1.3.20 Statement of total changes in equity

This statement sets out all changes in equity, including those arising from accounting changes and corrections of errors. It sets out a reconciliation of the carrying amount at the beginning and end of the year of all items that comprise equity, grouping changes together by type in the following items:

- Adjustments due to changes in accounting criteria and corrections of errors: includes changes in equity that arise as a result of the retroactive restatement of financial statement balances, distinguishing between those that arise from changes in accounting criteria and those that correspond to the correction of errors.

- Total recognised income and expenses: includes, in aggregate form, the total of items recognised in the aforesaid financial statements of the Bank.

- Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, transactions with own equity instruments, payments with own equity instruments, transfers between equity items and any other increase or decrease of equity.

1.3.21 Cash flow statement

Cash flow statements have been prepared using the indirect method, in such a way that, based on the Bank's profit or loss, the non-monetary transactions and all types of deferred payment items and accruals which have been or will be the cause of operating income and expenses have been taken into account, in addition to the income and expenses associated with cash flows from activities classified as investing or financing activities.

No situations requiring the application of significant judgements to classify cash flows have arisen during the year.

There have been no significant transactions that have generated cash flows not reflected in the cash flow statements.

1.4 Comparability

The information contained in these annual financial statements corresponding to 2024 is provided solely and exclusively for purposes of comparison against the information for the year ended 31 December 2025 and therefore does not constitute the Bank's annual financial statements for 2024.

Agreement on the sale of the subsidiary TSB Banking Group plc

As described in Note 12, following receipt of a binding offer from Banco Santander, S.A. (hereinafter, Banco Santander) to acquire TSB Banking Group plc (hereinafter, TSB), the Board of Directors of Banco Sabadell, at its meeting of 1 July 2025, agreed to submit the offer for approval at an Extraordinary General Meeting, at which, on 6 August 2025, shareholders approved the sale of all shares representing the share capital of TSB to Banco Santander.

In accordance with the applicable accounting standards, the balances of assets corresponding to the investment in TSB, as well as other balances of assets and liabilities linked to TSB and its subsidiary undertakings, were reclassified from their corresponding headings to the headings "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale", respectively, in the balance sheet. Similarly, the profit or loss generated by these companies in 2025 is presented under the heading "Profit or loss after tax from discontinued operations" of the income statement and under the heading "Other comprehensive income – Items that may be reclassified to profit or loss – Non-current assets and disposal groups held for sale" of the statement of recognised income and expenses for that year, in the case of income and expense recognised directly in equity. In addition, with the aim of facilitating comparison between different financial years, the profit or loss corresponding to 2024 contributed by these discontinued operations has been reclassified to the aforesaid heading of the income statement and to the aforesaid heading of the statement of recognised income and expenses for the aforesaid year (see Note 12).

Strategic agreement between Banco Sabadell and Nexi S.p.A.

As indicated in Note 2, in October 2025 the Bank and Nexi S.p.A. (hereinafter, Nexi) terminated the agreement for the sale of Paycomet, S.L.U., severing the strategic partnership for the merchant acquiring business signed by both parties on 27 February 2023, thereby extinguishing the commitments undertaken by the parties.

As a result of the agreement to terminate their partnership, the Bank considers that, as at 31 December 2025, the criteria established by accounting regulations to account for the shareholding in the subsidiary undertaking Paycomet, S.L.U. as a non-current asset held for sale are no longer applicable.

Therefore, as at 2025 year-end this shareholding has been removed from the heading "Non-current assets and disposal groups classified as held for sale" and reclassified under the heading "Investments in subsidiaries, joint ventures and associates - Subsidiaries" of the balance sheet. Furthermore, the information corresponding to 2024 that appears in these annual financial statements has been restated, such that it is presented as if no sale agreement had been reached in relation to this business.

1.5 Other information (tender offer)

Proposed merger and voluntary tender offer for the acquisition of shares of Banco Sabadell put forward by Banco Bilbao Vizcaya Argentaria, S.A.

In an Inside Information disclosure dated 30 April 2024, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,227, Banco Sabadell confirmed that it had received, on that same day, an indicative written proposal from Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for a merger (the Proposal). It also advised that the Board of Directors of Banco Sabadell would properly analyse all aspects of the Proposal.

Further to the aforementioned Inside Information disclosure, on 6 May 2024, through a separate Inside Information disclosure entered in the CNMV's register under number 2,234, Banco Sabadell submitted a press release on the decisions taken by its Board of Directors on that date, informing that Banco Sabadell, in fulfilment of its duties and with the assistance of financial advisors and a legal advisor, had carefully considered the Proposal and believed that it significantly undervalued the potential of Banco Sabadell and its standalone growth prospects. The press release also stated that the Board of Directors was highly confident in Banco Sabadell's growth strategy and its financial targets and was of the view that Banco Sabadell's standalone strategy would create superior value for its shareholders. Therefore, based on the detailed assessment of the Proposal, the Board of Directors had concluded that it was not in the best interest of Banco Sabadell and its shareholders and had therefore rejected BBVA's Proposal; this decision was, moreover, thought to be aligned with the interest of Banco Sabadell's customers and employees.

Furthermore, as part of its strong commitment to shareholder value creation and supported by the Company's business plan and solid capital generation, the Board of Directors reiterated its commitment to distribute, on an ongoing basis, any excess capital above the 13% CET1 ratio[2] to its shareholders and reported that the total amount of excess capital to be generated over 2024 and 2025, together with recurrent dividends during this period according to successful completion of the current business plan, was projected to be 2.4 billion euros[3], with part of the distribution to shareholders potentially subject to supervisory approval.

In addition, on 8 May 2024, through an Inside Information disclosure entered in the CNMV's register under number 2,240, with regard to the news published in the press on that same day, and to ensure that the market had complete and transparent information in respect thereto, the Bank published the verbatim text of the communication which, without any prior contact or exchange between the parties, was received by the Chairman of the Board of Directors of Banco Sabadell from the Chairman of the Board of Directors of BBVA on 5 May 2024. In that communication, the Chairman of BBVA's Board of Directors stated that, in connection with the terms of the proposed merger, BBVA had no room to improve its economic terms.

On 9 May 2024, BBVA sent the CNMV the prior announcement of a tender offer for the acquisition of all shares issued by Banco Sabadell, conditional upon its acceptance by 50.01% of the share capital of Banco Sabadell (subsequently amended to acceptance of the tender offer for a number of shares that allows BBVA to acquire, at least, more than half of the effective voting rights of Banco Sabadell, excluding any treasury shares held by Banco Sabadell at that time, which BBVA undertakes to redeem at the bank's first General Meeting of Shareholders following the tender offer), further conditional upon approval by BBVA's shareholders at their General Meeting of the increase of its share capital through the issuance of new ordinary shares with non-cash contributions in an amount sufficient to fully cover the consideration offered, and further conditional upon obtaining authorisation by the National Markets and Competition Commission (CNMC) in Spain and by the Prudential Regulation Authority (PRA) in the United Kingdom. The transaction also required approval by the CNMV and a statement of non-opposition from the European Central Bank.

On 24 May 2024, BBVA filed an application for authorisation of the tender offer with the CNMV, which was admitted for processing by the latter on 11 June 2024. The aforesaid offer initially consisted of one newly issued BBVA share for every 4.83 shares of Banco Sabadell.

[2] The 13% is set in terms of fully-loaded CET1, applying the output floor's regulatory implementation timeline.

[3] Subsequently, in July 2024, Banco Sabadell updated its estimation of the shareholder remuneration amount to be paid out of earnings for 2024 and 2025, informing the market that the expected amount had been changed from the 2.4 billion euros announced on 6 May 2024 to 2.9 billion euros (which included the 250 million euros of the portion of Banco Sabadell's share buyback programme that remained pending execution after that programme was suspended on 13 May 2024 following publication of the prior announcement of the tender offer, as well as an additional 250 million euros stemming from the smaller-than-expected impact of Basel IV). Similarly, at its meeting of 6 February 2025, the Board of Directors updated its estimated total shareholder remuneration amount against earnings of 2024 and 2025 to 3.3 billion euros. Subsequently, at its meeting of 7 May 2025, the Board of Directors updated, once again, its estimated total shareholder remuneration amount to be paid for out of earnings of 2024 and 2025 to 3.4 billion euros. Later, at its meeting of 23 July 2025, the Board of Directors agreed to set the target for total shareholder remuneration against earnings from 2025 to 2027 (including an extraordinary dividend of 0.5 euros per share conditional on completion of the sale of TSB Banking Group plc) at 6.3 billion euros. Finally, on 30 September 2025 the Board of Directors agreed to raise the target for total shareholder remuneration against earnings from 2025 to 2027 to 6.45 billion euros.

On 5 July 2024, at the BBVA Extraordinary General Shareholders' Meeting, shareholders approved an increase of its share capital through the issuance of ordinary shares, up to a maximum nominal amount of 551,906,524.05 euros, with non-cash contributions in order to cover the consideration in kind of the voluntary tender offer put forward by BBVA for the acquisition of up to 100% of Banco Sabadell's shares.

Subsequently, in September 2024, BBVA obtained authorisation from the UK's Prudential Regulation Authority (PRA) for the acquisition of indirect control over TSB and the ECB's decision not to oppose the takeover of Banco Sabadell.

On 1 October 2024, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 30,745 announcing the adjustment of the consideration under the tender offer in the terms set forth in section 8 of the prior announcement of the offer, establishing, as from 10 October 2024 and following payment by Banco Sabadell and BBVA of their respective interim cash dividends charged to 2024, an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.0196 ordinary shares of Banco Sabadell held by shareholders that accept the offer.

On 28 March 2025, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 33,736 announcing an adjustment of the consideration under the tender offer as a result of Banco Sabadell's final dividend charged to earnings for 2024, establishing, as from 26 March 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.3456 ordinary shares of Banco Sabadell held by shareholders that accept the offer. In addition, it announced a further adjustment of the exchange ratio as a result of BBVA's final dividend charged to earnings for 2024, establishing, as from 8 April 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.70 euros in cash for every 5.3456 ordinary shares of Banco Sabadell held by shareholders that accept the offer.

On 30 April 2025, the CNMC's Board approved the economic concentration between BBVA and Banco Sabadell in phase two, subject to certain commitments undertaken by BBVA. Subsequently, on 24 June 2025, the Spanish Council of Ministers authorised the aforementioned concentration in phase three, with a condition additional to the BBVA commitments previously accepted by the CNMC. This condition was based on various criteria of public interest.

On 29 August 2025, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 36,496 announcing an adjustment of the tender offer consideration as a result of Banco Sabadell's interim dividend charged to earnings for 2025, establishing, as from 27 August 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.70 euros in cash for every 5.5483 ordinary shares of Banco Sabadell held by shareholders that accept the offer.

The tender offer was authorised by the CNMV on 5 September 2025. On 11 September 2025, the Board of Directors of Banco Sabadell approved its mandatory report on the offer, recommending shareholders of Banco Sabadell not to accept the tender offer.

Subsequently, on 22 September 2025, the CNMV authorised the amendment of the tender offer conditions agreed by BBVA, setting the tender offer consideration at one newly issued ordinary share of BBVA for every 4.8376 ordinary shares of Banco Sabadell held by shareholders taking up the offer. On 30 September 2025, the Board of Directors of Banco Sabadell approved its mandatory report on the amended offer, once again recommending shareholders of Banco Sabadell not to accept the tender offer.

Finally, following the end of the acceptance period, on 16 October 2025 the CNMV announced that the tender offer had failed after a sufficient number of Banco Sabadell shareholders chose not to accept it, thereby rendering the offer null and void.

Note 2 – Shareholder remuneration and earnings per share

Set out below is the proposed distribution of the profits earned by Banco de Sabadell, S.A. in 2025, which the Board of Directors will submit to shareholders for approval at the Annual General Meeting, together with the proposed distribution of profits earned by Banco de Sabadell S.A. in 2024, which was approved by shareholders at the Annual General Meeting of 20 March 2025:

Thousand euro

	2025	2024
To cash dividends (*)	699,664	1,095,867
To Canary Islands investment reserve	283	145
To voluntary reserves	1,011,866	409,803
Profit for the year of Banco de Sabadell, S.A.	**1,711,813**	**1,505,815**

(*) In 2025, corresponds to interim dividends paid against earnings in the year, described below.

At its meeting held on 23 July 2025, the Board of Directors of Banco Sabadell agreed to distribute an initial interim dividend in cash, to be paid out of its 2025 earnings, of 0.07 euros (gross) per share, which was paid on 29 August 2025 for a total amount of 349,821 thousand euros.

At its meeting of 30 September 2025, the Board of Directors of Banco Sabadell also agreed to distribute a second interim dividend in cash, to be paid out of its 2025 earnings, of 0.07 euros (gross) per share, which was paid on 29 December 2025 for a total amount of 349,843 thousand euros.

In fulfilment of the mandatory requirement indicated in Article 277 of Spain's Capital Companies Act (*Ley de Sociedades de Capital*), the provisional statements of accounts provided below demonstrate the existence of sufficient liquidity and profit at the time the aforesaid interim dividends were approved:

Thousand euro

Available for the distribution of dividends according to the provisional statement as at:	30/09/2025	30/06/2025
Banco Sabadell profit as at the date indicated, after provisions for taxes	1,417,989	1,134,837
Estimated statutory reserve	—	—
Estimated Canary Islands investment reserve	96	26
Maximum amount available for distribution	1,417,893	1,134,811
Proposed amount previously distributed	349,821	—
Interim dividend proposed (*)	349,818	358,382
Cash balance available at Banco de Sabadell, S.A. (**)	14,835,742	20,587,644

(*) Estimated amount based on the number of shares outstanding as at the reference date.

(**) Includes the balance of the heading "Cash, cash balances at central banks and other demand deposits" as at the reference date.

At its meeting of 5 February 2026 and in accordance with Banco Sabadell's shareholder remuneration policy, the Board of Directors of Banco Sabadell, after obtaining prior authorisation from the European Central Bank, agreed to set up two share buyback programmes to repurchase treasury shares for their subsequent redemption, up to a maximum aggregate amount of 800 million euros.

To that end, the Board of Directors approved the allocation of a maximum of 435 million euros to the first share buyback programme, equivalent to excess capital above the fully-loaded CET1 ratio of 13% applying the regulatory implementation timeline of the output floor on a consolidated basis. The execution of this programme began on 9 February 2026.

Furthermore, the Board of Directors decided to allocate a maximum of 365 million euros to the second share buyback programme, equivalent to the difference between 60% of the net profit attributed to the Group for 2025 (the payout ratio at the top end of the range established in the shareholder remuneration policy) and the cash dividends paid out of 2025 earnings. Execution of this second buyback programme will commence upon completion of the first one and following the Annual General Meeting, at which the Board of Directors will submit for approval the financial year results and their allocation as well as a capital reduction through the redemption of the repurchased shares. The terms and conditions of the buyback programme will be announced separately prior to its commencement.

In accordance with the foregoing, shareholder remuneration in 2025 will amount to 1.5 billion euros, of which 700 million euros have been distributed in the form of interim cash dividends, equivalent to 0.14 euros (gross) per share, and 800 million euros correspond to the two share buyback programmes described above.

With regard to remuneration for 2024, at its meeting of 6 February 2025, the Board of Directors of Banco Sabadell submitted a proposal to shareholders at the Annual General Meeting concerning the distribution of a final cash dividend of 0.1244 euros (gross) per share to be paid out of 2024 earnings, which was approved at the Annual General Meeting on 20 March 2025 and paid out in the same month. Previously, the Board of Directors of Banco Sabadell had agreed, on 22 July 2024, to distribute an interim dividend in cash, to be paid out of its 2024 earnings, of 0.08 euros (gross) per share, which was paid on 1 October 2024. As a result, earnings on cash dividends charged to 2024 profits reached 0.2044 euros (gross) per share.

Taking into account the two share buyback programmes carried out in 2025 described in this Note, total shareholder remuneration in 2024 amounted to 2,098 million euros, of which 1,096 million euros (0.2044 euros (gross) per share) corresponded to the cash dividend and 1,002 million euros to share buyback programmes (which included 247 million euros corresponding to the treasury share buyback programme approved by shareholders at the Annual General Meeting of April 2024 and subsequently temporarily suspended due to the publication of the announcement of the tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A. (see Note 1.5)).

Extraordinary dividend subject to the sale of TSB Banking Group plc

On 1 July 2025, the Board of Directors of Banco Sabadell agreed to submit a proposal for consideration by shareholders at an Extraordinary General Meeting, held on 6 August 2025, in which they approved the distribution of an extraordinary cash dividend in the amount of 50 euro cents (gross) for each Banco Sabadell share entitled to receive it, charged against unrestricted voluntary reserves.

That extraordinary dividend is conditional upon closing the sale of the subsidiary TSB Banking Group plc (see Note 12) and, if closed, it will be paid on the last business day of the month immediately following that in which the transaction price is paid, without exceeding a period of 12 months from the date on which shareholders approved the resolution during the Extraordinary General Meeting.

The distribution of this dividend is independent of and without prejudice to any other shareholder remuneration formulas that may be approved by Banco Sabadell charged to or on account of its results, or even without a direct link to profit, in accordance with the shareholder remuneration policy in force.

Share buyback programmes

Share buyback programme in 2025

At the Annual General Meeting of 20 March 2025, after having received prior authorisation from the competent authority, shareholders agreed to reactivate the share buyback programme for a cash amount of up to 340 million euros originally approved by the Board of Directors on 24 April 2024. At the aforesaid Annual General Meeting, shareholders agreed to approve that share buyback programme in the amount of 247 million euros (the "reactivated buyback programme").

Similarly, after having obtained prior authorisation from the competent authority, at that same Annual General Meeting of 20 March 2025, shareholders approved another share buyback programme in the amount of 755 million euros, in line with the commitment established by Banco Sabadell's Board of Directors to distribute any excess capital above the target of 13%[4] to shareholders.

On 28 March 2025, Banco Sabadell gave notice, through an Other Relevant Information disclosure entered in the CNMV's register under number 33,739, of the commencement, on 31 March 2025, of the reactivated buyback programme, in accordance with the provisions of Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

On 8 May 2025, Banco Sabadell gave notice, by means of an Other Relevant Information disclosure, entered in the CNMV's register under number 34,671, of completion of the execution of the reactivated buyback programme, as the aforesaid maximum pecuniary amount of 247 million euros had been reached, having acquired 99,460,820 treasury shares with a par value of 0.125 euros each, representing approximately 1.85% of Banco Sabadell's share capital.

On 29 May 2025, Banco Sabadell's Board of Directors agreed to reduce the Bank's share capital by 12,432,602.50 euros through the redemption, charged to unrestricted reserves, of all the treasury shares acquired under the reactivated buyback programme mentioned in the previous paragraph. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by shareholders during the aforesaid Annual General Meeting of 20 March 2025 (see Note 22).

[4] The 13% is set in terms of fully-loaded CET1, applying the output floor's regulatory implementation timeline.

On that same day, 8 May 2025, Banco Sabadell gave notice, through an Other Relevant Information disclosure entered in the CNMV's register under number 34,672, in accordance with that provided in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, of the terms and commencement, on 9 May 2025, of the other share buyback programme approved by shareholders at the aforesaid Annual General Meeting of 20 March 2025, for a maximum amount of 755 million euros, with the aim of reducing Banco Sabadell's share capital by redeeming the treasury shares acquired in execution of the aforesaid capital reduction approved at the Annual General Meeting, thereby contributing to the remuneration of shareholders of Banco Sabadell by means of the increase in earnings per share that is inherent to the reduction in the number of shares.

Starting on 12 May 2025, Banco Sabadell released weekly Other Relevant Information disclosures to report the mandatory information regarding the treasury share transactions carried out under the aforesaid buyback programme, as well as the amount paid for the repurchased shares. It continued to do this until 4 August 2025, when Banco Sabadell released an Other Relevant Information disclosure, entered in the CNMV register under number 36,309, announcing completion of the share buyback programme, as the aforesaid maximum pecuniary amount of 755 million euros had been reached, having acquired 264,551,530 treasury shares with a par value of 0.125 euros each, representing approximately 5.003% of Banco Sabadell's share capital.

On 5 August 2025, Banco Sabadell's Board of Directors agreed to reduce the Bank's share capital by 33,068,941.25 euros through the redemption, charged to unrestricted reserves, of all the treasury shares acquired under the buyback programme mentioned in the previous paragraph. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by the shareholders at the aforesaid Annual General Meeting of 20 March 2025 (see Note 22).

Share buyback programme in 2024

At the Annual General Meeting of Banco Sabadell held on 10 April 2024, shareholders approved a resolution to reduce share capital by the par value of any treasury shares that may be acquired by Banco Sabadell by virtue of a share buyback programme, against earnings for 2023, for a maximum amount of 340 million euros.

Subsequently, on 25 April 2024, Banco Sabadell announced, through an Inside Information disclosure entered in the CNMV's register under number 2,203, the terms and commencement date of the treasury share buyback programme approved by the Board of Directors on 24 April 2024, in accordance with that provided in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

On 13 May 2024, pursuant to the request received from the CNMV on that same date, Banco Sabadell released an Other Relevant Information disclosure, entered in the CNMV's register under number 28,561, giving notice of the interim suspension of the aforementioned share buyback programme in light of the publication of the prior announcement of the voluntary tender offer put forward by BBVA for the acquisition of Banco Sabadell shares representing its total share capital (see Note 1.5).

The operation of the buyback programme was discontinued before the opening of the session of 9 May 2024, the amount paid for the shares purchased under the buyback programme up to (and including) 8 May 2024 being 92,864,152.55 euros, representing approximately 27.31% of the maximum pecuniary amount of the buyback programme, therefore approximately 72.69% of the said maximum amount remains to be executed.

At its meeting of 29 January 2025, the Bank's Board of Directors agreed to partially execute the capital reduction resolution approved by shareholders at the Annual General Meeting on 10 April 2024, in the amount of 6,566,420.625 euros, through the redemption of the 52,531,365 shares acquired by virtue of the aforesaid buyback programme up to the time of its suspension. The aforesaid resolution already envisaged the possibility of it not being executed or only partially executed due to unforeseen circumstances. The public deed corresponding to the capital reduction was entered in the Companies Register of Barcelona on 27 February 2025, that reduction being thus completed and the redeemed shares delisted (see Note 22).

Earnings per share

Basic earnings (or loss) per share are calculated by dividing the net profit or loss attributed to the Group, adjusted by the remuneration of other equity instruments, by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares acquired by the Group. Diluted earnings (or loss) per share are calculated by applying adjustments for the estimated effect of all potential conversions of ordinary shares to the net profit or loss attributed to the Group and to the weighted average number of ordinary shares outstanding.

The Group's earnings per share calculations are shown below:

	2025	2024
Profit or loss attributable to owners of the parent (thousand euro)	1,775,411	1,826,805
Adjustment: Remuneration of other equity instruments (thousand euro)	(145,625)	(98,155)
Profit or loss attributable to owners of the parent, adjusted (thousand euro) (A)	1,629,786	1,728,650
Of which: Profit or loss after tax from discontinued operations (thousand euro) (B)	383,094	356,954
Weighted average number of ordinary shares outstanding (*)	5,151,808,377	5,376,450,440
Assumed conversion of convertible debt and other equity instruments	—	—
Weighted average number of ordinary shares outstanding, adjusted (C)	5,151,808,377	5,376,450,440
Earnings (or loss) per share (euro)	**0.32**	**0.32**
Earnings (or loss) per share from continuing operations (euro) (A-B)/C	0.25	0.25
Earnings (or loss) per share from discontinued operations (euro) B/C	0.07	0.07

(*) Average number of shares outstanding, excluding the average number of own shares held in treasury stock during the year.

As at 31 December 2025 and 2024, there were no other financial instruments or share-based commitments with employees with a significant impact on the calculation of diluted earnings (or loss) per share for the periods presented. For this reason, basic earnings (or loss) per share coincide with diluted earnings (or loss) per share.

Note 3 – Risk management

Throughout 2025, Banco Sabadell Group has continued to strengthen its risk management and control framework by making improvements in accordance with supervisory expectations and market trends.

Bearing in mind that Banco Sabadell Group takes risks during the course of its activity, good management of these risks is a central part of the business. The Group has established a set of principles, set out in policies and rolled out through procedures, strategies and processes, which aim to increase the probability of achieving the strategic objectives of the Group's various activities, facilitating management in an uncertain environment. This set of principles is called the Global Risk Framework.

3.1. Macroeconomic, political and regulatory environment

Macroeconomic environment

When managing risks, the Group considers the macroeconomic environment. The most salient aspects of 2025 are set out below:

- The Trump administration's agenda shaped the course of the main events that took place in the global economic environment in 2025, with a tougher stance on the trade war and less support for multilateral institutions.
- In terms of the trade war, the United States raised its effective tariff rate above 10%, in contrast to the 2024 rate of below 2.5%, with certain aggressive sector-specific measures (e.g. on the automotive, steel and aluminium industries).
- The ongoing geopolitical conflicts remained unresolved. In the Middle East, Israel attacked Iranian nuclear infrastructures with the support of the United States. Furthermore, the United States agreed on a peace plan for Gaza with Israel, although its implementation soon stalled, with no definitive cease-fire and with no agreements with Hamas.

- In Ukraine, the conflict intensified, with aggressive Russian attacks to which Ukraine responded by targeting energy infrastructures, while Russia resorted to hybrid warfare, launching cyberattacks and drone incursions in Europe. Against this backdrop, the North Atlantic Treaty Organization (NATO) increased its defence spending target to 5% of GDP in ten years. Europe launched a defence strategy with fiscal mechanisms to make investments easier.

- Global economic growth showed resilience, and trade-related uncertainty and geopolitics had only a limited impact. This was due to trade flows being brought forward ahead of the tariff increases, the scant countermeasures adopted against the United States, the resilience of emerging countries, and the boost associated with the deployment of artificial intelligence.

- Spain's economy grew by around 3%, outperforming the Eurozone, driven by population growth, the Next Generation EU funds, and low interest rates.

- The emerging economies benefited from trade fragmentation and favourable financial conditions. China introduced measures to drive domestic consumption and thereby strengthen economic growth, despite tensions with the United States and a weak real estate sector. On a more negative note, Mexico recorded worse performance, due to a restrictive monetary policy and tax consolidation.

- Inflation ceased to be a worldwide concern. It remained high in the United States and the United Kingdom, while in the Eurozone it stayed in line with the target pursued by the ECB.

- In Spain, inflation dropped slightly from the previous year, although in the last few months it reached relatively high levels (of around 3.0% year-on-year), influenced by the energy component.

- Central banks continued to cut interest rates but adopted a cautious tone in the face of considerable uncertainty related to the global context.

- The ECB cut its deposit facility rate by a total of 100 basis points to 2.00%, in a context in which inflation was close to the target level. Furthermore, the ECB continued to reduce its bond holdings, ceasing to reinvest the proceeds of maturing bonds.

- The Federal Reserve (Fed) cut its Fed funds rate target by 75 basis points to 3.50-3.75%, given the deterioration of the labour market. In addition, the Fed announced that it would be putting an end to its quantitative tightening on 1 December 2025.

- The Bank of England continued with its rate cut cycle, introducing four 25 basis point cuts to bring its base rate down to 3.75%.

- Despite geopolitical and trade tensions, financial markets remained robust, underpinned by the resilience of the economy, expectations of interest rate cuts, solid corporate earnings, and the enthusiasm surrounding advancements in artificial intelligence.

- Long-term government bond yields remained at high levels, with some divergence between regions. While in the United States long-term yields dipped due to expectations of cuts to official interest rates, in Germany they rose against a backdrop of increased tax expenditure.

- The risk premiums on sovereign debt of European periphery countries stood at levels below those seen at the end of 2024, backed by the positive actions of credit rating agencies. Standard & Poor's, Fitch and Moody's upgraded the credit ratings on Spanish government bonds to A+, A and A-, respectively.

- Questions about the state of the public finances were one of the key focal points of the financial markets, especially in the United Kingdom and France. In the case of the latter, the risk premium spiked in the face of considerable political uncertainty, the poor shape of its public finances, and its rating downgrades.

- The US dollar, which had started the year on a strong note following Trump's electoral win, underwent a sharp depreciation following Liberation Day, driven by the recalibration of expectations regarding the Fed funds rate, and by Trump's erratic policy, which produced an increase in hedges to protect against the dollar's depreciation. In the second half of the year, the exchange rate became more stable and ended the year at close to 1.17 US dollars per euro.

- The pound sterling, in its currency pair with the euro, depreciated by just over 5%, partially influenced by tax risk in the United Kingdom.

- In the financial markets of emerging countries, sovereign risk premiums slid downwards, in a context in which inflation remained contained. Emerging currencies performed well, and economic activity proved resilient. This allowed many of these economies to move ahead with their monetary easing cycles.

- The situation for the Spanish and European banking industries continued to improve. Spanish banks stood out in a positive light within Europe in terms of their profitability and, although their CET1 capital ratios remained below the European average, they showed strength in other solvency metrics.

- In a context of bank deregulation spearheaded by the United States, the European financial authorities adopted a stance in favour of simpler bank regulation, but without going as far as deregulation and ensuring the financial stability and solidity of the banking sector. Supervisors continued to focus on the implications of the geopolitical landscape for banks.

Political and regulatory environment

European drive for competitiveness and regulatory simplification

In a context marked by calls for simpler regulations by European institutions, the European Commission unveiled its European Competitiveness Compass on 29 January 2025. The main aim of this proposition is to restore and boost the competitiveness of the European Union, building on the recommendations set out in the Draghi and Letta reports. The initiative places particular emphasis on the need to alleviate the regulatory and administrative burden placed on companies, through the simplification of rules and laws as a strategic means of boosting economic growth and operating efficiency.

In line with this approach, on 26 February 2025 the European Commission adopted the legislative proposal known as "Omnibus I", which aims to simplify existing legislation in the field of sustainability, reduce administrative burdens and boost the competitiveness of European companies.

Later, on 17 June 2025, the Commission unveiled the "Defence Readiness Omnibus" package, an ambitious initiative that extends the regulatory simplification approach to the defence sector.

The European Commission is also spearheading the Savings and Investments Union (SIU) initiative, which aims to create better financial opportunities for citizens by more efficiently channelling savings into productive investments. As a first step in the legislation required by this initiative, a package of measures aimed at revitalising the securitisations market was unveiled on 17 June 2025. This package includes amendments to the securitisation regulation, adjustments to the prudential treatment, and changes to the Liquidity Coverage Ratio (LCR) Delegated Regulation.

On 30 September 2025, the European Commission presented a specific strategy focusing on savings and investment accounts. This strategy seeks to improve citizens' access to more profitable financial products, boost investor participation in capital markets, and enhance financial literacy in the European Union. With this, the goal is to more efficiently channel private savings into productive investments, thereby contributing to economic growth and the financial resilience of European households.

In addition, on 19 November 2025, the European Commission adopted the legislative proposal known as "Digital Omnibus", which aims to simplify and harmonise the digital regulatory framework of the EU, reduce administrative burdens, and improve competitiveness through technical adjustments to multiple rules related to data, privacy and cybersecurity.

3.2 Key milestones during the year

3.2.1 The Group's risk profile during the year

The following milestones have been achieved in relation to Banco Sabadell Group's risk profile during 2025:

I. Non-performing assets:

- During 2025, non-performing assets were reduced by 877 million euros. The NPL ratio for the year stood at 2.37% compared to 2.84% in 2024.

II. Lending performance:

- Gross performing loans granted to customers ended the year 2025 with a balance of 160,708 million euros, increasing by 2.4% over the year.

- In Spain, gross performing loans (including foreign branches) increased by 4.9% year-on-year, growing across all segments, but particularly in the mortgages and consumer loans portfolio.
- In TSB, at a constant exchange rate, gross performing loans remained stable.
- In Mexico, at a constant exchange rate, gross performing loans were up 23.5% in year-on-year terms.

III. Concentration:

- From a sectoral point of view, the loan portfolio is diversified and has limited exposure to the sectors most sensitive to the current economic environment.
- Similarly, in terms of individual concentration, the risk metrics relating to concentrations of large exposures show a stable trend and remain within the Group's risk appetite level. The sectoral credit score has also remained stable and within the Group's appetite level.
- Geographically speaking, the portfolio is positioned in dynamic regions, both in Spain and worldwide. International exposures account for 36% of the loan book.

IV. Strong capital position:

- The phase-in CET1 ratio stood at 13.16% as at 2025 year-end compared to 13.03% in 2024.
- The Total Capital ratio stood at 18.23% as at the end of 2025, thus remaining above the requirements for 2026 with an MDA buffer of 390 basis points. The Leverage ratio stood at 5.40%.

V. Sound liquidity position:

- The short-term Liquidity Coverage Ratio (LCR) stood at 186% (compared with 210% at the end of 2024), with total liquid assets of 61,331 million euros (60,589 million euros as at the end of 2024).

3.2.2 Strengthened credit risk management and control environment

In terms of the economic landscape, in 2025 further interest rate cuts were introduced in the main economies, following the cycle of monetary tightening. The ECB's policy of easing interest rates alleviated the financial burden of households and firms. This came alongside more stable inflation, considerable gross domestic product growth, and an improvement in the macroeconomic indicators linked to the job market and to business and consumer confidence in Spain. In Mexico, the economy continued to display a certain amount of weakness, in a context of fiscal consolidation and a still-restrictive monetary policy.

However, 2025 was also a year that saw rising tensions and a considerable increase in geopolitical instability on a global scale, with noteworthy events including the imposition of tariffs by the Trump administration in the United States, the ongoing conflicts such as Russia's invasion of Ukraine, tensions in the Middle East, and the US interventionism in Latin America.

Internally, in relation to credit risk management, in 2025 the Institution continued to focus heavily on containing and reducing its cost of risk, in order to ensure compliance with the parameters laid down in its Strategic Plan. To that end, it continued to strengthen its control environment, focusing on managing and embedding the PD of new lending items into the business banking portfolio (especially SMEs), reviewing and updating credit risk frameworks and conducting the annual review of its Sector Guidance Strategy, in which the Institution defines its asset allocation strategy at the sub-sector level, an aspect that is particularly important in the current macroeconomic climate. All this translated into less severe effects on customer defaults and a significant reduction in new non-performing exposures.

In addition, credit risk management activities focused on growing the loan book in a healthy way. As an example of this, it is worth noting the evolution seen in the retail consumer loan portfolio in recent years, in relation to which, prior to the growth of volumes, actions were taken to improve credit risk assessment models, procedures and workflows so as to ensure the quality of new lending items. As a result, the Institution has significantly stepped up its origination of new loans of this portfolio, further underpinned by an improvement in its risk profile, with origination focused on pre-approvals. This same process is being replicated with some adaptations, and it is expected to have positive impacts on other segments, with growth in this regard already in evidence since 2024 in the retail mortgage book.

As for business loans, the Institution has also continued to strengthen its origination and monitoring processes. PD is an especially critical parameter in smaller segments, and so the risk origination and rollover process is more closely linked to the provisions and credit cost of risk of those segments. These actions continue to yield positive results for asset quality, and these are expected to gradually and progressively lead to a continuous improvement of the loan book's risk profile.

In terms of credit risk, efforts have continued to be made to strengthen the existing control environment, rolling out the risk strategy by establishing specific management and control frameworks for risks associated with lending granted to certain segments, sectors and geographies. These frameworks establish different policies, tools and asset allocation strategies depending on the type of risk and geography, which are aligned with the risk strategy, allowing new origination and growth of lending to be steered in order to optimise the long-term risk/reward ratio.

Furthermore, in 2025 the Group has strengthened its RAS framework, through first-, second- and third-tier metrics (including metrics specific to each portfolio), in order to establish targets/limits to monitor its existing stock and focus in particular on new origination.

3.3 General principles of risk management

Global Risk Framework

The Global Risk Framework aims to establish the common basic principles relating to the risk management and control activity of Banco Sabadell Group including, among other things, all actions associated with the identification, decision-making, measurement, assessment, monitoring and control of the different risks to which the Group is exposed. With the Global Risk Framework, the Group aims to:

- Take risks following a well-structured approach that is consistent throughout the Group.
- Foster an open and transparent culture in relation to risk management and control, encouraging the involvement of the entire organisation.
- Facilitate the decision-making process.
- Align the accepted risk with the risk strategy and the risk appetite.
- Understand the risk environment in which it operates.
- Ensure, following the guidelines of the Board of Directors, that critical risks are identified, understood, managed and controlled efficiently.

The Group's Global Risk Framework comprises the following elements:

- The Group's Global Risk Framework Policy.
- The Risk Appetite Framework (RAF) of the Group and subsidiaries.
- The Risk Appetite Statement (RAS) of the Group and subsidiaries.
- Specific policies for the various material risks to which the Group and its subsidiaries are exposed.

3.3.1 Global Risk Framework Policy

As an integral part of the Global Risk Framework, the Global Risk Framework Policy establishes the common principles for Banco Sabadell Group's risk management and control activities, including, among other things, all actions associated with the identification, decision-making, measurement, assessment, monitoring and control of the different risks to which the Group is exposed. These activities comprise the duties carried out by the various areas and business units of the Group as a whole.

Consequently, the Global Risk Framework Policy sets out a general framework for the establishment of other policies linked to risk management and control, determining core/common aspects that are applicable to the various risk management and control policies.

The Global Risk Framework is applied in all of the Group's business lines and entities, taking into account proportionality criteria in relation to their size, the complexity of their activities and the materiality of the risks taken.

Principles of the Global Risk Framework

For risk management and control to be effective, the Group's Global Risk Framework must comply with the following principles:

- Risk governance and involvement of the Board of Directors through the model of three lines of defence, among others.

  The risk governance arrangements established in the various policies that form part of the Global Risk Framework promote a sound organisation of risk management and control activities, categorising risk, defining limits and establishing clear responsibilities at all levels of the organisation through policies, procedures and manuals specific to each risk.

  Among other duties, the Board of Directors of Banco de Sabadell, S.A. is responsible for identifying the Group's main risks, and implementing and monitoring appropriate internal control and reporting systems, which include challenging and monitoring the Group's strategic planning and supervising the management of material risks and their alignment with the risk profile defined by the Group.

  Similarly, the equivalent bodies of the Group's various subsidiaries have the same level of involvement in risk management and control activities at the local level.

  The Group's risk governance arrangements are designed to organise risk management and control activities by means of the model of three lines of defence, granting independence, hierarchical authority and sufficient resources to the Risk Control function. In the same way, the governance model seeks to ensure that risk management and control processes offer an end-to-end vision of the phases involved.

- Alignment with the Group's business strategy, particularly through the implementation of the risk appetite throughout the entire organisation;

  Through the set of policies, procedures, manuals and other documents that comprise it, the Group's Global Risk Framework is aligned with the Group's business strategy, adding value, as it is designed to contribute to the achievement of objectives and improve medium-term performance. It is therefore embedded in key processes such as strategic and financial planning, budgeting, capital and liquidity planning and business management in general.

- Integration of the risk culture, focusing on aligning remuneration with the risk profile;

  Corporate culture and corporate values are key elements, as they strengthen the ethical and responsible behaviour of all members of the organisation.

  The Group's risk culture is based on compliance with the regulatory requirements applicable to it in all of its areas of activity, ensuring compliance with supervisory expectations and best practices in relation to risk management, monitoring and control.

  One of the priorities established by the Group is the maintenance of a sound risk culture in the aforesaid terms, on the understanding that this lays the groundwork for appropriate risk-taking, makes it easier to identify and manage emerging risks, and encourages employees to carry out their activities and engage in the business in a legal and ethical manner.

- A holistic view of risk that translates into the definition of a taxonomy of first- and second-tier risks based on their nature; and

  The Global Risk Framework, through the set of documents that comprise it, considers a holistic view of risk: it includes all risks, paying particular attention to the correlation between them (inter-risk) and within a single risk itself (intra-risk), as well as the effects of concentration.

- Alignment with the interests of stakeholders

  The Group regularly makes material disclosures to the public, so that market participants can maintain an informed opinion as to the suitability of the management and control framework for these risks, thus ensuring transparent risk management.

  Similarly, risks are managed and controlled with a view to safeguarding the interests of the Group and its shareholders at all times.

3.3.2 Risk Appetite Framework (RAF)

The risk appetite is a key element in setting the risk strategy, as it determines the scope of action. The Group has a Risk Appetite Framework (RAF) Policy that sets out the governance framework for its risk appetite.

Consequently, the RAF establishes the structure and mechanisms associated with the governance, definition, communication, management, measurement, monitoring and control of the Group's risk appetite established by the Board of Directors of Banco Sabadell.

Effective implementation of the RAF requires an adequate combination of policies, processes, controls, systems and procedures, not only to achieve a set of defined targets and objectives, but also to do so in an efficient and continuous way.

The Group's RAF covers all of its business lines and units, in accordance with the proportionality principle, and it is designed to enable suitably informed decisions to be made, taking into account the material risks to which it is exposed, including both financial and non-financial risks.

The RAF is aligned with the Group's strategy and with the strategic planning and budgeting processes, the internal capital and liquidity adequacy assessments, the Recovery Plan and the remuneration framework, among other things, and takes into account the material risks to which the Group is exposed, as well as their impact on stakeholders, such as shareholders, customers, investors, employees and the general public.

3.3.3 Risk Appetite Statement (RAS)

The RAS is a key element in determining the Institution's risk strategies. It establishes qualitative expressions and quantitative limits for the different risks that the Institution is willing to accept, or wishes to avoid, in order to achieve its business objectives. Depending on the nature of each risk, the RAS includes both qualitative aspects and quantitative metrics, which are expressed in terms of capital, asset quality, liquidity, profitability or any other measure deemed to be relevant. The RAS is therefore a key element in setting the risk strategy, as it determines the scope of action.

Qualitative aspects of the RAS

The Group's RAS includes the definition of a set of qualitative aspects, which essentially help to define the Group's position with regard to certain risks, especially when those risks are difficult to quantify.

These qualitative aspects complement the quantitative metrics, establish the general tone of the Group's approach to risk-taking and define the reasons for taking on or avoiding certain types of risks, products, geographical exposures and other matters.

Quantitative aspects of the RAS

The set of quantitative metrics defined in the RAS is intended to provide objective elements with which to compare the Group's situation against the goals or challenges proposed at the risk management level. These quantitative metrics follow a hierarchical structure, as established in the RAF, with three tiers: Board (or first-tier) metrics, Executive (or second-tier) metrics and Operational (or third-tier) metrics.

Each of these tiers has its own approval, monitoring and action arrangements that should be followed in the event a threshold is ruptured.

In order to gradually detect possible situations of deterioration of the risk position and thus enable improved monitoring and control, the RAS sets out a system of thresholds associated with the quantitative metrics. These thresholds reflect the desirable levels of risk for each metric, as well as the levels that should be avoided. A rupture of these thresholds can trigger the activation of remediation plans designed to rectify the situation.

These thresholds are established to reflect different levels of severity, making it possible to take preventive action before excessive levels are reached. Some or all of the thresholds will be established for a given metric, depending on the nature of that metric and its hierarchical level within the structure of RAS metrics.

3.3.4 Specific policies for the various material risks

The set of policies for each of the risks, together with the procedures and operational and conceptual manuals that form part of the body of regulations of the Group and its subsidiaries, are tools that the Group and its subsidiaries rely on to expand on more specific aspects of each risk.

For each of the Group's material risks, the policies describe the principles and critical management parameters, the main people and units involved and their duties (including the roles and responsibilities of the various units and committees in relation to risks and their control systems), the associated procedures, as well as monitoring and control mechanisms.

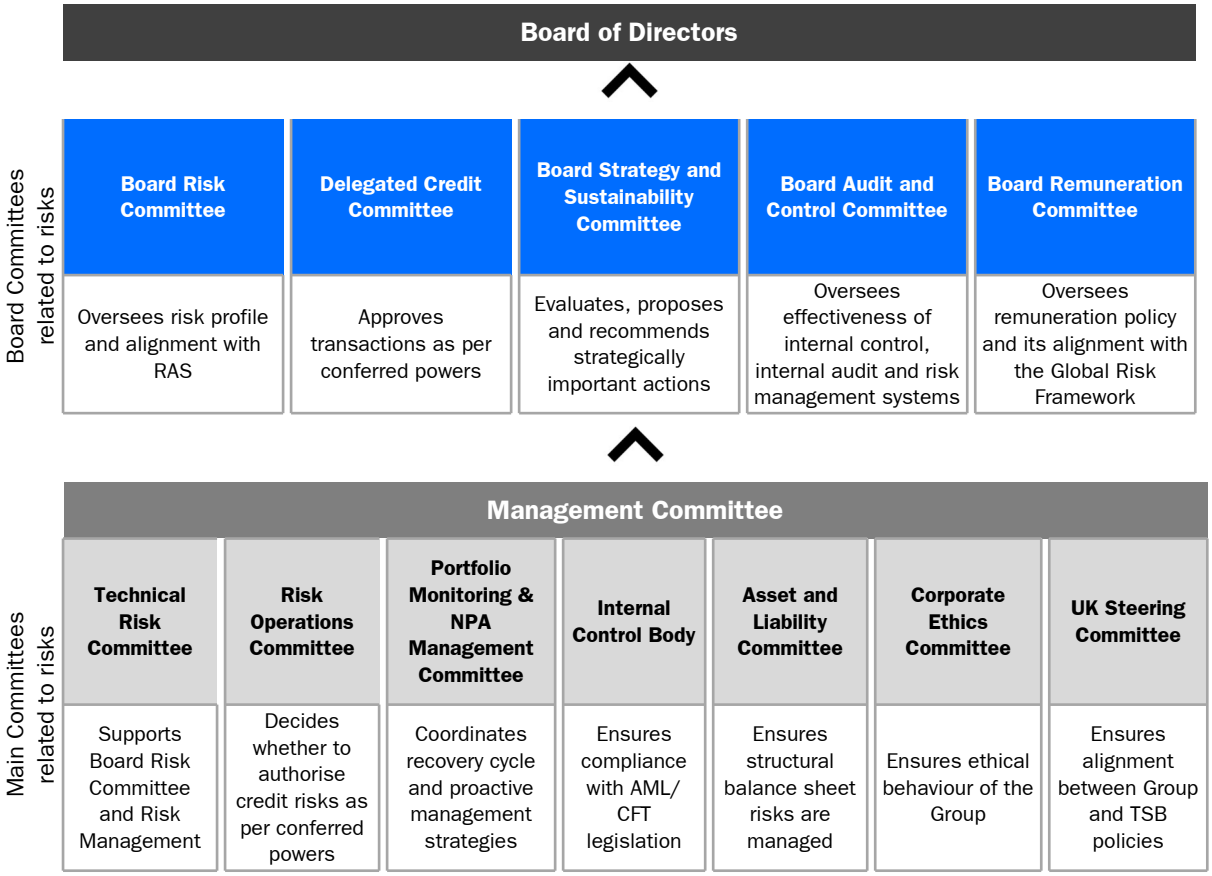
3.3.5 Risk governance

Governance structure

The Board of Directors of Banco Sabadell is the body responsible for establishing the general guidelines for the organisational distribution of the risk management and control functions, as well as determining the main strategies in this regard, and for ensuring consistency with the Group's short- and long-term strategic objectives, as well as with the business plan, capital and liquidity planning, risk-taking capacity and remuneration schemes and policies.

The Board of Directors of Banco Sabadell is also responsible for approving the Group's Global Risk Framework.

In addition, within the Board of Directors of Banco Sabadell itself, there are five Board Committees involved in the Group's Global Risk Framework and, therefore, in risk management and control (the Board Risk Committee, the Board Strategy and Sustainability Committee, the Delegated Credit Committee, the Board Audit and Control Committee and the Board Remuneration Committee). There are also other committees and divisions with a significant level of involvement in the risk function.



The defined governance structure aims to ensure the adequate development and implementation of the Global Risk Framework and, therefore, the risk management and control activity within the Group, while at the same time it aims to facilitate:

- The participation and involvement of the Group's governing bodies and Senior Management in decisions regarding risks, and also in their supervision and control.
- The alignment of targets and objectives at all levels, monitoring their achievement and implementing corrective measures where necessary.
- The existence of an adequate management and control environment for all risks.

Organisation

The Group establishes an organisational model for assigning and coordinating risk control responsibilities based on the three lines of defence. For each risk, the model draws on the various policies included in the Group's body of regulations, which set out the specific responsibilities of each of the three lines of defence.

For each line of defence, the risk policies describe and assign responsibilities, as appropriate, to the following functions (or any other additional ones that ought to be considered):

- First line of defence: responsible for maintaining adequate and effective internal control and implementing corrective actions to rectify deficiencies in its processes and controls. The responsibilities attributed to this line under the Global Risk Framework are as follows:
    - Maintain effective internal controls and systematically execute the control framework.
    - Identify, quantify, control and mitigate risks, complying with the established internal policies and procedures and ensuring that activities are consistent with the established goals and objectives.
    - Implement suitable processes to manage and mitigate material risks.
    - Participate in decision-making processes, identifying, assessing, controlling and mitigating the risks inherent in the implementation of significant changes and one-off transactions.
    - Define the strategy for each risk.
- Second line of defence: broadly speaking, the second line of defence ensures that the first line of defence is well designed and performs its assigned duties. It also puts forward suggestions for its continuous improvement. The core duties attributed to this line are the following:
    - Propose the Global Risk Framework for risk management and control.
    - Participate in the decision-making process where it concerns the implementation of significant changes and one-off transactions.
    - Monitor the risk strategy approved by the Board of Directors through its approval of the RAS.
    - Keep the risk inventory up to date, justifying those not considered to be material, and review the inventory of material risks.
    - Establish and maintain an equivalence between subsidiaries' local taxonomies and the Group taxonomy.
    - Conduct a risk assessment of the Group's risk profile on an annual basis.
    - Supervise the risk management and control activities carried out by the first line of defence to ensure they conform to the established policies and procedures, bearing in mind the tasks specifically assigned to it, and identify potential improvements within risk management.
    - The Validation division gives opinions regarding the suitability of new proposals, changes, or adjustments to models, tools and processes with material methodological components. It also designs and rolls out the model risk management and control framework and monitors the Group's model risk profile.

- The Compliance division identifies and periodically assesses compliance risks in the different areas of activity.

– Third line of defence: helps the Group to achieve its objectives, carrying out verification activities and providing independent and objective advice. Provides regular oversight of governance processes and of the established risk management and internal control activities.

3.4 Management and monitoring of the main material risks

The most salient aspects concerning the management of the first-tier risks identified in Banco Sabadell Group's risk taxonomy and concerning the actions taken in this regard in 2025 are set out below:

3.4.1 Strategic risk

Strategic risk is associated with the risk of losses or negative impacts materialising as a result of strategic decisions or their subsequent implementation. It also includes the inability to adapt the Group's business model to changes in the environment in which it operates.

The Group develops a Strategic Plan which sets out its roadmap for a specified period of time. In 2025, Banco Sabadell defined its new Strategic Plan, which is built around four vectors: (i) focus on Spain as the main market, taking advantage of its favourable macroeconomic outlooks, (ii) profitable growth with above-market acceleration in volumes (lending and fees and commissions) while preserving asset quality, (iii) ability to implement mature transformation initiatives to improve efficiency and cost of risk, and (iv) attractive shareholder remuneration underpinned by high levels of recurrent organic capital generation and a policy for the distribution of excess capital above the 13% fully-loaded CET1 ratio, applying the output floor's regulatory implementation timeline on a consolidated basis, supplemented by the extraordinary dividend linked to the sale of TSB.

Overall, the plan centres on business growth and improved profitability, enhancing the value of the strategic initiatives implemented in recent years.

As part of the Strategic Plan, the Group carries out five-year financial projections, which are the result of the implementation of the strategic courses of action defined in the Plan. These projections are based on the most likely economic scenario for the key geographies (baseline scenario) and they are also included in the ICAAP as a baseline scenario. The economic scenario is described in terms of the key risk factors impacting the Group's income statement and balance sheet. In addition, the Plan is regularly monitored in order to analyse the Group's most recent performance and changes in the environment, as well as the risks taken.

The projection exercises and their monitoring are integrated into management arrangements, as they set out the key aspects of the Group's medium- and long-term strategy. The Plan is drawn up at the business unit level, on the basis of which the Group manages its activities, and its results are also assessed in terms of compliance with the risk appetite.

Within strategic risk, four risks are managed and controlled:

– Solvency risk: this is the risk of not having sufficient capital, in terms of either quality or quantity, to achieve strategic and business objectives, withstand operational losses or meet regulatory requirements and/or the expectations of the market in which the Institution operates.

– Business risk: this refers to the possibility of incurring losses as a result of adverse events that negatively affect the Institution's capacity to operate, either in the short term (viability) or in the medium term (sustainability), or to deliver healthy, recurrent profits.

– Reputational risk: current or future risk of the Bank's competitiveness being negatively affected as a result of (i) actions or omissions carried out by or attributed to the Group, Senior Management or its governing bodies, or (ii) maintaining business relationships with counterparties with a poor reputation, resulting in a negative perception by its stakeholders (regulators, employees, customers, shareholders, investors and the general public).

– Environmental risk: risk of incurring losses as a result of the impacts, both those existing at present and those that may exist in the future, of environmental risk factors on counterparties or invested assets, as well as aspects affecting financial institutions as legal entities. Environmental factors are related to the quality and functioning of natural systems and resources, and include factors such as climate change and environmental degradation. Any one of them can have a positive or negative impact on the financial performance or solvency of an institution, sovereign state or individual. These factors can materialise mainly in physical aspects (effects of climate change and environmental degradation, including more frequent extreme weather events and gradual changes in weather patterns and in the balance of ecosystems) and transitional aspects (arising from processes to adjust to an environmentally sustainable economy, for example, lower emissions, greater energy efficiency and reduced consumption of natural resources, among others).

3.4.1.1 Solvency risk

Banco Sabadell's ratios are above the minimum capital requirements established by the European Central Bank (ECB). Therefore, the Group is not subject to any caps on the distribution of dividends, variable remuneration or coupon payments made to holders of Additional Tier 1 (AT1) capital instruments.

Banco Sabadell is also compliant with the Minimum Requirement for own funds and Eligible Liabilities (MREL), which coincides with supervisory expectations and is in line with its funding plans.

Details on the closing data as at 31 December 2025 for solvency risk and capital management are available in Note 5 to the consolidated annual financial statements.

3.4.1.2. Business risk

In 2025, economic growth continued to be robust both in Spain and in the United States, although in the latter case the labour market is showing clear signs of weakness. The growth of the Spanish economy was driven by domestic demand, with good performance recorded in household consumption. Similarly, the ECB continued with its cycle of interest rate cuts, which it began in 2024, in a context in which inflation was close to its target; even so, the ECB adopted a cautious stance in the face of the high levels of uncertainty associated with the global landscape. In Mexico, the economy recorded subdued growth over the year.

In the international geopolitical landscape, the main events of the year were influenced by the uncertainty surrounding trade policies, after the Trump administration rolled out its agenda, including a package of global tariffs on Liberation Day, in early April, raising them to their highest levels since the 1930s, with this increase in tariffs being introduced faster and more aggressively than anticipated.

The hostile takeover bid for Banco Sabadell put forward by BBVA came to an end in October 2025, after a protracted process, with several amendments made to the original offer, intensive regulatory scrutiny, and with Banco Sabadell's Board of Directors remaining opposed to the offer, as it considered it to be insufficient and believed that it generated significant risks for shareholders. In October 2025, the CNMV announced that the operation had fallen through, as the minimum level of acceptance had not been reached, with only around 25% taking up the offer, thus preventing the takeover from taking place. While the tender offer process was ongoing, the Institution's business momentum was satisfactory, with no major incident or detriment perceived.

On 6 August 2025, at an Extraordinary General Meeting, shareholders approved the sale of the subsidiary TSB Banking Group plc. This operation is expected to close in the second quarter of 2026 (see Note 2). It is thought that the transaction will contribute positively to both the solvency and profitability of the Group.

All of these factors have had a positive effect and are allowing the Group to achieve its profitability targets.

At a sectoral level, the industry in which Banco Sabadell Group operates is currently highly competitive. Financial sector reforms and technological innovation, among other factors, have fuelled competition between domestic and foreign entities. After almost two decades of profound changes, the consolidation of the Spanish banking sector has been significant, with a considerable increase in bank concentration based on total assets.

At present, the banking industry, in particular the retail business, faces non-bank competitors (such as intermediary firms, crypto-asset suppliers, investment funds, insurers, factoring and leasing companies), as well as providers of banking services through electronic platforms, the internet, or mobile telephony channels, which offer competitive advantages as they are not subject to the same levels of regulation as traditional banks. Specifically, credit institutions are subject to the prudential application of the Basel framework on a consolidated basis, which puts them at a disadvantage in terms of costs (of capital and liquidity) and intense supervision, as they offer the same financial and technological services as fintechs and

bigtechs. In addition to regulatory advantages, bigtechs have a global user base, recognised and prestigious brands, as well as high financial capabilities, which could lead to them quickly acquiring a large share of the retail banking market and posing a threat to the viability of banks' business models.

Furthermore, bigtechs, fintechs and crypto-asset providers are expected to grow, due to the digital financial strategy promoted by the European Commission, which fosters the entry of new competitors to the sector. Among these initiatives, it is worth mentioning the Financial Data Access (FiDA) regulation, the digital euro, the artificial intelligence act, the digital identity wallets, and stablecoins based on blockchain technology, which offer payments that can be scheduled on a 24/7 basis 365 days a year and at a lower cost than traditional bank payments.

Against this backdrop, Banco Sabadell delivered results in line with its annual guidance, as a result of (i) the positive business momentum in both lending and funds, which served to partially offset lower interest rates, (ii) the growth of fee and commission income, (iii) ongoing cost management, and (iv) the good performance of cost of risk, which reflects the transformation undertaken by the Bank.

3.4.1.3 Reputational risk

Banco Sabadell Group bases its business model on corporate values such as ethics, professionalism, rigour, transparency, quality and long-term business relationships that are beneficial to both the Group and its counterparties.

Reputational risk is defined as the current or future risk of the Group's competitiveness being negatively affected as a result of (i) actions or omissions carried out by or attributed to the Group, Senior Management or its governing bodies, or (ii) maintaining business relationships with counterparties with poor reputation, resulting in a negative perception by its stakeholders (regulators, employees, customers, shareholders, investors and the general public).

The Group is exposed to reputational risk inherent in the sector in which it operates, characterised by high visibility among customers and the general public. In recent years, a series of events has led to a change in the relationship model between financial institutions and their customers and investors, with a shift towards reduced face-to-face service in retail banking, which has accentuated the materiality of this risk. This has led to increased awareness, among both customers and society as a whole, of the service offered by banks.

In this context, the government and regulators have strengthened the protection of customers, particularly vulnerable customers, who have gained visibility, by introducing a new regulation to meet their specific needs.

In terms of conduct, they have focused specifically on meeting the needs of vulnerable customers, on re-assessing the adequacy of tariffs and fees, and on reviewing the ways in which customer complaints and claims are dealt with, considering the new Independent Administrative Authority for the Protection of Financial Consumers (currently under parliamentary review).

Given the cross-cutting nature of reputational risk, the Institution follows a holistic approach to identify, analyse and monitor reputational risk in each sphere of management of the risks to which it is exposed.

The Institution's reputation may be affected by not only its own banking activity, but also that of its counterparties (customers and suppliers) or third-party initiatives (media campaigns or partnerships) that could impact the Group's reputation and the public perception of its brand. Therefore, to manage its reputational risk, the Institution takes into account several internal and external factors or events that enable any problematic situations that could have an impact on the Group's reputation to be detected early.

3.4.1.4. Environmental risk

Banco Sabadell has undertaken environmental commitments through a specific plan, Sabadell's Commitment to Sustainability, and takes steps to achieve them, rolling out various measures in the area of environmental risk, as laid down in the Bank's Sustainable Finance Plan. Both the commitments and the measures are aimed at complying with the wide range of regulatory requirements, supervisory expectations and voluntary initiatives adhered to by the Institution.

Banco Sabadell has mechanisms in place for identifying, managing, controlling and governing environmental risk. The Institution views it as a risk of a cross-cutting nature, which may affect the Institution as another risk factor on top of traditional banking risks (e.g. credit risk, market risk, liquidity risk, operational risk).

The Institution conducts regular qualitative assessments of the impact of environmental risk drivers, concluding that these mainly affect credit risk. It therefore analyses and monitors its exposures, having integrated these drivers in its credit risk origination and monitoring processes.

The Group incurred no material losses associated with environmental risk in 2025. It should further be noted that, after reviewing the qualitative materiality assessment of environmental risk factors thought to potentially have a material impact on other risks, it was concluded that the potential impacts are mostly concentrated in credit portfolios. Specifically, transition risks were found to be the most material, from the point of view of regulatory factors and technological change. While the short-term impact was not very significant, the potential medium- and long-term impacts should continue to be monitored and assessed on an ongoing basis, depending on the sector.

Further information on environmental risk can be found in the Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report), which forms part of the consolidated Directors' Report.

3.4.2. Credit risk

Credit risk refers to the risk of incurring losses as a result of borrowers failing to fulfil their payment obligations, or of losses in value materialising due simply to the deterioration of borrowers' credit quality.

3.4.2.1. Credit risk management framework

Origination and monitoring

Credit risk exposures are rigorously managed and monitored through regular assessments of borrowers' creditworthiness and their ability to honour their payment obligations undertaken with the Group, adjusting the exposure limits established for each counterparty to levels that are deemed to be acceptable and also assessing environmental, social and governance factors. It is also normal practice to mitigate credit risk exposures by requiring borrowers to provide collateral or other guarantees to the Bank.

The Board of Directors grants powers and discretions to the Delegated Credit Committee to allow the latter to confer approval powers to different decision-making levels. The implementation of authority thresholds in credit approval systems ensures that the conferral of approval powers established at each level is based on the expected loss calculated for each transaction, also considering the total amount of the risk exposure with an economic group and the amount of each transaction.

To optimise the business opportunities provided by each customer and guarantee an appropriate level of security, responsibility for accepting and monitoring risks is shared between the account manager and the risk analyst who, by maintaining effective communication, are able to obtain a comprehensive (360 degrees) and forward-looking insight into each customer's individual circumstances and needs.

The account manager monitors the business aspect through direct contact with customers and by handling their day-to-day banking activity, while the risk analyst takes a more systematic approach making use of their specialised knowledge.

The implementation of advanced risk management methodologies benefits the process by allowing proactive measures to be taken once a risk has been identified. It is worth highlighting the use of tools such as credit ratings for business borrowers and credit scores for natural persons, as well as early warning indicators to monitor risks. These are integrated into a single tool that provides a comprehensive and forward-looking vision of customers.

The analysis of indicators and early warnings, in addition to credit rating reviews, allow credit risk quality to be measured continuously and in an integrated way. The establishment of efficient procedures to manage performing loans also benefits the management of past-due loans as it enables a proactive policy to be devised based on the early identification of any cases with propensity to default.

Risk monitoring is carried out for all exposures in order to identify potentially problematic situations and prevent credit impairment. In general, this monitoring is based on an early warnings system at both the transaction/borrower level and at the portfolio level, and both systems use the firm's internal information as well as external information to obtain results. Risk monitoring is carried out prior to any default and on a forward-looking basis, i.e. with an outlook based on the foreseeable future development of circumstances, in order to determine both actions to strengthen the business (increase lending) and to prevent risk (risk mitigation, improvement of guarantees, etc.).

The early warnings system allows credit risk quality to be measured in an integrated way and transferred, as necessary, to recovery management specialists, who determine the different types of procedures that should be implemented. Groups or categories are established for risks that exceed a given limit and according to predicted delinquency rates, so that they can be treated separately. These warnings are additionally managed by the account manager and the risk analyst.

Responsible lending

In accordance with the nature of the Group's financial transactions and in order to ensure suitable customer protection in banking services, policies and procedures are implemented in relation to the evaluation and granting of responsible loans and credits, in relation to which it is particularly worth mentioning the importance of the general principles governing responsible lending, as detailed in Annex 6 to Bank of Spain Circular 5/2012 of 27 June on transparency of banking services and responsible lending.

The Bank's internal regulations, reflected in the updated Credit Risk Granting Policy approved on 27 November 2025, explicitly address the application of responsible lending principles. This commitment is aligned with the guidelines established in the third paragraph of Article 29(1) of Law 2/2011 of 4 March on Sustainable Economy, and covers policies, methods and procedures designed to comply with applicable legislation, such as Order EHA/2899/2011 and Bank of Spain Circular 5/2012, specifically its Rule 12. Effective control mechanisms have also been implemented to ensure these policies are continuously monitored as part of the comprehensive credit risk management arrangements.

Management of non-performing exposures

The purpose of managing non-performing exposures is to find the best solution for the customer upon detecting the first signs of impairment, reducing the entry into default of customers with financial difficulties, ensuring intensive management and avoiding downtime between the different phases.

Generally, during stages of weakness in the economic cycle, debt refinancing and restructuring are the main risk management techniques used. The Bank's aim, when faced with debtors and borrowers that have, or are expected to have, financial difficulties to honour their payment obligations under the prevailing contractual terms, is to facilitate the repayment of the debt by reducing the probability of default as much as possible. A number of common policies to achieve this are in place in the Institution, as well as procedures for the approval, monitoring and control of potential debt forbearance (refinancing and restructuring) processes, the most significant of which are the following:

- Existence of a sufficiently long good payment history by the borrower and a manifest intention to repay the loan, assessing the period of time during which the customer is likely to continue to experience financial difficulties (in other words, whether they are facing short-term or long-term difficulties).
- Refinancing and restructuring conditions based on a realistic repayment schedule that is in line with borrowers' current and expected payment capacity, also taking into account the macroeconomic situation and outlooks, to tackle problems sooner rather than later.
- If new guarantees are provided, these must be regarded as a secondary and exceptional means of recovering the debt, and must not adversely affect the existing means. In any case, it will be necessary to settle all ordinary interest accrued up to the refinancing or restructuring date.
- Caps are placed on the length of grace periods and on the granting of successive refinancing.

The Group continually monitors compliance with the agreed terms and with the above policies. The Group also has an advanced model in place for managing non-performing exposures in the impaired assets portfolio.

For further quantitative information, see Schedule IV "Other risk information - Credit risk exposure: Forbearance" to these annual financial statements.

Internal risk models

Banco Sabadell Group also has a system in place which is made up of three lines of defence to ensure the quality and oversight of internal models, as well as a governance process specifically designed to manage and monitor these models and to ensure compliance with regulations and the supervisor's instructions.

The governance framework of internal credit risk and impairment models (management of risk, calculation of regulatory capital and provisions) is based on the following pillars:

- Effective management of changes to internal models.
- Ongoing monitoring of the performance of internal models.
- Regular reporting, both internal and external.
- Management tools for internal models.

One of the main bodies within the governance framework of internal credit risk and impairment models is the Models Committee, which meets on a monthly basis and has internal approval responsibilities, depending on the materiality of the risks, and which also monitors internal credit risk models.

Real estate credit risk management

As part of its general policy on risks and, in particular, its policy on the real estate development sector, the Group has a number of specific policies in place for mitigating risks.

The main measure that is implemented in this portfolio is the ongoing monitoring of projects, both during the construction phase and once the works have been completed. This monitoring makes it possible to validate the progress made, ensuring everything is moving forward as planned, and to take action in the event of any possible deviations. The aim at all times is for the available funding to be sufficient to complete the works and for the existing sales to significantly reduce the risk. The Bank has established three strategic courses of action:

– New lending: real estate development business

  New lending to developers is governed by a Real Estate Development Framework, which defines the optimal allocation of the new business on the basis of the quality of the customer and development project. This analysis is based on models that allow an objective appraisal to be obtained, taking into account the views of real estate experts.

  To this end, the Bank has:

  - The Real Estate Business division (a unit that reports to the Business Banking division), with a team of real estate specialists who exclusively manage the Bank's developer customers. This unit has an acceptance and monitoring methodology that allows the Group to gain in-depth knowledge about all the projects analysed by the unit.

  - Two Real Estate Investment Analysis and Monitoring divisions (both reporting to the RE Developer Risk division), whose role is to analyse all real estate projects from a technical and real estate point of view. They analyse both the location and suitability of the product, as well as the existing and potential supply and demand. They also verify the figures of the business plan submitted by the customer (particularly costs, income, margin and timings). This analytical process goes hand in hand with a model used to track real estate developments through monitoring reports, which validate the progress made in each development project in order to keep track of drawdowns and compliance with the business plan (income, costs and timings).

  - The Real Estate Risk division, with specialised analysts at the Territorial Division. This makes it possible to ensure that newly originated risks are in line with the policies and origination framework for this type of risk.

– Management of non-performing real estate credit

  Non-performing exposures are managed in line with the defined policy. In general, they are managed taking into account:

  - The customer.

  - The guarantees.

  - The status of the loan (from the time when a warning is triggered, warning of a potential deterioration of the current status, up until the situation is resolved through either refinancing or restructuring, or through a deed in lieu / purchase / settlement with debt reduction in an out-of-court settlement, or until an auction is held following a mortgage enforcement process and whenever there is a ruling in favour of foreclosure).

  After analysing the three aforementioned aspects, an optimal solution is sought to stabilise or settle the position (either out-of-court or in court), which differs depending on the evolution of each customer / case.

  Cases in which the stabilisation of the loan or its settlement by the customer is not a feasible option are managed using support models depending on the type of loan or financed item.

In the case of completed real estate developments or completed non-residential properties, these can be put on sale at prices that drive market traction.

For other funded real estate, the possibility of entering into sale agreements with third parties is considered, out-of-court settlement solutions are proposed (purchase, deed in lieu, which in the case of properties owned by individuals can be arranged under favourable conditions for relocation or social rental depending on the needs of the customer, or with a settlement with debt reduction), or else court proceedings are initiated.

– Management of foreclosed assets

Once the loan has been converted into a real estate asset, a management strategy is defined depending on the type of asset, in order to maximise the potential of each asset during the sale.

The main disposal mechanism is the sale of the asset, for which the Bank has developed different channels depending on the type of property and customer.

The Group, which has had high concentrations of this type of risk in the past, has a first-tier RAS metric in place which establishes a maximum level of concentration of exposures associated with real estate development based on Tier 1 capital in Spain. This metric is monitored on a monthly basis and reported to the Technical Risk Committee, the Board Risk Committee and the Board of Directors.

Lastly, it is worth highlighting that the Risk Control division, working together with the Business and Risk Management divisions, regularly monitors the adequacy of new loans granted to real estate developers. The monitoring process includes a review of compliance with policies and asset allocation. The results of this monitoring exercise are escalated to the Technical Risk Committee for information.

For further quantitative information, see Schedule IV "Other risk information – Concentration risk: Exposure to construction and real estate development sector" to these annual financial statements.

Managing the environmental risk associated with credit risk

Environmental risk is one of the three aspects assessed as part of Environmental, Social and Governance (ESG) risks and includes both climate risk, which is in turn subdivided into climate-related transition risk and climate-related physical risk; and environmental degradation risk (see Note 3.4.1.4 – Environmental risk).

Banco Sabadell has a set of tools in place that allow it to embed environmental risks into credit risk management and control arrangements, most notably the ESG Guidelines, which make up the sole ESG credit risk management framework and comprise the rules that are currently applied to the granting of credit transactions, encompassing:

- An environmental and social risk framework at the customer level: to identify from the outset whether a new transaction could be associated with any of the restricted activities.
- A climate-related and environmental risk indicator (IRCA, by its Spanish acronym): an indicator that allows the Institution to screen the ESG risk of the companies to which it grants finance, taking into account their performance when managing climate risks, environmental degradation risks, environmental controversies or disputes, and social and governance risks. It is used to define ESG credit risk management policies and to identify potential opportunities for investment to support emissions-intensive companies in their transition towards more sustainable activities.
- Decarbonisation pathways: for borrowers operating in sectors affected by the decarbonisation pathways defined by the Group, the Institution evaluates the suitability and the alignment of their activities, starting as soon as risks are originated.

It is worth noting that the IRCA includes, as part of an integrated evaluation, a modular assessment of climate-related transition risk and physical risk, of environmental degradation risk, and of any disputes and controversies, of an environmental, social or governance nature, involving the counterparties. The process to assess climate-related and environmental risk through the IRCA of the borrowers in question can be done in two ways.

i. A top-down approach of climate risk and environmental degradation risk models, which is conducted for, and applied to, the entire loan book. Its output is an environmental performance score obtained through a model, the automated IRCA, which produces a single score to reflect all of the outcomes, at a modular level, of the assessments of climate-related transition and physical risks and environmental degradation risk. This simplified and more automated approach is applied to companies not subject to non-financial disclosure requirements or that currently do not have an advanced IRCA analysis.

ii. A bottom-up approach, which is applied to large enterprises subject to non-financial disclosure requirements through the advanced IRCA. The advanced IRCA is a numerical indicator that, with the same modular structure and approach as the automated IRCA, enables the categorisation of borrowers according to their impact associated with climate-related and environmental risks, taking into account the management, attitude, specific characteristics and progress made by the borrower in this regard, and supplemented by an analysis of any disputes or controversies associated with the borrower.

As regards the inclusion of environmental risks in the calculation of the expected loss, the Institution adjusts the ratings of large corporates and other firms when the climate-related and environmental risk indicator, explained above, is classified as high or when the counterparty is involved in significant unmitigated disputes or controversies. It is thus included directly, as the rating is an input of the expected loss parameters, specifically the PD. The impact of this adjustment on the rating as at 31 December 2025 and 2024 was immaterial.

The exposure of the portfolio of large corporates identified as high risk, as at 31 December 2025, amounted to 240 million euros, representing 1.4% of the total in the segment as at that date (1% as at 31 December 2024). Similarly, the exposure of the portfolio of other firms identified as high risk, as at 31 December 2025, amounted to 369 million euros, representing 1.19% of the total of that segment as at that date.

Furthermore, in order to reflect the impact of these risks in the collateral valuations of the loan book, the Institution makes adjustments to lower the appraisal value. In the case of physical risk, this adjustment reflects, for each collateral item, the extent of the deterioration in the event of coastal or riverine flooding, a forest fire or water stress, as well as the probability of occurrence of those events. In the case of transition risk, the appraisal value is lowered for collateral with an energy rating below D. As at 31 December 2024, the Group had an overlay in place of 13 million euros to reflect these environmental risks in the expected loss. Subsequently, in 2025, that overlay was specifically allocated, having made adjustments that reduce the appraisal value to the inputs used by the expected loss model.

The methodology used for the aforementioned collateral adjustments coincides with that applied in the top-down approach described above, i.e. based on an internal methodology for the quantitative assessment of climate-related physical risk where a distinction is made between acute and chronic events, in line with the three scenarios of Orderly Transition, Disorderly Transition and Hot House World of the Network for Greening the Financial System (NGFS) adapted to a 30-year time horizon. This makes it possible to assess physical risk drivers that could have a more significant impact on the portfolio, based on the location and activities of customers.

For more details, see section “2.1 Climate change” in the Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report).

3.4.2.2. Risk management models

Credit ratings

Credit risk incurred with corporates, real estate developers, specialised lending projects, financial institutions and countries is rated using a rating system. The rating model estimates the risk rating in the medium term, based on qualitative information provided by risk analysts, financial statements and other relevant information. Comprised of factors that predict the probability of default over a one-year period, it is designed for different segments.

This rating model is reviewed annually based on the analysis of actual delinquency performance patterns. An estimated delinquency rate is assigned to each internal credit rating level, which also allows a uniform comparison to be made against other segments and ratings issued by external credit rating agencies using a master ratings scale.

Credit ratings have a variety of uses in risk management. Most notably, they form part of the transaction approval process (system of discretions), risk monitoring procedures and pricing policies.

The percentage distribution, by credit rating, of Banco Sabadell's portfolio of companies as at 31 December 2025 and 2024 is detailed below:

%

Distribution, by credit rating, of Banco Sabadell's portfolio of companies 2025										
9	8	7	6	5	4	3	2	1	0	Total
1.03%	4.35%	12.11%	20.26%	25.68%	19.11%	11.62%	4.55%	1.20%	0.10%	**100%**

In this scale of 0 to 9, PD goes from high to low. The PD used is the risk management PD.

%

Distribution, by credit rating, of Banco Sabadell's portfolio of companies 2024										
9	8	7	6	5	4	3	2	1	0	Total
1.84%	3.89%	8.58%	18.12%	25.15%	21.25%	13.84%	5.31%	1.87%	0.13%	**100%**

In this scale of 0 to 9, PD goes from high to low. The PD used is the risk management PD.

Credit scores

The tools designed to assess the probability of default of debtors who are natural persons are credit scoring systems, which are in turn based on a quantitative model of historical statistical data, where the relevant predictive factors are identified. In geographical areas where credit scoring takes place, credit scores are divided into two types:

- Reactive credit scores: these are used to assess applications for consumer loans, mortgage loans and credit cards. Once all of the data relating to the transaction has been entered, the system calculates a result based on the estimated borrowing power, financial profile and, if applicable, the profile of assets pledged as collateral. The resulting credit score is integrated in risk management processes using the system of discretions.

- Behavioural credit scores: the system automatically classifies all customers using information regarding their activity based on their financial situation (balances, activity, non-payments), their personal characteristics and the features of each of the products that they hold. These credit scores are mainly used to authorise transactions, establish (authorised) overdraft limits, design advertising campaigns and adjust the initial stages of the debt recovery management process.

The percentage distribution, by behavioural score, of Banco Sabadell's portfolio of individuals (retail customers) as at 31 December 2025 and 2024 is detailed below:

%

Distribution, by behavioural score, of Banco Sabadell's portfolio of individuals 2025										
9	8	7	6	5	4	3	2	1	0	Total
1.24%	7.83%	26.58%	39.88%	17.02%	4.54%	1.73%	0.72%	0.28%	0.17%	**100%**

In this scale of 0 to 9, Probability of Default (PD) goes from high to low. The PD used is the risk management PD.

%

Distribution, by behavioural score, of Banco Sabadell's portfolio of individuals 2024										
9	8	7	6	5	4	3	2	1	0	Total
1.23%	8.38%	27.51%	38.60%	16.28%	4.60%	1.92%	0.87%	0.41%	0.20%	**100%**

In this scale of 0 to 9, Probability of Default (PD) goes from high to low. The PD used is the risk management PD.

Warning tools

In general, the Group has a system of warning tools in place, which include both individual warnings and advanced early warning models for both the Business Banking and Retail Banking customer segments. These warning tools are based on performance factors obtained from available sources of information (credit ratings or credit scores, customer files, balance sheets, CIRBE (Bank of Spain Central Credit Register), information relating to the industry or past banking activity, etc.). They measure the risk associated with the customer on a short-term basis (prediction of arrears), obtaining a high level of predictability to detect potential delinquent customers. The resulting rating or score, which is obtained automatically, is used as a basic input when monitoring the risk of retail customers and companies.

This warnings system enables:

- Efficiency to be improved, as monitoring exercises focus on customers with the lowest credit rating or credit score (different cut-off points for each group).
- Proactive management in the event of any negative change in the situation of the customer (change in rating/score, new severe warnings, etc.).
- Customers whose situation remains unchanged and who have been assessed by the Basic Management Team to be regularly monitored.

3.4.2.3 Credit risk exposure

The table below shows the distribution, by headings of the balance sheet and off-balance sheet exposures, of the Bank's maximum gross credit risk exposure as at 31 December 2025 and 2024, without deducting collateral or credit enhancements received in order to ensure the fulfilment of payment obligations, broken down by portfolios and in accordance with the nature of the financial instruments:

Thousand euro

Maximum credit risk exposure	Note	2025	2024
Financial assets held for trading		**2,014,416**	**1,420,956**
Equity instruments	8	527,327	541,005
Debt securities	7	1,487,089	879,951
Non-trading financial assets mandatorily at fair value through profit or loss		**123,641**	**132,074**
Equity instruments	8	3,090	2,832
Debt securities	7	19,398	26,326
Loans and advances	10	101,153	102,916
Financial assets at fair value through other comprehensive income		**4,690,382**	**6,171,009**
Equity instruments	8	113,551	85,196
Debt securities	7	4,576,831	6,085,813
Financial assets at amortised cost		**160,168,115**	**151,254,446**
Debt securities	7	26,441,207	21,640,991
Loans and advances	10	133,726,908	129,613,455
Derivatives	9 & 11	**2,260,945**	**2,067,873**
Total credit risk associated with financial assets		**169,257,499**	**161,046,358**
Loan commitments given	24	21,844,683	22,044,023
Financial guarantees given	24	2,693,389	3,855,851
Other commitments given	24	9,770,942	9,426,660
Total off-balance sheet exposures		**34,309,014**	**35,326,534**
Total maximum credit risk exposure		**203,566,513**	**196,372,892**

Schedule IV to these annual financial statements shows quantitative data relating to credit risk exposures, broken down by geographical area and by activity sector.

3.4.2.4. Credit risk mitigation

Credit risk exposures are rigorously managed and monitored through regular assessments of borrowers' creditworthiness and their ability to honour their payment obligations undertaken with the Group, adjusting the exposure limits established for each counterparty to levels that are deemed to be acceptable and also assessing environmental, social and governance factors. It is also normal practice to mitigate credit risk exposures by requiring borrowers to provide collateral or other guarantees to the Bank.

Generally, these take the form of collateral, mainly mortgages on properties used as housing, whether completed or under construction. The Group also accepts, although to a lesser degree, other types of collateral, such as mortgages on retail properties, industrial warehouses, etc., as well as financial assets. Another credit risk mitigation technique commonly used by the Institution is the acceptance of guarantors, in this case subject to the guarantor presenting a certificate of good standing.

All of these mitigation techniques are established ensuring their legal certainty, i.e. under contracts that are legally binding on all parties and which are legally enforceable in all relevant jurisdictions, to ensure that the guarantee can be liquidated at any time. The entire process is subject to an internal verification of the legal enforceability of the contracts, and legal opinions of international specialists can be requested and applied where the contracts have been entered into under foreign legislation.

All collateral is executed before a notary through a public document, thus ensuring its enforceability before third parties. In the case of property mortgages, these public documents are also filed with the corresponding land registries, thus gaining constitutive effect before third parties. In the case of pledges, the pledged items are generally deposited with the Institution. Unilateral cancellation by the obligor is not permitted, and the guarantee remains valid until the debt has been fully repaid.

Personal guarantees or sureties are established in favour of the Institution and, except in certain exceptional cases, these are also executed before a notary through a public document, to vest the agreement with the highest possible legal certainty and to allow legal claims to be filed through executive proceedings in the event of non-payment. They constitute a credit claim with respect to the guarantor that is irrevocable and payable on first demand.

The Bank has not received any significant guarantees which it is authorised to sell or pledge, irrespective of any non-payment by the owner of the referred guarantees, except for those intrinsic in treasury activities, which are mostly reverse repos with maturities of no more than twelve months, therefore their fair value does not differ substantially from their carrying amount (see Note 5). The fair value of the assets sold in connection with reverse repos is included under the line item “Financial liabilities held for trading” as part of the short positions of securities.

Assets transferred under the same transactions amount to 1,708,498 thousand euros as at 31 December 2025 (1,370,354 thousand euros as at 31 December 2024) and are included by type under the repos heading in Notes 17 and 18.

There have been no significant changes in Banco Sabadell’s policies on the topic of guarantees this year. Nor have there been any significant changes in the quality of the Group’s guarantees with respect to the previous year.

The values of the guarantees received to ensure collection, broken down into collateral and other guarantees, as at 31 December 2025 and 2024 are as follows:

Thousand euro

Guarantees received	2025	2024
Value of collateral	55,190,364	53,147,618
Of which: securing stage 2 loans	*2,035,458*	*3,038,805*
Of which: securing stage 3 loans	*773,032*	*1,546,440*
Value of other guarantees	13,218,664	13,538,966
Of which: securing stage 2 loans	*1,175,337*	*1,597,377*
Of which: securing stage 3 loans	*429,659*	*663,564*
Total value of guarantees received	**68,409,028**	**66,686,584**

The main risk concentration in relation to all of these types of collateral and credit enhancements corresponds to the use of mortgage guarantees as a credit risk mitigation technique in exposures of loans intended for the financing or construction of housing or other types of real estate. On a like-for-like basis, as at 31 December 2025, the exposure to home equity loans and credit represented 44.0% of total gross performing lending items granted to customers (43.3% as at 31 December 2024).

The Bank also carries out synthetic securitisation transactions as a measure to mitigate credit risk and release tied-up capital. In these transactions, the credit risk of an asset portfolio is transferred through financial guarantees.

Details of the outstanding transactions as at 31 December 2025 are shown below:

Thousand euro

Securitised portfolio	Guarantor institution	Issue date	Amount	Amounts		Currency
				Initial guarantee	Guarantee as at 31/12/2025	
Project finance and corporate loans	Sabadell Boreas 3-2025	19/12/2025	1,443,106	115,448	115,448	EUR
SMEs and corporates	Sabadell Galera 4-2025	29/05/2025	1,350,000	67,500	67,439	EUR
Project finance and corporate loans	Sabadell Hermes 1-2024	18/12/2024	1,229,783	110,680	81,003	USD
Project finance	Sabadell Boreas 2-2024	21/06/2024	1,100,000	110,000	87,385	EUR
SMEs and corporates	Sabadell Galera 3-2023	27/09/2023	1,139,118	57,525	33,302	EUR
Project finance	Sabadell Boreas 1-2022	28/09/2022	1,000,000	105,000	45,457	EUR

These transactions do not meet the requirements set out in accounting standards for the derecognition of assets in securitised portfolios from the balance sheet, although they do receive preferential treatment for capital consumption purposes, in accordance with Article 26 of Regulation (EU) 2021/557, with the exception of the transactions carried out in December 2024 and December 2025.

3.4.2.5. Calculation of credit loss allowances

The amount of impairment allowances is calculated based on whether or not there has been a significant increase in credit risk since initial recognition, and on whether or not a default event has occurred. This way, the impairment allowance for transactions is equal to:

- 12-month expected credit losses, where the risk of a default event materialising has not significantly increased since initial recognition (assets classified as stage 1).
- Lifetime expected credit losses, if the risk of a default event materialising has increased significantly since initial recognition (assets classified as stage 2).
- Expected credit losses, where a default event has materialised (assets classified as stage 3).

12-month expected credit losses are defined as:

$$PE_{12M} = EAD_{12M} \cdot PD_{12M} \cdot LGD_{12M}$$

Where:

EAD12M is the exposure at default at 12 months, PD12M is the probability of a default occurring within 12 months and LGD12M is the expected loss given default.

Lifetime expected credit losses are defined as:

$$PE_{LT} = \sum_{i=1}^{m} \frac{EAD_i \cdot PD_i \cdot LGD_i}{(1 + EIR)^{i-1}}$$

Where:

EADi is the exposure at default for each year, taking into account both the entry into default and the (agreed) amortisation, PDi is the probability of a default occurring within the next twelve months for each year, LGDi is the expected loss given default for each year, and EIR is the effective interest rate of each transaction.

For transactions identified as having negligible risk (see section entitled “Collective allowance estimates” within this Note), an allowance percentage of 0% is applied, with the exception of transactions classified as stage 3, whose impairment is assessed individually.

During this estimation process, a calculation is made of the allowance necessary to cover, on one hand, the credit risk attributable to the borrower in question and, on the other hand, country risk.

The Bank includes forward-looking information when calculating expected losses and determining whether there has been a significant increase in credit risk, using scenario forecasting models to this end.

The agreed amortisation schedule for each transaction is used. Subsequently, these expected credit losses are updated by applying the effective interest rate of the instrument (if its contractual interest rate is fixed) or the contractual effective interest rate ruling on the date of the update (if the interest rate is variable). The amount of effective guarantees received is also taken into account.

The following sections describe the different methodologies applied by the Group to determine impairment loss allowances:

Individual allowance estimates

The Bank monitors credit risk on an individual basis for all risks deemed to be significant. To estimate the individual allowance for credit risk, an individual estimate is made for all individually significant borrowers classified as stage 3 and for certain borrowers classified as stage 2. Individual estimates are also made for transactions identified as having negligible risk classified as stage 3.

The Bank has developed a methodology to estimate these allowances, calculating the difference between the gross carrying amount of the transaction and the present value of the estimated cash flows it expects to receive, discounted using the effective interest rate. To this end, effective guarantees received are taken into account (see section entitled "Guarantees" of Note 1.3.3.1.2).

Three methods are established to calculate the recoverable amount of assets assessed individually:

- Discounted cash flow method (going concern): debtors who are estimated to be able to generate future cash flows through their own business activity, thereby allowing them to fully or partially repay the debt owed through the performance of their business activity and the economic and financial structure of the company. This involves estimating the cash flows obtained by the borrower during the course of their business activity.

- Collateral recovery method (gone concern): debtors who are not able to generate cash flows during the course of their own business activities and who are forced to liquidate assets in order to fulfil their payment obligations. This involves estimating cash flows based on the enforcement of guarantees.

- Combined method: debtors who are estimated to be able to generate future cash flows and also have non-core assets. These cash flows can be supplemented with potential sales of non-core assets, insofar as they are not required for the performance of their activity and, consequently, for the generation of the aforesaid future cash flows.

Collective allowance estimates

Exposures that are not assessed using individual allowance estimates are subject to collective allowance estimates.

When calculating collective impairment losses, the Bank mainly takes the following aspects into account:

- The impairment estimation process takes all credit exposures into account, except for those with negligible risk not classified as stage 3, for which, in general, the methods established by the Bank of Spain are used based on data and statistical models that aggregate the average performance of all institutions in the banking industry. The Bank recognises an impairment loss equal to the best estimate available from internal models, taking into account all of the relevant information which it holds on the existing conditions at the end of the reported period. The Bank has identified the following transactions with negligible risk for the estimation of credit loss allowances:

  - transactions with central banks;

  - transactions with general governments of European Union countries, including those arising from reverse repurchase agreements of debt securities;

  - transactions with central governments of countries classified in group 1 for the purpose of country risk;

  - transactions in the name of deposit guarantee schemes and resolution funds, provided their credit quality is such that they are equivalent to those of the European Union;

  - transactions in the name of credit institutions and financial credit establishments from countries of the European Union and, in general, from countries classified in group 1 for the purpose of country risk;

- transactions with Spanish mutual guarantee societies and government agencies or bodies from other countries classified in group 1 for the purpose of country risk whose main activity is credit insurance or guarantees;
- transactions with non-financial corporations considered to belong to the public sector;
- advances on the following month's pensions or wages, provided the paying entity is a government agency and the wage or pension is direct credited to Banco Sabadell; and advances other than loans.

– In order to collectively assess impairment, internal models estimate a different PD and LGD for each contract. To that end, various types of historical information are used that allow the risk to be individually classified for each exposure (ratings, non-payments, vintage, exposure, collateral, characteristics of the borrower or contract). Available historical information representative of the Institution and past losses (defaults) is therefore taken into account. It is worth highlighting that the estimation obtained from the models is adjusted to account for the existing economic climate and the forecasts in the scenarios considered, the latter being representative of expected credit losses. The estimates of impairment loss allowance models are directly integrated in some activities related to risk management and the input data that they use (e.g. credit ratings and credit scores) are those used for approving risks, monitoring risks, for pricing purposes and in capital calculations. In addition, recurring backtesting exercises are carried out at least once a year, and the models are adjusted in the event any significant deviations are detected. The models are also reviewed regularly in order to incorporate the most recent information available and to ensure that they perform adequately and that they are suitably representative when applied to the current portfolio for the calculation of impairment loss allowances.

Segmentation of models

Specific models exist depending on the segment or product of the customer (portfolio) and each one uses explanatory variables that uniformly catalogue all of the portfolio's exposures. The purpose of the segmentation of models is to optimise the capture of customers' default risk profile based on a set of common risk drivers. Therefore, the exposures of these segments can be considered to reflect a uniform collective treatment.

The models for companies calculate PD at the borrower level and are fundamentally segmented according to the size of the company (annual turnover).

The PD models for natural persons, including the self-employed, follow a segmentation that centres primarily on the lending product. Different models exist for different products: mortgage loans and consumer loans, considering the recipient of the transaction (individual or company), credit cards and lines of credit. PDs are estimated at the contract level, meaning that a single borrower can have different PDs depending on the lending product being quantified.

The models for Significant Increase in Credit Risk (SICR) carry out calculations at the contract level, in order to consider the characteristics specific to each transaction at the time of origination and at the present time.

Where LGD is concerned, contracts with similar risk characteristics are grouped together for collective assessment, using the following segmentation hierarchy:

– By type of borrower: companies, developers and natural persons.

– By type of guarantee: mortgage, unsecured, monetary/financial, and guarantors.

– By type of product: credit cards, overdrafts, leases, credits and loans.

Different LGDs are estimated for each segment, which are representative of the borrowers, of the recovery processes and of the recoverability assigned to each one based on the Institution's past experience.

Risk drivers

The risk drivers or explanatory variables of models are the shared credit risk characteristics. In other words, they are common elements that can be used to rate borrowers in a homogeneous way within a portfolio and which explain the credit risk rating assigned to each exposure. Risk drivers are identified by means of a rigorous process that combines historical data analysis, explanatory power and expert judgment, as well as knowledge about the risk/business.

The main risk drivers are presented here below, grouped together by type of model (PD, SICR and LGD).

PD models use credit ratings or credit scores as input data (Internal Ratings-Based (IRB) models used for both risk management and capital calculations). They incorporate additional information to give a more faithful reflection of the risk at a given moment in time (point-in-time). For companies, the early warnings tool known as HAT and the credit rating are used. For individuals, the behavioural credit score is used. A description of these tools can be found earlier in this same note.

In both cases, other recent risk deterioration events (refinancing, entry into default status, non-payments, lending restrictions) also explain the probability of default.

The SICR models mainly use as an explanatory factor the ratio between the residual lifetime PD at the time of approval (i.e. for the residual life of the transaction, but using the information existing at the time the transaction is originated) and the current lifetime PD (using the information existing at the present time).

LGD models use additional risk drivers that enable a more in-depth segmentation to take place. More specifically, for mortgage guarantees, the Loan-to-Value (LTV) is used, or the order of priority in the event the mortgage guarantee is enforced. Similarly, the amount of debt and the type of product are also factors taken into account.

For borrowers included within business in Spain whose coverage has been assessed using internal models as at 31 December 2025 and 2024, the following tables show the breakdown by segment of the average EAD-weighted PD and LGD parameters, distinguishing between on-balance sheet and off-balance sheet exposures, and the stage in which the transactions are classified according to their credit risk:

%

31/12/2025								
Average EL parameters for on-balance sheet exposures								
	Stage 1		Stage 2		Stage 3		Total portfolio	
	PD	LGD	PD	LGD	PD	LGD	PD	LGD
Loans and advances	**0.50%**	**21.20%**	**22.20%**	**23.60%**	**100.00%**	**67.60%**	**2.90%**	**22.00%**
Other financial corporations	0.50%	24.70%	13.90%	25.30%	100.00%	80.10%	1.10%	24.70%
Non-financial corporations	0.60%	28.70%	15.50%	27.90%	100.00%	78.40%	3.20%	29.50%
Households	0.40%	15.20%	33.30%	16.30%	100.00%	56.50%	2.70%	15.80%

%

31/12/2024								
Average EL parameters for on-balance sheet exposures								
	Stage 1		Stage 2		Stage 3		Total portfolio	
	PD	LGD	PD	LGD	PD	LGD	PD	LGD
Loans and advances	**0.60%**	**21.80%**	**22.30%**	**22.70%**	**100.00%**	**58.40%**	**3.60%**	**22.40%**
Other financial corporations	0.40%	27.40%	9.30%	31.40%	100.00%	61.30%	0.70%	27.50%
Non-financial corporations	0.80%	29.20%	15.70%	27.00%	100.00%	60.70%	3.90%	29.60%
Households	0.40%	15.80%	33.10%	15.70%	100.00%	56.20%	3.40%	16.50%

%

31/12/2025								
Average EL parameters for off-balance sheet exposures								
	Stage 1		Stage 2		Stage 3		Total portfolio	
	PD	LGD	PD	LGD	PD	LGD	PD	LGD
Loans and advances	**0.60%**	**35.80%**	**12.80%**	**27.20%**	**100.00%**	**85.50%**	**1.00%**	**35.60%**
Other financial corporations	1.20%	28.30%	10.30%	24.80%	100.00%	22.20%	1.30%	28.20%
Non-financial corporations	0.60%	27.80%	12.60%	25.80%	100.00%	85.90%	1.10%	27.80%
Households	0.60%	58.80%	16.70%	45.00%	100.00%	77.00%	0.70%	58.70%

%

	31/12/2024							
	Average EL parameters for off-balance sheet exposures							
	Stage 1		Stage 2		Stage 3		Total portfolio	
	PD	LGD	PD	LGD	PD	LGD	PD	LGD
Loans and advances	**0.70%**	**36.80%**	**15.50%**	**35.00%**	**100.00%**	**83.90%**	**1.10%**	**36.80%**
Other financial corporations	0.90%	30.30%	26.10%	27.90%	100.00%	12.00%	1.00%	30.30%
Non-financial corporations	0.70%	29.70%	14.50%	34.60%	100.00%	85.10%	1.20%	29.90%
Households	0.60%	58.50%	23.30%	37.50%	100.00%	60.00%	0.90%	58.30%

During 2025, the usual model maintenance processes have been continued, making changes to the models used for secured loans, credit cards and loans, and to the independent reviews conducted by the internal control units (Models Validation and Internal Audit). The adjustment processes follow the internal governance arrangements established for their validation, review and approval by the corresponding units.

Inclusion of forward-looking information in expected loss models

The Bank has considered three macroeconomic scenarios: one baseline scenario, the most likely of all (65%); alternative scenario 1, which is more optimistic and envisages a swift deployment of artificial intelligence alongside productivity gains (15%); and alternative scenario 2, which is more adverse and envisages a trade war escalation and a recession (20%). These scenarios are developed internally in Banco Sabadell and they are compared against the outlooks of other national and international bodies. In the case of the baseline scenario, the forecasts are also compared against those of available analyst consensus estimates.

Once the narratives of the various scenarios have been defined and the forecasts drawn up, the probabilities of occurrence are defined using a quantitative model based on past deviations observed in Spain's GDP forecasts. First, a distribution function is defined for the deviations from the GDP forecasts in the Spanish economy. Then, the value of this variable in each scenario is compared against that distribution function and the probability of occurrence of each one is calculated on that basis. The final output of the model is assessed in qualitative terms, determining whether the probability of occurrence of any of the scenarios needs to be adjusted based on expert judgement.

In 2024, the Group considered three macroeconomic scenarios with the same weights (65%, 15% and 20%, respectively) and the same macroeconomic variables as in 2025. To carry out the forecasts of these scenarios, five-year time horizons are used. The main variables considered are changes in GDP, the unemployment rate and house prices.

Baseline scenario

- In the geopolitical landscape, the existing conflicts continue, but they do not escalate or generate market-wide consequences. In Ukraine, the conflict remains stagnant, but Russia makes no further threats against the North Atlantic Treaty Organization (NATO). In any case, no definitive or sustainable solution is reached for Ukraine, as Russia adamantly refuses to make any material concessions. In the Middle East, the structural confrontation between Israel and Iran continues, but there are no major disruptions to oil and/or gas flows leaving the region.

- In terms of trade, tariffs rise but the levels reached are manageable and countries are able to absorb their impacts, although there is no stable balance in trade relations between the United States and the rest of the world. The tariff policy pursued by the Trump administration remains erratic, characterised by periods of threats, the imposition of tariffs, and pauses in their implementation. Trade deals are only partial and fragile. A central aspect of this scenario is that the deals signed by the United States with the European Union and China make it possible to safeguard trade between these regions.

- Global economic growth is more balanced, thanks to the boosts provided by domestic demand in China and the Eurozone, along with deceleration in the United States. The economy in the Eurozone shows a gradual recovery in 2026, underpinned by (i) lower interest rates than in recent years, (ii) the impact of the NGEU funds, (iii) increased defence spending, (iv) fiscal stimulus measures in Germany, (v) relatively low energy prices, (vi) the implementation of the reforms agenda based on bureaucratic/ legislative simplification, (vii) wider diversification of trade partners, (viii) de-escalation with China (although in a limited way), and (ix) a favourable position in terms of institutional quality relative to the United States.

- Headline inflation remains close to the targets pursued by central banks, except in the case of the United States in the near term. After the tariff shock, inflation remains slightly above target in the United States and around 2% in the Eurozone, where the strength of the euro and the absence of retaliatory measures limit any rebounds. In general, inflation is still somewhat volatile and erratic, given the existing supply shocks (tariffs, reconfiguration of production chains, redirection of trade, convulsive geopolitics, climate shocks, etc.).

- Central banks keep their interest rates at levels close to monetary neutrality. In the United States, monetary policy independence is maintained, despite Trump's interference and Powell's replacement planned for 2026. This, together with inflationary pressures related to the tariff war, limits any rate cuts introduced by the Federal Reserve. The Bank of England makes some additional rate cuts. The ECB keeps the deposit facility rate at its current levels for a few years, in a context in which tariff increases stifle economic activity and in which there are risks weighing down on inflation, stemming from the appreciation of the euro and China's manufacturing overcapacity. The ECB continues to reduce its bond holdings, although their balance is still high historically speaking.

- Although trade-related issues continue to generate a lot of uncertainty, attention increasingly turns to fiscal matters. On this point, the United States is a source of concern and instability, given the poor starting position of its public finances and the approval of a new fiscal stimulus package. In Europe, the main tax-related concerns remain centred on the United Kingdom, France and Italy. This in a context in which the markets also have to absorb the supply of government debt stemming from the shift in Germany's tax policy.

- The financial markets maintain a positive tone. They are supported by (i) resilient and more evenly balanced global economic growth, (ii) controlled inflation in the main developed countries, (iii) a more expansionary monetary cycle, with lower official interest rates, (iv) a healthier private sector, with solid corporate earnings, and (v) advances in artificial intelligence, as well as its adoption and widespread benefits in various sectors. In any case, there could be localised episodes of instability caused by the deterioration of institutional quality in the United States and by the uncertainty in geopolitics, trade and tax matters. Some financial assets undergo corrections due to their lofty valuations, but the authorities take measures, so they end up having no visible economic repercussions.

- Financial assets trade at stable ranges with certain upward pressure on long-term yields, due to a higher term premium stemming from volatility in growth and inflation figures, high sovereign financing needs, the progress made by central banks in reducing their balance sheets, and a more restrictive monetary policy in Japan, which could alter international financial flows.

- Sovereign debt risk premiums in the European periphery remain at contained levels and in line with their respective ratings.

- The US dollar tends to depreciate against the euro, but it maintains its role as an international reserve currency. This movement goes hand in hand with the fluctuations in short-term interest rate differentials and the uncertainty premium linked to the US economic policy.

- The Spanish economy maintains positive growth dynamics, although the pace of growth is somewhat slower than in recent years given the smaller role played by the external sector. Economic growth, driven by domestic demand, continues outpace the wider Eurozone. GDP gradually comes closer to growth rates more in keeping with its potential.

- Private sector lending continues to grow steadily at a pace close to nominal GDP throughout the time horizon, underpinned by good economic performance, healthier household and corporate balances, and lower interest rates than in recent years. The greater needs for finance among corporates and SMEs as a result of the rollout of the NGEU funds are a factor that provides additional support for business lending, while mortgage lending also benefits from a dynamic residential market.

Alternative scenario 1: Swift deployment of Artificial Intelligence (AI) alongside productivity gains

- This scenario centres on the benefits for the global economy delivered by an expansive and rapid deployment of artificial intelligence. The effects of this deployment can be likened to other major technological revolutions, such as electricity and information technology. There is also a reversal of geostrategic tensions. All this ends up translating into greater productivity gains.

- Artificial intelligence applications are deployed across multiple sectors of the economy more swiftly than envisaged in the baseline scenario. Additionally, this technology enhances the capabilities of previous innovations, such as robotisation. All of this results in productivity gains, with productivity growth at near record-high levels. Global economic growth is thus stronger and more synchronised than in the baseline scenario. Against this backdrop, outlooks regarding the sustainability of the public finances improve.

- The geostrategic context also gets better in its two main facets: the agenda of the Trump administration, and the geopolitical environment. In relation to the agenda of the Trump administration, this ends up being less aggressive than initially thought, both on the economic plane and on the institutional front, and relatively stable trade relations are achieved with the main geographies. As for geopolitics, the main ongoing armed conflicts are resolved, thus removing a considerable source of uncertainty. With that, global supply conditions improve substantially and recover features similar to those that existed before Covid-19. The global supply of energy and commodities remains broad and prices stay relatively low.

- Inflation rates come under control and remain close to the monetary policy targets of the respective central banks. This is explained by a lack of disruptions in production chains and by productivity gains, which make cost absorption easier and result in more moderate second-round effects. In turn, this prompts economic agents' expectations that the level of prices will remain close to central banks' targets.

- Central banks have more faith in their ability to control inflation and place interest rates at levels close to monetary neutrality.

- Global financing conditions remain lax, with no episodes of risk aversion.

- The macroeconomic and financial environment allows risk premiums on both peripheral debt and corporate bonds to remain contained.

- In Spain, the economy maintains significant growth momentum thanks to productivity gains, the resolution of armed conflicts, lower interest rates and the use of the NGEU funds.

Alternative scenario 2: Trade war escalation and global economic recession

- In this scenario, the trade war escalates, with tariff rates climbing to a considerably higher level than in the baseline scenario. The isolationist trade policy pursued by the United States is compounded by the retaliation measures adopted by other countries. Trade measures go beyond the establishment of tariffs and also include quotas and restrictions on exports of technological inputs, for example, amid a growing tech war. Restrictions are also imposed on the trade of certain services (digital, educational, etc.).

- The shock on global trade is sharper than in the baseline scenario and takes the economies into a recession. The situation is aggravated by the uncertainty shock, the confidence crisis and tighter financial conditions. The impact across all of these channels is relatively long-lasting.

- Inflation is initially pushed up in the United States by tariffs and trade restrictions in 2026, but from 2027 onwards the demand shock is predominant, limiting the rebound of inflation and weighing it down once the base effects of the tariffs vanish. In Europe, on the other hand, for as long as economic weakness continues, inflation remains slightly below the monetary policy targets.

- Central banks act by lowering official interest rates to clearly expansionary levels and they directly intervene in the financial markets in response to their dislocation. In particular, the ECB cuts interest rates and resumes its asset purchase programme.

- Global financing conditions tighten, in terms of both capital markets and credit. In financial markets, risk asset corrections are at times abrupt. Government bond yields of developed countries drop as a result of economic weakness and given the expansionary monetary policy actions. Risk premiums in the European periphery increase as a result of deteriorating credit ratings, although only to a limited extent.

- The Spanish economy remains in a recession in 2026 and for part of 2027. The economy's deterioration is explained by factors shared by other economies, such as (i) the exacerbation of the trade war, in terms of both tariffs and the affected products and services, (ii) higher levels of uncertainty surrounding the global environment, both economic and geopolitical, and (iii) more restrictive financial conditions and a smaller supply of credit. In addition, in this scenario, Spain sees a reversal of some of the factors that had been supporting economic activity in recent years: (i) there is a clear drop in incoming migration flows, due to the reduced appeal of the economy and increased social opposition, and (ii) there is a fall in the number of tourist arrivals.

As at 31 December 2025 and 2024, the main forecast variables considered for Spain covering a five-year horizon are those shown below:

%

31/12/2025	Year 1	Year 2	Year 3	Year 4	Year 5
GDP growth					
Baseline scenario	1.9	1.7	1.8	1.8	1.8
Alternative scenario 1	3.8	3.6	2.2	2.2	2.2
Alternative scenario 2	-0.8	-0.9	1.2	1.6	1.6
Unemployment rate					
Baseline scenario	10.1	10.0	9.9	9.9	9.8
Alternative scenario 1	8.9	7.7	7.1	7.1	7.1
Alternative scenario 2	13.5	14.9	13.2	11.9	10.6
House price growth (*)					
Baseline scenario	5.0	4.0	4.0	4.0	4.0
Alternative scenario 1	7.1	5.5	5.0	5.0	5.0
Alternative scenario 2	-4.1	-2.3	1.0	1.5	1.5

(*) The price variation is calculated as at year-end.

%

31/12/2024	Year 1	Year 2	Year 3	Year 4	Year 5
GDP growth					
Baseline scenario	2.2	1.8	1.8	1.8	1.8
Alternative scenario 1	4.4	3.5	2.2	2.2	2.2
Alternative scenario 2	-0.3	-0.7	1.2	1.6	1.6
Unemployment rate					
Baseline scenario	11.2	10.9	10.7	10.5	10.5
Alternative scenario 1	9.9	8.6	8.0	7.7	7.6
Alternative scenario 2	14.6	15.7	14.1	12.6	11.1
House price growth (*)					
Baseline scenario	5.4	4.5	4.5	4.5	4.5
Alternative scenario 1	6.9	7.1	6.5	5.5	5.5
Alternative scenario 2	-3.7	-1.9	1.4	1.9	1.9

(*) The price variation is calculated as at year-end.

From the fifth year onwards, values are assigned to the projected variables, allowing them to be reversed to their central tendency value in the ninth year.

In the Bank, the macroeconomic scenarios have been incorporated into the impairment calculation model.

Further adjustments to expected losses

The Bank applies a series of additional adjustments to the outputs of its credit risk models, referred to as Post Model Adjustments (PMAs) or overlays, in order to address situations in which the outputs of those models are not sufficiently sensitive to uncertainty, or to capture events that cannot be modelled. These adjustments are temporary and remain in place until the reasons for which they were originally applied cease to exist. In all cases, the aforesaid overlays have followed the policies and procedures set by the Bank, as well as its internal governance workflow, which includes a review by the second line of defence.

As at 31 December 2025, the provision overlays recorded in the balance sheet amount to 50 million euros (83 million euros as at 31 December 2024). The main changes occurring during the year correspond, on one hand, to the introduction of adjustments linked to the incorporation of environmental risks into the expected loss figure and to the PD models, in the amount of 21 million euros, and on the other hand, to the release of the overlay put in place for the 2024 DANA flash floods in the amount of 45 million euros. Similarly, in 2025 overlays were booked, amounting to 29 million euros as a result of the increased uncertainty surrounding international trade, an estimated 7 million euros based on the results of the backtests carried out on PD models, and 5 million euros as a result of the potential impact of the African swine fever.

In addition, as at 31 December 2025, the Group had booked collective classification overlays, which resulted in an increase in exposures classified as stage 2 and stage 3 of 814 million euros and 29 million euros, respectively (511 million euros and 135 million euros, respectively, as at 31 December 2024) and which mainly correspond to the impacts stemming from the overlays described above.

Sensitivity analysis of the key variables of macroeconomic scenarios

A sensitivity analysis of the expected loss of the Group and its main geographies and of its impact, by segment, on impairment allowances in the event any of the key variables in the current macroeconomic scenario show deviations, *ceteris paribus*, with respect to the most likely baseline macroeconomic scenario envisaged in the Group's business plan, is set out below. The outcome of this analysis is shown below:

Million euro

Spain			
	Change in the variable (*)	Impact on expected loss	
		Corporates	Individuals
GDP growth deviation	-100 bp	76	9
	+100 bp	(64)	(8)
Unemployment rate deviation	+100 bp	31	8
	-100 bp	(29)	(7)
House price growth deviation	-100 bp	4	7
	+100 bp	(4)	(7)

(*) Changes to macroeconomic variables are applied in absolute terms.

Overall comparison between financial asset and real estate asset impairment allowances

The Bank has established backtesting methodologies to compare estimated losses against actually incurred losses.

Based on this backtesting exercise, the Bank makes amendments to its internal methodologies when this regular backtesting exercise reveals significant differences between estimated losses and actual losses.

The backtests carried out show, generally speaking, that the credit loss allowances are adequate given the portfolio's credit risk profile. The Institution has an action plan to rectify any differences that do exist.

3.4.2.6. Credit quality of financial assets

As stated earlier, in general terms, the Group uses internal models to rate most borrowers (or transactions) through which credit risk is incurred. These models have been designed considering the best practices proposed by the New Basel Capital Accord (NBCA). However, not all portfolios in which credit risk is incurred have internal models, partly due to the fact that these models can only be reasonably designed if a minimum amount of historical data on cases of non-payment is available. The standardised approach is followed for these portfolios, for solvency purposes.

The exposure percentage calculated by the Group using internal models, for solvency purposes, without considering TSB is 82%. This percentage has been calculated following the specifications of the ECB guide to internal models (Article 28a) published in June 2023.

The breakdown of the Bank's total exposures rated according to the various internal rating levels, as at 31 December 2025 and 2024, is set out here below:

Thousand euro

		Exposures assigned rating/score				
		2025				
Breakdown of on-balance sheet exposure, by rating	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
AAA/AA		12,517,574	3,262	—	—	12,520,836
A		18,749,700	19,135	—	—	18,768,835
BBB		83,206,935	214,864	—	—	83,421,799
BB		29,038,190	149,795	—	—	29,187,985
B		12,108,969	1,106,098	—	—	13,215,067
Other		450,506	3,290,268	3,037,091	—	6,777,865
No rating/score assigned		1,738,265	696,531	25,402	—	2,460,198
Total gross amount	**10**	**157,810,138**	**5,479,953**	**3,062,494**	**—**	**166,352,585**
Impairment allowances	**10**	**(194,761)**	**(278,576)**	**(1,638,474)**	**—**	**(2,111,810)**
Total net amount		**157,615,378**	**5,201,377**	**1,424,020**	**—**	**164,240,775**

Thousand euro

		Exposures assigned rating/score				
		2024				
Breakdown of on-balance sheet exposure, by rating	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
AAA/AA		11,244,810	106,779	—	—	11,351,589
A		17,299,297	32,006	—	—	17,331,303
BBB		70,132,570	229,711	—	—	70,362,281
BB		33,348,127	176,721	—	—	33,524,848
B		14,137,477	1,496,518	—	—	15,633,995
Other		601,261	4,326,208	3,696,490	—	8,623,959
No rating/score assigned		1,251,782	264,271	13,787	—	1,529,840
Total gross amount	**10**	**148,015,324**	**6,632,214**	**3,710,277**	**—**	**158,357,815**
Impairment allowances	**10**	**(198,767)**	**(294,901)**	**(1,927,173)**	**—**	**(2,420,841)**
Total net amount		**147,816,557**	**6,337,313**	**1,783,104**	**—**	**155,936,974**

The breakdown of the Bank's total off-balance sheet exposures rated according to the various internal rating levels, as at 31 December 2025 and 2024, is set out here below:

Thousand euro

		Exposures assigned rating/score				
		2025				
Breakdown of off-balance sheet exposure, by rating	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
AAA/AA		1,509,767	23,858	13,631	—	1,547,257
A		4,002,057	2,315	—	—	4,004,372
BBB		15,856,556	23,136	—	—	15,879,692
BB		7,450,935	17,419	—	—	7,468,354
B		4,011,522	216,601	—	—	4,228,123
Other		47,458	573,531	157,167	—	778,156
No rating/score assigned		402,847	—	216	—	403,062
Total gross amount	**24**	**33,281,142**	**856,859**	**171,014**	**—**	**34,309,015**
Impairment allowances	**24**	**(26,831)**	**(16,754)**	**(25,648)**	**—**	**(69,233)**
Total net amount		**33,254,311**	**840,105**	**145,366**	**—**	**34,239,782**

Thousand euro

		Exposures assigned rating/score				
		2024				
Breakdown of off-balance sheet exposure, by rating	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
AAA/AA		1,396,194	36,230	15,075	—	1,447,499
A		3,577,072	4,243	—	—	3,581,315
BBB		14,907,110	16,050	—	—	14,923,160
BB		10,494,981	25,411	—	—	10,520,392
B		3,583,054	215,314	—	—	3,798,368
Other		99,132	637,847	239,207	—	976,186
No rating/score assigned		79,615	—	—	—	79,615
Total gross amount	**24**	**34,137,158**	**935,095**	**254,282**	**—**	**35,326,535**
Impairment allowances	**24**	**(30,136)**	**(26,292)**	**(74,782)**	**—**	**(131,210)**
Total net amount		**34,107,022**	**908,803**	**179,500**	**—**	**35,195,325**

Further details on the credit rating and credit scoring models can be found in section 3.4.2.2 of these annual financial statements.

The NPL ratio and the stage 3 coverage ratio with total provisions as at 31 December 2025 and 2024 are shown below, both including and excluding the exposures of TSB and its subsidiary undertakings (see Note 2).

%

	2025	Proforma 2025 (*)	2024	Proforma 2024 (*)
NPL ratio	2.37	2.65	2.84	3.31
Stage 3 coverage ratio, with total provisions	63.76	69.46	61.73	66.09

(*) Corresponds to the ratio excluding TSB.

The NPL ratio, broken down by lending segment, as at 31 December 2025 and 2024 is set out below:

%

	2025	Proforma 2025 (*)	2024	Proforma 2024 (*)
Group NPL ratio	**2.37**	**2.65**	**2.84**	**3.31**
Non-real estate construction	2.35	2.35	4.06	4.06
Corporates	1.84	1.84	2.00	2.00
SMEs and self-employed	5.30	5.33	6.70	6.74
Individuals with 1st mortgage guarantee	1.68	1.84	1.89	2.27
Real estate development and construction	4.12	4.15	5.66	5.69

(*) Corresponds to the NPL ratio excluding TSB.

A more detailed quantitative breakdown of allowances and assets classified as stage 3 can be found in Note 10, and a more detailed breakdown of refinancing and restructuring transactions is included in Schedule IV.

3.4.2.7. Concentration risk

Concentration risk refers to the level of exposure to a series of economic groups which could, given the size of that exposure, give rise to significant credit losses in the event of an adverse economic situation.

Exposures can be concentrated within a single customer or economic group, or within a given sector or geography.

Concentration risk can be caused by two risk subtypes:

- Individual concentration risk: this refers to the possibility of incurring significant credit losses as a result of maintaining large exposures to specific customers, either to a single customer or to an economic group.
- Sector concentration risk: imperfect diversification of systematic components of risk within the portfolio, which can be sector-based or geographical factors, among others.

Banco Sabadell has a series of specific tools and policies in place to ensure its concentration risk is managed efficiently:

- Quantitative metrics from the Risk Appetite Statement and their subsequent monitoring, including both first-tier (Board) metrics and second-tier (Executive) metrics.
- Individual limits for risks and customers considered to be significant, which are set by the Delegated Credit Committee.
- A structure of conferred powers which requires transactions with significant customers to be approved by the Risk Operations Committee, or even by the Delegated Credit Committee.

In order to control its concentration risk, Banco Sabadell Group has rolled out the following critical control parameters:

Consistency with the Global Risk Framework

The Group ensures that the level of its concentration risk exposures is consistent with its tolerance of this risk, as defined in the RAS. Overall concentration risk limits and adequate internal controls are in place to ensure that concentration risk exposures do not go beyond the risk appetite levels established by the Group.

Establishment of limits and metrics for concentration risk control

Given the nature of the Group's activity and its business model, concentration risk is primarily linked to credit risk, and various metrics are in place, along with their associated limits.

Credit risk exposure limits are set based on the Institution's past loss experience, seeking to ensure that exposures are in line with the Group's level of capitalisation as well as the expected level of profitability under different scenarios.

The metrics used to measure such levels, as well as appetite limits and tolerance thresholds for the identified risks, are provided in the RAS metrics.

Risk control monitoring and regular reporting

Banco Sabadell Group ensures that concentration risk is monitored on a regular basis, in order to enable any weaknesses in the mechanisms implemented to manage this risk to be quickly identified and resolved. This information is also reported to the Board of Directors on a recurring basis in accordance with the established risk governance arrangements.

Action plans and mitigation techniques

When dealing with exceptions to internally established limits, the criteria based on which such exceptions can be approved must be included.

The Group will take any measures necessary to align its concentration risk with the levels approved in the RAS by the Board of Directors.

Exposure to customers or significant risks

As at 31 December 2025 and 2024, there were no borrowers with an approved lending transaction that individually exceeded 10% of the Group's own funds.

Country risk: geographical exposure to credit risk

Country risk is defined as the risk associated with a country's debts, taken as a whole, for reasons inherent in the sovereignty and the economic situation of that country, i.e. due to circumstances other than regular credit risk. Country risk manifests itself in the inability of obligors to honour their foreign currency payment obligations undertaken with external creditors due to, among other reasons, the country not permitting access to that foreign currency, the inability to transfer it, or the non-enforceability of legal actions against borrowers for reasons of sovereignty, war, expropriation or nationalisation.

Country risk affects not only debts undertaken with a State or entities guaranteed by it, but also all private debtors that belong to that State and who, for reasons outside their control and not at their own volition, are generally unable to satisfy their debts.

An exposure limit is set for each country, which is applicable across the whole of Banco Sabadell Group. These limits are approved by the Board of Directors and the corresponding decision-making bodies, as per their conferred powers, and they are continuously monitored to ensure that any deterioration in the economic, political or social prospects of a country can be detected in good time.

The main component of the procedure for the acceptance of country risk and financial institution risk is the structure of limits for different metrics. This structure is used to monitor the various risks and it is also used by Senior Management and the delegated bodies to establish the Group's risk appetite.

Different indicators and tools are used to manage country risk: credit ratings, credit default swaps, macroeconomic indicators, etc.

Schedule IV includes quantitative data relating to the breakdown of the concentration of risks by activity and on a global scale.

Exposure to sovereign risk and exposure to the construction and real estate development sector

Schedule IV includes quantitative data relating to sovereign risk exposures and exposures to the construction and real estate development sector.

3.4.2.8. Counterparty credit risk

Counterparty credit risk is a type of credit risk that refers to the risk of a counterparty defaulting before definitively settling cash flows of either a transaction with derivatives or a transaction with a repurchase commitment, with deferred settlements or collateral financing.

The amount exposed to a potential default by the counterparty does not correspond to the notional amount of the contract, instead, it is uncertain and depends on market price fluctuations until the maturity or settlement of the financial contracts.

Exposure to counterparty credit risk is mainly concentrated in customers, financial institutions and central counterparty clearing houses.

The following tables show the breakdown of exposures by credit rating and by the geographical areas in which the Group operates, as at 31 December 2025 and 2024:

%

2025 (*)															
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Other	Total
0.0%	0.0%	0.0%	35.4%	23.9%	12.1%	7.7%	3.3%	1.6%	1.8%	4.7%	4.1%	2.7%	1.0%	1.6%	**100%**

(*) Data for 2025 does not include the amounts contributed by TSB and its subsidiary undertakings (see Note 1.4).

%

2024															
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Other	Total
0.0%	0.0%	0.0%	30.0%	24.1%	18.0%	3.7%	4.8%	2.3%	2.4%	5.2%	5.1%	1.9%	1.0%	1.5%	**100%**

%

	2025 (*)	2024
Eurozone	88.1%	77.8%
Rest of Europe	6.7%	15.7%
United States and Canada	2.0%	2.7%
Rest of the world	3.2%	3.8%
Total	**100%**	**100%**

(*) Data for 2025 does not include the amounts contributed by TSB and its subsidiary undertakings (see Note 1.4).

As can be seen in the table, the risk is concentrated in counterparties with a high credit quality, with 79% of the risk relating to counterparties rated A, whereas as at 31 December 2024 this concentration was 76%.

In 2016, under the European Market Infrastructure Regulation (EMIR) (Commission Delegated Regulation 648/2012), the obligation to settle and clear certain Over-The-Counter (OTC) derivatives through central counterparty clearing houses (CCPs) began to apply to the Group. For this reason, the derivatives arranged by the Group and subject to the foregoing are channelled via these agents. At the same time, the Group has improved the standardisation of OTC derivatives with a view to fostering the use of clearing houses. The exposure to risk with CCPs largely depends on the value of the deposited guarantees.

With regard to derivative transactions in Organised Markets (OMs), based on management criteria, it is considered that there is no exposure, given that there is no risk as the OMs act as counterparties in the transactions and a daily settlement and guarantee mechanism is in place to ensure the transparency and continuity of the activity. In OMs the exposure is equivalent to the deposited guarantees.

The breakdown of transactions involving derivatives in financial markets, according to whether the counterparty is another financial institution, a clearing house or an organised market, is shown below:

Thousand euro

	2025	2024
Transactions with organised markets	124,770	506,105
OTC transactions	122,567,437	123,417,813
Settled through clearing houses	*47,020,729*	*51,094,908*
Total	**122,692,207**	**123,923,918**

There are currently no transactions that meet the accounting criteria for offsetting transactions involving financial assets and financial liabilities on the balance sheet. The netting of derivative and repo transactions is only material when calculating the amount to be collateralised, and it is not material in terms of their presentation on the balance sheet.

The following tables show the aggregate amount reflected on the balance sheet for the financial instruments subject to a master netting and collateral agreement for 2025 and 2024:

Thousand euro

2025					
	Financial assets subject to collateral agreements				
			Guarantee received		
	Amount recognised on balance sheet	Amount offset (for collateral calculations only)	Cash	Securities	Net amount
Financial assets	(a)	(b)	(c)	(d)	(a) - (b) - (c) - (d)
Derivatives	2,101,584	962,298	1,112,087	80,747	(53,548)
Reverse repos	10,977,533	—	8,759	11,033,070	(64,295)
Total	**13,079,117**	**962,298**	**1,120,846**	**11,113,817**	**(117,843)**

Thousand euro

2025					
	Financial liabilities subject to collateral agreements				
			Guarantee given		
	Amount recognised on balance sheet	Amount offset (for collateral calculations only)	Cash	Securities	Net amount
Financial liabilities	(a)	(b)	(c)	(d)	(a) - (b) - (c) - (d)
Derivatives	1,127,654	962,298	282,049	573,405	(690,098)
Repos	18,924,227	—	78,380	19,442,865	(597,018)
Total	**20,051,881**	**962,298**	**360,429**	**20,016,270**	**(1,287,116)**

Thousand euro

2024					
	Financial assets subject to collateral agreements				
			Guarantee received		
	Amount recognised on balance sheet	Amount offset (for collateral calculations only)	Cash	Securities	Net amount
Financial assets	(a)	(b)	(c)	(d)	(a) - (b) - (c) - (d)
Derivatives	1,923,437	1,214,698	683,703	62,321	(37,285)
Reverse repos	10,725,012	—	31,590	10,720,991	(27,568)
Total	**12,648,449**	**1,214,698**	**715,293**	**10,783,312**	**(64,853)**

Thousand euro

2024					
	Financial liabilities subject to collateral agreements				
			Guarantee given		
	Amount recognised on balance sheet	Amount offset (for collateral calculations only)	Cash	Securities	Net amount
Financial liabilities	(a)	(b)	(c)	(d)	(a) - (b) - (c) - (d)
Derivatives	1,497,275	1,214,698	397,944	374,681	(490,048)
Repos	12,034,968	—	65,831	12,262,513	(293,376)
Total	**13,532,243**	**1,214,698**	**463,775**	**12,637,194**	**(783,424)**

The values of derivative financial instruments which are settled through a clearing house as at 31 December 2025 and 2024 are indicated here below:

Thousand euro

	2025	2024
Derivative financial assets settled through a clearing house	1,462,754	1,366,479
Derivative financial liabilities settled through a clearing house	617,944	771,479

The philosophy behind counterparty credit risk management is consistent with the business strategy, at all times seeking to ensure the creation of value whilst maintaining a balance between risk and return. To this end, criteria have been established for controlling and monitoring counterparty credit risk arising from activity in financial markets, which ensure that the Bank can carry out its business activity whilst adhering to the risk thresholds approved by the Board of Directors.

The approach for quantifying counterparty credit risk exposure takes into account current and future exposure. The current exposure represents the cost of replacing a transaction at the present time and at market value in the event that a counterparty defaults. To calculate it, the current or Mark-to-Market (MtM) value of the transaction is required. The future exposure represents the risk that a transaction could potentially represent over a certain period of time, given the characteristics of the transaction and the market variables on which it depends. In the case of transactions carried out under a collateral agreement, the future exposure represents the possible fluctuation of the MtM between the time of default and the replacement of such transactions in the market. If the transaction is not carried out under a collateral agreement, it represents the possible changes in MtM throughout the life of the transaction.

Each day at close of business, all of the exposures are recalculated in accordance with the transaction inflows and outflows, changes in market variables, and the risk mitigation mechanisms established by the Group. Exposures are thus subject to daily monitoring and they are controlled in accordance with the limits approved by the Board of Directors. This information is included in risk reports for disclosure to the departments and areas responsible for their management and monitoring.

With regard to counterparty credit risk, the Group has different mitigation techniques. The main techniques are:

- Netting agreements for derivatives (ISDA and Spain's Framework Agreement for Financial Transactions (*Contrato Marco de Operaciones Financieras*, or CMOF)).
- Variation margin collateral agreements for derivatives (CSA and Annex 3 - CMOF), repos (GMRA, EMA) and securities lending (GMSLA).
- Initial margin collateral agreements for derivatives (Collateral Transfer Agreement and Security Agreement).

Netting agreements allow positive and negative MtM to be aggregated for transactions with a single counterparty, in such a way that in the event of default, a single payment or collection obligation is established in relation to all of the transactions closed with that counterparty.

By default, the Group has netting agreements with all counterparties wishing to trade in derivatives.

Variation margin collateral agreements, as well as including the netting effect, also include the regular exchange of guarantees which mitigate the current exposure with a counterparty in respect of the transactions subject to such agreements.

In order to trade in derivatives or repos with financial institutions, the Group requires variation margin collateral agreements to be in place. Furthermore, for derivative transactions with these institutions, the Group is required to exchange variation margin collateral with financial counterparties pursuant to Delegated Regulation (EU) 2251/2016. The Group's standard variation margin collateral agreement, which complies with the aforesaid regulation, is bilateral (i.e. both parties are obliged to deposit collateral) and includes the daily exchange of guarantees in the form of cash and in euros.

Initial margin collateral agreements include the provision of guarantees to mitigate the potential future exposure with a counterparty in respect of the transactions subject to such agreements.

The Group has initial margin collateral agreements in place for derivative transactions with financial institutions pursuant to Delegated Regulation (EU) 2251/2016.

3.4.2.9. Assets pledged in financing activities

As at the end of 2025 and 2024, there were certain financial assets pledged in financing operations, i.e. delivered as collateral or guarantees with respect to certain liabilities. These assets correspond mainly to loans linked to the issuance of mortgage covered bonds, public sector covered bonds and long-term asset-backed securities (see Note 19 and Schedule II). The remaining pledged assets are debt securities which are delivered in transactions involving assets sold under repurchase agreements, pledged collateral (loans or debt instruments) to access certain funding operations with central banks and all types of collateral provided to secure derivative transactions.

The issuing entity Banco Sabadell did not issue any public sector covered bonds in either 2025 or 2024.

The Bank has used part of its portfolio of loans and similar credit in fixed-income securities by transferring assets to various securitisation funds created for this purpose. Under current regulations, securitisations in which there is no significant risk transfer cannot be derecognised from the balance sheet.

The balance of the financial assets securitised under these programmes by the Bank, as well as other financial assets transferred, depending on whether they have been derecognised or retained in full on the balance sheet, is as follows:

Thousand euro

	2025	2024
Fully derecognised from the balance sheet	**642,589**	**833,458**
Securitised mortgage assets (*)	110,274	112,161
Other securitised assets (*)	146,820	175,491
Other financial assets transferred	385,495	545,806
Fully retained on the balance sheet (*)	**4,993,243**	**5,271,452**
Securitised mortgage assets	4,285,955	4,271,914
Other securitised assets	707,288	999,538
Other transfers to credit institutions	—	—
Total	**5,635,832**	**6,104,910**

(*) See Schedule II.

The assets and liabilities associated with securitisation funds of assets originated after 1 January 2004, and for which inherent risks and rewards of ownership have not been transferred to third parties, have been retained on the balance sheet. As at 31 December 2025 and 2024, there was no significant support from the Bank for securitisations not held on the balance sheet.

Schedule II to these annual financial statements includes certain information regarding the securitisation funds.

3.4.3. Financial risks

Financial risk is defined as the possibility of obtaining inadequate returns or having insufficient levels of liquidity that prevent an institution from meeting future requirements and expectations.

3.4.3.1. Liquidity and funding risk

Liquidity risk refers to the possibility of losses being incurred as a result of the Institution being unable, albeit temporarily, to honour payment commitments due to a lack of liquid assets or due to its inability to access the markets to refinance debts at a reasonable cost. This risk may be associated with factors of a systemic nature or specific to the Institution itself.

In this regard, the Group aims to maintain a stock of liquid assets and a funding structure that, in line with its strategic objectives and based on its Risk Appetite Statement, allow it to honour its payment commitments as usual and at a reasonable cost, both under business-as-usual conditions and in a stress situation caused by systemic and/or idiosyncratic factors.

The fundamental pillars of Banco Sabadell's governance structure for liquidity management and control are the direct involvement of the governing body, Board committees and management bodies, following the model of three lines of defence, and a clear segregation of duties, as well as a clear-cut structure of responsibilities.

Liquidity management

In Banco Sabadell, the goal of liquidity management is to ensure funding for its business activity at an appropriate cost and term while minimising liquidity risk. The Institution's funding policy focuses on maintaining a balanced funding structure, based mainly on customer deposits and supplemented with access to wholesale markets that allows the Group to maintain a comfortable liquidity position at all times.

The Group follows a structure based on Liquidity Management Units (LMUs) to manage its liquidity. Each LMU is responsible for managing its own liquidity and for setting its own metrics to control liquidity risk, working together with the Group's corporate functions. As at the end of December 2025, the LMUs are Banco Sabadell (includes Banco de Sabadell, S.A., which in turn includes activity in foreign branches, as well as the business in Mexico of Banco Sabadell S.A., I.B.M.) and TSB.

In order to achieve these objectives, the Group's current liquidity risk management strategy is based on the following principles and pillars, in line with the LMUs' retail business model and the defined strategic objectives:

- Risk governance and involvement of the Board of Directors and Senior Management in managing and controlling liquidity risk. The Board of Directors has the highest level of responsibility for the oversight of liquidity risk, while the management bodies of the LMUs are in charge of transposing these strategies to their local areas of activity.
- Integration of the risk culture, based on prudent liquidity risk management and clear and consistent definitions of their terminology, and on its alignment with the Group's business strategy through the established risk appetite.
- Clear segregation of responsibilities and duties between the different areas and bodies within the organisation, with a clear-cut distinction between each of the three lines of defence, providing independence in the evaluation of positions and in risk assessment and control.
- Implementation of best practices in liquidity risk management and control, ensuring not only compliance with regulatory requirements but also, under a criterion of prudence, the availability of sufficient liquid assets to overcome possible stress events.
- Decentralised liquidity management system for the more significant units, but with a centralised risk oversight and management system.
- Sound processes for the identification, measurement, management, control and disclosure of the different liquidity subrisks to which the Group is exposed.
- Holistic overview of risk, through first- and second-tier risk taxonomies, and complying with regulatory requirements, recommendations and guidelines.
- Existence of a transfer pricing system to transfer the cost of funding.
- Balanced funding structure with a predominance of customer deposits.
- Ample base of unencumbered liquid assets that can be used immediately to generate liquidity and which comprise the Group's first line of liquidity.
- Diversification of funding sources, with controlled use of short-term wholesale funding without having to depend on individual fund suppliers.
- Self-funding by the main banking subsidiaries outside Spain.
- Oversight of the balance sheet volume being used as collateral in funding operations.
- Maintenance of a second line of liquidity that includes the capacity to issue covered bonds.
- Alignment with the interests of stakeholders through regular public disclosure of liquidity risk information.
- Availability of a Liquidity Contingency Plan.

Tools/metrics for monitoring and controlling liquidity risk management

Banco Sabadell Group has a system of metrics and thresholds which are provided in the RAS and which define the appetite for liquidity risk, previously approved by the Board of Directors. This system enables liquidity risk to be assessed and monitored, ensuring the achievement of strategic objectives, adherence to the risk profile, as well as compliance with regulations and supervisory guidelines. Within the Group-level monitoring of liquidity metrics, there are metrics established at the Group level and calculated on a consolidated basis, metrics established at the Group level and rolled out to each Group LMU, as well as metrics established at the LMU level to reflect specific local characteristics.

Both the metrics defined in the Banco Sabadell Group RAS and those defined in the local RAS of subsidiaries are subject to governance arrangements relating to the approval, monitoring and reporting of threshold breaches, as well as remediation plans established in the RAF on the basis of the hierarchical level of each metric (these are classified into three tiers).

It should be mentioned that the Group has designed and implemented a system of Early Warning Indicators (EWIs) at the LMU level, which includes market and liquidity indicators adapted to the funding structure and business model of each LMU. The rollout of these indicators at the LMU level complements the RAS metrics and allows tensions in the local liquidity position and funding structure to be detected early, thereby facilitating the implementation of corrective measures and actions and reducing the risk of contagion between the different management units.

The risk of each LMU is also monitored on a daily basis through a report that measures daily changes in the funding needs of the balance sheet, daily changes in the outstanding balance of transactions in capital markets, as well as daily changes in the liquidity buffer maintained by each LMU.

The metrics reporting and control framework involves, among other things:

- Monitoring the RAS metrics and their thresholds on a consolidated basis, as well as those established for each LMU, in line with the established monitoring frequency.
- Reporting on the relevant set of metrics to the governing body, Board committees and management bodies, according to the tiers into which those metrics have been classified.
- In the event a threshold breach is detected, activating the communication protocols and necessary plans for its resolution.

Within the Group's overall budgeting process, Banco Sabadell plans its liquidity and funding requirements over different time horizons, which it aligns with the Group's strategic objectives and risk appetite. Each LMU has a one-year and five-year funding plan in which they set out their potential funding needs and the strategy for their management, and they regularly analyse compliance with that plan, any deviations from the projected budget and the extent to which the plan is suited to the market environment.

In addition, Banco Sabadell regularly reviews the identification of liquidity risks and assesses their materiality. At least for all risks deemed material, there are specific management strategies and metrics in place that capture these risk components. It also conducts regular liquidity stress tests, which envisage a series of stress scenarios in the short and longer term, analysing their impact on the liquidity position and the main metrics in order to ensure that the existing exposures are consistent with the established liquidity risk tolerance level at all times.

The Institution also has an internal transfer pricing system to transfer the funding costs to business units.

Lastly, Banco Sabadell has a Liquidity Contingency Plan (LCP) in place that sets forth the strategy for ensuring that the Institution has sufficient management capabilities and measures to minimise the negative impacts of a stress situation on its liquidity position and to allow it to return to a business-as-usual situation. The LCP can be invoked in response to different stress situations affecting either the markets or the Institution itself. The key components of the LCP include, among others: the definition of the strategy for its implementation, the inventory of measures available to generate liquidity in business-as-usual situations or in a stress situation linked to the invocation of the LCP, and a communication plan (both internal and external) for the LCP.

Residual maturity periods

The tables below show the breakdown, by contractual maturity, of certain pools of items on the balance sheet as at 31 December 2025 and 2024, under business-as-usual market conditions:

Thousand euro

2025										
Time to maturity	On demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Assets										
Cash, balances at central banks and other demand deposits	2,710,459	8,647,488	90	1,224	19	—	—	559	5,069	11,364,908
Financial assets at fair value through other comprehensive income	—	—	92,340	149,027	304,032	1,171,408	44,664	325,214	2,490,146	4,576,831
Debt securities	—	—	92,340	149,027	304,032	1,171,408	44,664	325,214	2,490,146	4,576,831
Financial assets at amortised cost	2,356,505	9,442,599	7,140,897	11,904,855	10,287,803	9,831,759	11,055,427	9,479,866	86,556,594	158,056,305
Debt securities	—	8,993	11,655	661,869	1,574,971	1,001,707	3,019,607	1,505,460	18,656,913	26,441,174
Loans and advances	2,356,505	9,433,606	7,129,243	11,242,986	8,712,833	8,830,051	8,035,820	7,974,406	67,899,681	131,615,131
Central banks	—	—	—	—	—	—	—	—	—	—
Credit institutions	468,820	4,345,106	2,290,558	3,105,191	2,082,460	1,849,366	559,822	231,078	192,547	15,124,949
Customers	1,887,685	5,088,500	4,838,684	8,137,795	6,630,372	6,980,686	7,475,998	7,743,328	67,707,134	116,490,182
Total assets	**5,066,964**	**18,090,087**	**7,233,327**	**12,055,106**	**10,591,854**	**11,003,167**	**11,100,091**	**9,805,639**	**89,051,809**	**173,998,044**
Liabilities										
Financial liabilities at amortised cost	114,969,495	14,036,834	9,094,556	15,916,130	4,651,584	3,909,937	3,839,410	3,473,129	6,578,423	176,469,498
Deposits	110,730,670	13,897,785	7,980,995	13,936,710	2,772,992	1,167,599	300,336	916,952	924,794	152,628,834
Credit institutions	1,250,751	8,035,245	3,832,198	2,680,911	1,370,850	904,270	63,984	115,706	506,330	18,760,245
Customers	109,479,920	5,862,541	4,148,797	11,255,799	1,402,142	263,329	236,351	801,247	418,464	133,868,589
Debt securities issued	—	41,698	1,100,597	1,967,861	1,871,692	2,735,404	3,529,578	2,540,204	5,444,005	19,231,039
Other financial liabilities	4,238,825	97,351	12,964	11,559	6,901	6,933	9,496	15,972	209,624	4,609,625
Total liabilities	**114,969,495**	**14,036,834**	**9,094,556**	**15,916,130**	**4,651,584**	**3,909,937**	**3,839,410**	**3,473,129**	**6,578,423**	**176,469,498**
Trading and hedging derivatives										
Receivable	—	6,279,464	8,086,007	22,260,072	6,948,849	8,342,088	7,374,876	8,850,310	37,911,725	106,053,391
Payable	—	6,267,030	10,805,300	20,885,100	7,217,587	10,024,019	7,383,059	9,208,927	37,770,908	109,561,930
Contingent risks										
Financial guarantees	93	25,023	65,824	441,774	148,435	83,097	85,466	41,876	1,801,801	2,693,389

Thousand euro

2024										
Time to maturity	On demand	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Assets										
Cash, balances at central banks and other demand deposits	2,397,801	9,424,790	21	291	1,542	67	—	51	6,721	11,831,284
Financial assets at fair value through other comprehensive income	—	297,007	19,955	489,453	1,118,404	307,283	1,410,290	44,143	2,399,278	6,085,813
Debt securities	—	297,007	19,955	489,453	1,118,404	307,283	1,410,290	44,143	2,399,278	6,085,813
Financial assets at amortised cost	3,078,745	9,633,325	6,957,319	10,716,363	11,688,255	10,108,034	8,219,094	11,634,904	76,797,564	148,833,603
Debt securities	—	160,018	475,747	450,304	537,920	1,590,997	1,021,478	3,062,677	14,340,226	21,639,367
Loans and advances	3,078,745	9,473,307	6,481,572	10,266,059	11,150,334	8,517,037	7,197,616	8,572,227	62,457,339	127,194,236
Central banks	—	—	—	—	—	—	—	—	—	—
Credit institutions	756,033	4,322,885	1,774,734	2,852,359	2,713,404	1,075,103	659,507	303,508	138,545	14,596,078
Customers	2,322,711	5,150,423	4,706,839	7,413,700	8,436,930	7,441,935	6,538,109	8,268,718	62,318,793	112,598,158
Total assets	**5,476,546**	**19,355,122**	**6,977,295**	**11,206,107**	**12,808,201**	**10,415,384**	**9,629,384**	**11,679,098**	**79,203,563**	**166,750,700**
Liabilities										
Financial liabilities at amortised cost	108,417,096	8,143,587	7,778,794	19,422,467	6,755,251	2,724,359	3,103,374	4,720,096	7,500,537	168,565,561
Deposits	103,869,439	8,029,078	6,317,065	17,825,415	2,992,831	345,090	361,994	902,952	1,049,875	141,693,739
Credit institutions	943,284	5,371,945	2,095,188	3,424,269	1,714,849	46,767	46,775	74,857	346,556	14,064,490
Customers	102,926,155	2,657,131	4,221,877	14,401,146	1,277,982	298,324	315,219	828,096	703,319	127,629,249
Debt securities issued	—	101,106	1,450,063	1,580,760	3,755,170	2,373,051	2,731,857	3,804,069	6,267,942	22,064,018
Other financial liabilities	4,547,656	13,404	11,667	16,292	7,250	6,217	9,523	13,075	182,720	4,807,804
Total liabilities	**108,417,096**	**8,143,587**	**7,778,794**	**19,422,467**	**6,755,251**	**2,724,359**	**3,103,374**	**4,720,096**	**7,500,537**	**168,565,561**
Trading and hedging derivatives										
Receivable	—	9,078,559	7,335,536	20,930,324	8,384,518	4,581,240	5,519,001	7,371,642	35,490,620	98,691,440
Payable	—	17,890,740	7,426,890	23,253,917	8,493,778	4,779,580	8,211,411	7,514,474	35,273,490	112,844,280
Contingent risks										
Financial guarantees	640	53,084	115,909	481,218	185,154	87,792	43,746	39,348	2,848,960	3,855,851

In this analysis, very short-term maturities traditionally represent funding requirements, as they include continuous maturities of short-term liabilities, which in typical banking activities see higher turnover rates than assets, but as they are continuously rolled over they actually end up satisfying these requirements and at times even result in the growth of outstanding balances.

With regard to the information included in these tables, it is worth pointing out that they show the contractual residual term to maturity of the asset and liability positions on the balance sheet, broken down into different time brackets.

The information provided is static and does not reflect foreseeable funding needs.

It should also be noted that cash flow breakdowns in the parent company have not been deducted.

In order to present the contractual maturities of financial liabilities with certain particular characteristics, the parent company has taken the following approach:

- Transactions are placed in different time brackets according to their contractual maturity date.
- Demand liabilities are included in the “on demand” tranche, without taking into account their type (stable vs unstable).
- There are also contingent commitments which could lead to changes in liquidity needs. These are fundamentally credit facilities with amounts undrawn by the borrowers as at the balance sheet date. The Board of Directors also establishes limits in this regard for control purposes.
- Balances related to financial guarantee contracts have been included for the parent company, allocating the maximum amount of the guarantee to the earliest period in which the guarantee can be called.

- As at 31 December 2025 and 2024, the Group had no instruments in addition to those regulated by framework agreements associated with the arrangement of derivatives and financial asset repos/reverse repos.
- Furthermore, the Group's funding programmes in capital markets are systematically checked to ensure they can meet its short-, medium- and long-term needs.
- Funding in capital markets obtained through instruments that include clauses which could lead to accelerated repayment (instruments with clauses linked to a credit rating downgrade or puttables) is reduced in line with the Group's financial liabilities. It is for this reason that the estimated impact on the parent company would not be significant.
- The Group does not have any instruments that allow the Institution to choose whether it settles its financial liabilities by delivering cash (or another financial asset) or by delivering its own shares as at 31 December 2025 and 2024.

Funding strategy and evolution of liquidity in 2025

The Group's primary source of funding is customer deposits (mainly demand deposits and term deposits acquired through the branch network), supplemented with funding raised through interbank and capital markets in which the Institution has and regularly renews various short-term and long-term funding programmes in order to achieve an adequate level of diversification by type of product, term and investor. The Institution maintains a diversified portfolio of liquid assets that are largely eligible as collateral in exchange for access to funding operations with the ECB.

On-balance sheet customer funds

On-balance sheet customer funds as at 31 December 2025 and 2024 are shown below by maturity:

Million euro / %

	Note	2025	3 months	6 months	12 months	>12 months	No maturity
Total on-balance sheet customer funds (*)		**131,420**	**7.0 %**	**2.5 %**	**5.6 %**	**1.6 %**	**83.3 %**
Term deposits and others		21,594	40.8 %	15.1 %	34.3 %	9.8 %	0.0 %
Demand deposits	18	109,422	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %
Retail issues		404	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %

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

Million euro / %

	Note	2024	3 months	6 months	12 months	>12 months	No maturity
Total on-balance sheet customer funds (*)		**127,533**	**7.0 %**	**5.1 %**	**5.6 %**	**1.7 %**	**80.6 %**
Term deposits and others		24,163	35.9 %	25.5 %	29.6 %	9.0 %	0.0 %
Demand deposits	18	102,850	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %
Retail issues		520	41.9 %	57.5 %	0.6 %	0.0 %	0.0 %

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

The downward trend followed by interest rates in financial markets has resulted in a shift in the composition of on-balance sheet customer funds, with funds moving from term deposits to demand deposits.

Details of off-balance sheet customer funds managed by the Bank and those sold but not under management are provided in Note 25 to these annual financial statements.

In 2025, the funding gap has remained stable, presenting similar growth in both lending items and customer funds, thus placing the Group's Loan-to-Deposit (LtD) ratio at 93.5% as at 2025 year-end (93.2% as at 2024 year-end).

Capital markets

The outstanding nominal balance of instruments issued on capital markets declined compared to the end of 2024, as a portion of the maturities and early repayments on senior debt and senior non-preferred debt trades were not replaced by new issues. Issues of mortgage covered bonds, asset-backed securities, subordinated debt and preferred securities, in aggregate, showed an outstanding nominal balance slightly above the previous year's. In 2025, in order to keep an adequate level of instruments above regulatory requirements, specifically the Minimum Requirement for own funds and Eligible Liabilities (MREL), several instruments were issued on capital markets (senior non-preferred debt and Additional Tier 1 (AT1)). The outstanding nominal balance of funding in capital markets, by type of product, as at 31 December 2025 and 2024, is shown below:

Million euro

	2025	2024
Outstanding nominal balance	**20,860**	**23,004**
Mortgage covered bonds	7,375	7,706
Commercial paper and ECP	753	616
Senior debt	3,266	4,293
Senior non-preferred debt	4,280	5,030
Subordinated debt and preferred securities	4,265	4,065
Asset-backed securities	921	1,294

Maturities of issues in capital markets, by type of product (excluding asset-backed securities and commercial paper) and considering their legal maturity, as at 31 December 2025 and 2024, are analysed below:

Million euro

	2025							
	2026 (*)	2027	2028	2029	2030	2031	>2031	Outstanding balance
Secured issues								
Mortgage covered bonds	1,390	1,100	985	950	1,250	200	1,500	7,375
Unsecured issues								—
Senior debt	—	500	750	1,266	750	—	—	3,266
Senior non-preferred debt	67	18	500	1,500	500	500	1,195	4,280
Subordinated debt and preferred securities	500	—	—	—	—	—	3,765	4,265
Total	**1,957**	**1,618**	**2,235**	**3,716**	**2,500**	**700**	**6,460**	**19,186**

(*) After obtaining the corresponding authorisations, on 27 January 2026, Banco Sabadell announced that it would be exercising the early redemption option on the Senior-Preferred Debt 2/2020 series, amounting to 500 million euros, on the first call date, 11 March 2026 and that, on 3 February 2026, it would be exercising the early redemption option on the AT1 1/2021 series amounting to 500 million euros on the first call date, 15 March 2026.

Million euro

	2024							
	2025	2026	2027	2028	2029	2030	>2030	Outstanding balance
Secured issues								
Mortgage bonds and mortgage covered bonds	831	1,390	1,100	985	950	1,250	1,200	7,706
Unsecured issues								
Senior debt	980	—	500	750	1,293	750	—	4,273
Senior non-preferred debt	500	1,317	18	500	1,500	500	695	5,030
Subordinated debt and preferred securities	300	500	—	—	—	—	3,265	4,065
Total	**2,611**	**3,207**	**1,618**	**2,235**	**3,743**	**2,500**	**5,160**	**21,074**

The Bank has a number of funding programmes in operation in capital markets, with a view to diversifying its different funding sources.

In terms of short-term funding, as at year-end there was one commercial paper programme in operation, which governs the issuance of such securities and is aimed at institutional and retail investors. The Banco Sabadell Commercial Paper Programme 2025, registered with Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), has an issuance limit of 7 billion euros, which can be extended to 9 billion euros. As at 31 December 2025, the outstanding balance of the programme was 404 million euros (net of commercial paper subscribed by Group companies), compared with 511 million euros as at 31 December 2024.

Regarding medium- and long-term funding, the Institution has the following programmes in operation:

- Base Prospectus of Non-Equity Securities 2025 ("Fixed Income Programme") registered with the CNMV on 17 July 2025, with an issuance limit of 10 billion euros, which permits the issuance of instruments under Spanish law through the CNMV aimed at institutional and retail investors, both domestic and foreign. More specifically, the programme regulates the issuance of straight, non-preferred, structured or subordinated Tier 2 bonds and debentures, in addition to mortgage covered bonds and public sector covered bonds (European guaranteed bonds, also known as premium covered bonds). As at 31 December 2025, the limit available for new issues under the Banco Sabadell Fixed Income Programme was 8 billion euros (as at 31 December 2024, the available limit under the Base Prospectus of Non-Equity Securities 2024 was 7.75 billion euros).

- Euro Medium Term Notes (EMTN) Programme, registered with the Irish Stock Exchange on 12 May 2025 and renewed on 21 August 2025. This programme allows senior debt (preferred and non-preferred) and subordinated debt to be issued in various currencies, with a maximum limit of 20 billion euros.

In 2025, Banco Sabadell placed several issues on the market. One 500 million euro private issue of mortgage covered bonds under the current Fixed Income Programme:

Million euro

	ISIN code	Type of investor	Issue date	Amount	Term (years)
Mortgage Covered Bonds EIB 1/2025	ES0413860893	Institutional	28/03/2025	500	8

Two senior non-preferred debt trades for a total of 1 billion euros under the EMTN Programme (in the case of issues with an early call option, the legal maturity period is shown):

Million euro

	ISIN code	Type of investor	Issue date	Amount	Term (years)
Senior Non-Preferred Debt 1/2025 (*)	XS3004055177	Institutional	18/02/2025	500	8
Senior Non-Preferred Debt 2/2025 (*)	XS3176781691	Institutional	10/09/2025	500	6.5

(*) Trades that include early call options

One AT1 issue which Banco Sabadell executed on 20 May 2025 amounting to 1 billion euros with a fixed rate of 6.5%.

In addition, in 2025 Banco Sabadell, after obtaining the relevant authorisations, exercised the early redemption options on the following issues: (i) Subordinated Debt 1/2020 on 17 January 2025, for 300 million euros, (ii) Senior Non-Preferred Debt 1/2022 on 24 March 2025, for 750 million euros, (iii) Senior Non-Preferred Debt 2/2022 on 8 September 2025 for 500 million euros, and (iv) Subordinated Debt 1/2016 for 500 million euros. For the last of these issues, Banco Sabadell submitted a bid to buy back the full issuance amount, resulting in a repurchased amount of 312 million euros on 11 July 2025 and, subsequently, on 13 August 2025, it exercised the redemption option on the remaining outstanding amount (188 million euros) due to a capital event, as established in the issue's conditions (instrument released in 2016 under UK law with no contractual recognition of bail-in, meaning that it ceased to qualify as capital on 28 June 2025).

Lastly, on 18 December,Banco Sabadell announced that, as it had obtained the corresponding authorisation, it would exercise the early redemption option to call the Subordinated Debt 1/2021 series, amounting to 500 million euros, on the first call date, 15 January 2026.

In relation to traditional format asset securitisation:

- The Bank is an active participant in this market and has several securitisation programmes in place, depending on the underlying asset (residential mortgage loans, loans to small and medium-sized enterprises, and consumer loans).

- There are currently 16 outstanding traditional asset securitisation transactions fully recognised on the Bank's balance sheet. A portion of the securities issued by securitisation funds have been placed in the capital markets and the remainder have been kept in the Bank's portfolio. Of the latter, the securities eligible for funding operations with the central bank are pledged in the credit facility held by Banco Sabadell with the ECB. As at 31 December 2025, the nominal balance of asset-backed securities placed on the market was 921 million euros.

- On 25 February 2025, the traditional securitisation fund TDA Sabadell RMBS 5, F.T. set up by Banco Sabadell was disbursed under its residential mortgage-backed securities programme for a total of 3.5 billion euros. The issuance consisted of two tranches, which were fully retained by Banco Sabadell, with the senior tranche, for an initial amount of 3.43 billion euros, deemed eligible as collateral to raise liquidity through the Eurosystem monetary policy instruments. This transaction was combined with the early unwinding of the securitisation fund TDA Sabadell RMBS 4, F.T. on 14 February, whose securities had been retained in full.

As at the end of 2025, there were no outstanding borrowings from the ECB's funding operations.

Liquid assets

In addition to these sources of funding, the Group maintains a liquidity buffer in the form of liquid assets to meet potential liquidity needs:

Million euro

	2025	2024
Cash (*) + Net interbank position	13,272	12,668
Available in Bank of Spain facility	23,281	20,466
ECB eligible assets not pledged in facility	*17,746*	*20,812*
Other non-ECB eligible marketable assets (**)	7,032	6,643
Memorandum item:		
Balance drawn from Bank of Spain facility	—	—
Balance drawn from Bank of England Term Funding Scheme (***)	*680*	*1,670*
Total available liquid assets	**61,331**	**60,589**

(*) Excess reserves and Deposit Facility in central banks.

(**) At market value and having applied the Liquidity Coverage Ratio (LCR) haircut. Includes fixed income qualifying as a High-Quality Liquid Asset (HQLA) according to LCR and other marketable assets from various Group entities.

(***) As at 2025 year-end, includes 588 million pounds to support small and medium-sized enterprises (TFSME) and 5 million pounds from the Indexed Long Term Repo (ILTR). As at 2024 year-end, it included 1,385 million pounds of TFSME borrowing.

With regard to 2025, the balance of reserves and of the marginal deposit facility in central banks and the net interbank position recorded an increase of 604 million euros, while the volume of ECB-eligible liquid assets fell by 251 million euros and the available non-ECB eligible assets increased by 389 million euros, thus increasing the first line of liquidity by 742 million euros in the year.

It should be noted that the Group follows a decentralised liquidity management model. This model tends to limit the transfer of liquidity between the different subsidiaries involved in liquidity management, thereby limiting intragroup exposures, beyond any restrictions imposed by the local regulators of each subsidiary. Thus, the subsidiaries involved in liquidity management determine their liquidity position by considering only those assets in their possession that meet the eligibility, availability and liquidity criteria set forth both internally and in regulations in order to comply with regulatory minima.

In addition to the first line of liquidity, each LMU monitors its liquidity buffer with an internal conservative criterion called the counterbalancing capacity. In the case of the Banco Sabadell LMU (includes Banco de Sabadell, S.A., which in turn includes activity in foreign branches, as well as the business in Mexico of Banco de Sabadell, S.A.), this liquidity buffer comprises the first and second lines of liquidity. As at 31 December 2025, the second line of liquidity added a volume of 14,665 million euros to the liquidity buffer, including the covered bond issuing capacity, considering the average valuation applied by the central bank to own-use covered bonds to obtain funding, as well as the deposits held in other financial institutions and immediately available for the business in Mexico not included in the first line of liquidity.

In the TSB LMU, this metric is the calculated as the sum of the first line of liquidity plus loans pre-positioned with the Bank of England in order to obtain funding. As at 31 December 2025, the second line of liquidity, considering the amount of loans pre-positioned with the Bank of England, amounts to 6,004 million euros (7,842 million euros as at 31 December 2024).

There are no significant amounts of cash or cash equivalents that are unavailable for use by the Group.

Compliance with regulatory ratios

As part of its liquidity management, Banco Sabadell Group monitors the short-term Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), reporting the necessary information to the regulator on a monthly and quarterly basis, respectively. The measurement of liquidity based on these metrics forms part of the liquidity risk oversight process in the set of LMUs.

In terms of the LCR, since 1 January 2018, the regulatory required minimum LCR has been 100%, a level amply surpassed by all of the Group's LMUs. At the Group level, throughout the year, the LCR has consistently been well above 100%. As at 31 December 2025, the LCR stood at 209% for Banco Sabadell Spain.

In terms of the NSFR, the regulatory minimum requirement, effective from June 2021, is 100%, a level amply surpassed by all LMUs of the Institution given its funding structure, in which customer deposits are predominant and where the majority of market funding is in the medium/long term. As at 31 December 2025, the NSFR stood at 133% for Banco Sabadell Spain.

As at 31 December 2025, the Bank has outstanding issues of mortgage covered bonds amounting to 15,440 million euros (15,776 million euros as at 31 December 2024). As at 31 December 2025, according to Article 10.2 of Royal Decree-Law 24/2021, the regulatory overcollateralisation ratio of the mortgage covered bonds programme was 162% (154% as at 31 December 2024), with all its collateral assets denominated in euros. Considering only the qualifying amount of mortgage loans (25,270 million euros), the overcollateralisation ratio as at the end of 2025 was 164% (156% and 24,567 million euros of mortgage loans as at 31 December 2024). More information can be found on the Group's corporate website (www.grupbancsabadell.com), in section "Shareholders and Investors - Fixed income investors".

3.4.3.2. Market risk

Market risk is defined as the risk of financial instrument positions losing some or all of their market value due to changes in risk factors affecting their market prices or quotations, their volatility, or the correlations between them.

Positions that generate market risk are usually held in connection with trading activity, which consists of the hedging transactions arranged by the Bank to provide services to its customers as well as discretionary proprietary positions.

Market risk can also be generated by keeping structural positions on the balance sheet (see Notes 3.4.3.3 Structural interest rate risk and credit spread risk, and Note 3.4.3.4 Structural foreign exchange risk).

Trading activity

The items of the balance sheet as at 31 December 2025 and 2024 are shown below, making a distinction between positions included in trading activity and all other positions. In the case of items not included in trading activity, their main risk factor is indicated:

Thousand euro

31/12/2025	Balance shown in balance sheet	Trading activity	Other	Main market risk factor in "Other"
Assets subject to market risk	**192,528,628**	**3,189,199**	**189,339,429**	
Cash, cash balances at central banks and other demand deposits	11,364,908	—	11,364,908	Interest rate
Financial assets held for trading	3,189,903	3,189,199	704	Interest rate; credit spread
Non-trading financial assets mandatorily at fair value through profit or loss	123,641	—	123,641	Interest rate; credit spread
Financial assets at fair value through other comprehensive income	4,690,382	—	4,690,382	Interest rate; credit spread
Financial assets at amortised cost	158,056,305	—	158,056,305	Interest rate
Derivatives – Hedge accounting	1,085,458	—	1,085,458	Interest rate
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(724,174)	—	(724,174)	Interest rate
Investments in joint ventures and associates	3,948,852	—	3,948,852	Equity
Other assets (*)	10,793,353	—	10,793,353	—
Liabilities subject to market risk	**180,630,534**	**1,654,818**	**178,975,716**	
Financial liabilities held for trading	1,740,947	1,654,818	86,129	Interest rate
Derivatives – Hedge accounting	287,972	—	287,972	Interest rate
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(103,707)	—	(103,707)	Interest rate
Financial liabilities at amortised cost	176,469,498	—	176,469,498	Interest rate
Other liabilities (*)	2,235,824	—	2,235,824	—
Equity	**11,898,094**	**—**	**11,898,094**	

(*) Includes, mainly, the reclassification of balances from assets and liabilities corresponding to TSB and its subsidiaries to non-current assets and liabilities held for sale (see Note 1.4).

Thousand euro

31/12/2024	Balance shown in balance sheet	Trading activity	Other	Main market risk factor in "Other"
Assets subject to market risk	**184,332,055**	**2,615,848**	**181,716,207**	
Cash, cash balances at central banks and other demand deposits	11,831,284	—	11,831,284	Interest rate
Financial assets held for trading	2,616,270	2,615,848	422	Interest rate; credit spread
Non-trading financial assets mandatorily at fair value through profit or loss	132,074	—	132,074	Interest rate; credit spread
Financial assets at fair value through other comprehensive income	6,171,009	—	6,171,009	Interest rate; credit spread
Financial assets at amortised cost	148,833,603	—	148,833,603	Interest rate
Derivatives – Hedge accounting	872,559	—	872,559	Interest rate
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(206,216)	—	(206,216)	Interest rate
Investments in joint ventures and associates	6,333,090	—	6,333,090	Equity
Other assets	7,748,382	—	7,748,382	—
Liabilities subject to market risk	**171,526,239**	**1,292,292**	**170,233,947**	
Financial liabilities held for trading	1,379,618	1,292,292	87,326	Interest rate
Derivatives – Hedge accounting	647,884	—	647,884	Interest rate
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(64,714)	—	(64,714)	Interest rate
Financial liabilities at amortised cost	168,565,561	—	168,565,561	Interest rate
Other liabilities	997,890	—	997,890	—
Equity	**12,805,816**	**—**	**12,805,816**	

The market risk acceptance, management and oversight system is based on managing positions expressly assigned to different trading desks and establishing limits for each one, in such a way that the different trading desks have the obligation to always manage their positions within the limits established by the Board of Directors and the Investments and Liquidity Committee. Market risk limits are aligned with the Group's targets and Risk Appetite Framework.

The main market risk factors considered by the Group in its trading activity are the following:

- Interest rate risk: risk associated with the possibility of interest rate fluctuations adversely affecting the value of a financial instrument. This is reflected, for example, in transactions involving interbank deposits, fixed income and interest rate derivatives.

- Credit spread risk: this risk arises from fluctuations in the credit spreads at which instruments are quoted with respect to other benchmark instruments, such as interbank interest rates. This risk occurs mainly in fixed-income instruments.

- Foreign exchange risk: risk associated with the fluctuation of exchange rates with respect to the functional currency. In the case of Banco Sabadell, the functional currency is the euro. This risk occurs mainly in currency exchange transactions and currency derivatives.

- Equity risk: risk arising from fluctuations in the value of capital instruments (shares and quoted indices). This risk is reflected in the market prices of the securities and their derivatives.

Changes in commodities prices have not had an impact in the year, as the Group has residual (both direct and underlying) exposures.

Market risk incurred in trading activity is measured using the VaR and stressed VaR methodologies, which allows risks to be standardised across different types of financial market transactions.

VaR provides an estimate of the maximum potential loss associated with a position due to adverse, but normal, movements of one or more of the identified parameters generating market risk. This estimate is expressed in monetary terms and refers to a specific date, a particular level of confidence and a specified time horizon. A 99% confidence interval is used. Due to the low complexity of the instruments and the high level of liquidity of the positions, a time horizon of 1 day is used.

The methodology used to calculate VaR is historical simulation. The advantages of this methodology are that it is based on a full revaluation of transactions under recent historical scenarios, and that no assumptions need to be made as regards the distribution of market prices. The main limitation to this methodology is its reliance on historical data, given that, if a possible event has not materialised within the date range of historical data used, it will not be reflected in the VaR data.

The reliability of the VaR methodology used is verified using backtesting techniques, which serve to verify that the VaR estimates fall within the confidence level considered. Backtesting consists of comparing daily VaR against daily results. If losses exceed the VaR level, an exception occurs. No backtesting exceptions occurred in 2025 or 2024.

Stressed VaR is calculated in the same way as VaR but with a historical insight into variations of the risk factors in stressed market conditions. These stressed conditions are determined on the basis of currently outstanding transactions, and may vary if the portfolios' risk profile changes. The methodology used for this risk measurement is historical simulation.

Market risk monitoring is supplemented with additional measurements such as risk sensitivities, which refer to a change in the value of a position or portfolio in response to a change in a particular risk factor, and also with the calculation of management results, which are used to monitor stop-loss limits.

Furthermore, specific simulation exercises are carried out considering extreme market scenarios (stress testing). These exercises consist of revaluing the portfolios in scenarios to which different assumptions are applied. Broadly speaking there are two types of scenarios: on one hand, historical scenarios, developed based on historical events that have occurred in the markets in the past and which are relevant to the current position of the portfolios (e.g. the global financial crisis or the Covid-19 crisis) and, on the other hand, hypothetical scenarios, which consider theoretical shifts in risk factors, such as shifts in yield curves, credit spreads or exchange rates, as well as movements in these factors resulting from the application of different macroeconomic forecasts determined based on the current situation. As at the end of December 2025, the impact of the most adverse scenario considered was a loss of 14.4 million euros.

Market risk is monitored on a daily basis and reports are made to supervisory bodies on the existing risk levels and on the compliance with the limits set forth by the Investments and Liquidity Committee for each trading desk (limits based on nominal value, VaR and sensitivity, as applicable). This makes it possible to keep track of changes in exposure levels and measure the contribution of market risk factors.

The market risk incurred on trading activity in terms of 1-day VaR with a 99% confidence interval for 2025 and 2024 was as follows:

Million euro

	2025			2024		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate	0.35	0.87	0.18	0.74	3.23	0.33
Exchange rate (trading position)	0.13	1.86	0.00	0.68	1.77	0.04
Equity	—	—	—	—	—	—
Credit spread	0.22	0.44	0.11	0.17	0.38	0.05
Correlated VaR	**0.70**	**2.54**	**0.38**	**1.59**	**4.89**	**0.58**

The table above gives the VaR figure taking into account the correlation between trading desks. To make comparison between periods easier, the figures for 2024 are included applying that same criterion.

In 2025, the overall VaR figures associated with trading activity experienced a decline, mainly those related to foreign exchange risk and interest rate risk, as a result of the smaller open positions in those risk factors compared to the previous year.

3.4.3.3. Structural interest rate risk and credit spread risk

Structural interest rate risk is defined as the current or future risk to both the income statement (revenues and expenses) and the economic value (present value of assets, liabilities and off-balance sheet positions) arising from adverse movements in interest rates that affect interest rate-sensitive instruments in non-trading activities (also known as Interest Rate Risk in the Banking Book, or IRRBB).

Credit Spread Risk in the Banking Book (CSRBB) refers to potential losses in the economic value of an institution's equity and earnings driven by changes in the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which are not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk. In other words, it captures how the credit spread fluctuates within a certain credit rating/PD range.

The Group's management of these risks pursues two fundamental objectives:

- Stabilise and defend net interest income, preventing interest rate fluctuations and movements in credit spreads from causing excessive changes to the budgeted net interest income.
- Minimise the volatility of the economic value of equity, this perspective being complementary to that of net interest income.

Interest rate risk and credit spread risk are managed through a Group-wide approach on the basis of the RAS, as approved by the Board of Directors. A decentralised model is followed based on Balance Sheet Management Units (BSMUs). In coordination with the Group's corporate functions, each BSMU has the autonomy and capability to carry out risk management and control duties.

The Group's current interest rate risk and credit spread risk management strategy is based on the following principles in particular, in line with the business model and the defined strategic objectives:

- Each BSMU has appropriate tools and robust processes and systems in place to adequately identify, measure, manage, control and report on IRRBB and CSRBB, following the main criteria defined by the Group's internal methodologies. This makes it possible to obtain information about all of the identified sources of IRRBB and CSRBB, assess their effect on net interest income and the economic value of equity, and measure the vulnerability of the Group/BSMU in the event of potential losses arising from IRRBB and CSRBB under different scenarios affecting the interest rate and credit spread curves.

- At the corporate level, a series of limits are established for overseeing and monitoring IRRBB and CSRBB exposure levels, which are aligned with internal risk tolerance policies. However, each BSMU has the autonomy and structure required to properly manage and control IRRBB and CSRBB. Specifically, each BSMU has sufficient autonomy to choose the management target that it will pursue, although all BSMUs should follow the principles and critical parameters set by the Group, adapting them to the specific characteristics of the region in which they operate.

- The existence of a transfer pricing system.

- The set of systems, processes, metrics, limits, reporting flows and governance arrangements included within the IRRBB and CSRBB strategy are compliant with regulatory precepts at all times.

- Uniform methodologies and behavioural models that ensure consistent measurements, based on standards developed by the Group that lay down best practice and criteria and which must be followed by each BSMU.

As defined in the IRRBB and CSRBB Management and Control Policy, the first line of defence is undertaken by the various BSMUs, which report to their respective local Asset and Liability Committees. Their main role is to manage interest rate risk and credit spread risk, ensuring they are assessed on a recurrent basis through management and regulatory metrics, taking into account the modelling of the various balance sheet totals and the level of risk taken.

The metrics developed to control and monitor the Group's structural interest rate risk and credit spread risk are aligned with best market practice, consistently implemented in all BSMUs, based on the results obtained from the exercise carried out to identify subrisks and assess their materiality, and monitored on an ongoing basis by each of the Local and Group Asset and Liability Committees. The diversification effect between currencies and BSMUs is taken into account when disclosing overall figures.

(A) Interest rate risk

The Group identifies five subrisks when managing interest rate risk:

- Repricing risk arises from differences in the timing of rate changes of interest rate-sensitive instruments, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel shifts).

- Curve risk arises from differences in the timing of rate changes of interest rate-sensitive instruments, covering changes to the term structure of interest rates occurring differentially by period (non-parallel shifts).

- Basis risk includes the risk arising from the impact of relative changes in interest rates on instruments that have similar tenors but are repriced using different interest rate indices.

- Automatic option risk comprises the risk arising from automatic options (e.g. lending floors and caps), both embedded and explicit, in which the Balance Sheet Management Unit (BSMU) or its customer can alter the level and timing of their cash flows and in which the holder will almost certainly exercise the option when it is in their financial interest to do so.

- Behavioural option risk arises from flexibility embedded implicitly within the terms of certain financial contracts, which allow changes in interest rates to effect a change in the behaviour of the customer.

The main calculations carried out by the Group on a monthly basis are the following:

- Interest rate gap: static metric showing the breakdown of maturities and repricing of sensitive balance sheet items. This metric compares the values of assets that are due to be repriced or that mature in a given period and the liabilities that mature or are to be repriced in that same period.

- Duration analysis: a static metric based on the allocation of all flows of principal and interest of pools of interest rate-sensitive instruments into time buckets. The duration of each pool is calculated from the change of its net present value due to a 1 basis point parallel shift of the yield curve. This gives the duration of both assets and liabilities.

- Net interest income sensitivity: dynamic metric that measures the impact of changes in interest rates over different time horizons. It is obtained by comparing net interest income over a given time horizon in the baseline scenario, which is the one obtained from market-implied interest rates, against the one obtained in an instantaneous shock scenario, always considering the result obtained in the least favourable scenario. This metric supplements the economic value of equity sensitivity.

- Economic value of equity sensitivity: static metric that measures the impact of changes in interest rates. It is obtained by comparing the economic value of the balance sheet in the baseline scenario against the one obtained in an instantaneous shock scenario, always considering the result obtained in the least favourable scenario. This is done by calculating the present value of interest rate-sensitive items as an updated risk-free interest rate curve, on the reference date, of future payments of principal and interest without taking into account commercial margins, in line with the Group's IRRBB management strategy. This metric supplements the net interest income sensitivity.

- A sensitivity metric that combines the two previous ones: the effect of changes in value of instruments recognised directly through profit or loss or through equity is added to net interest income sensitivity.

In the quantitative interest rate estimations made by each BSMU, a series of interest rate scenarios are designed which allow the different sources of risk mentioned above to be identified. These scenarios include, for each significant currency, parallel shifts and non-parallel shifts of the interest rate curve. Based on these, sensitivity is calculated as the difference resulting from:

- Baseline scenario: movements in market interest rates based on implicit interest rates.

- Stressed scenario: a shift in interest rates in relation to the baseline scenario, with the extent of this shift varying depending on the scenario to be calculated. A post-shock interest rate floor is applied, starting at -150 basis points for immediate maturities and increasing by 3 basis point intervals, eventually reaching 0% after 50 years or more.

- Scenarios to capture basis risk.

In addition, in the annual planning exercises, measurements are made that include assumptions regarding the balance sheet's evolution based on the scenarios used for the forecasts of the Group's Financial Plan, which consider different interest rates, volumes and margins.

Furthermore, in accordance with the Group's corporate principles, all BSMUs, applying the principle of proportionality, regularly carry out stress tests, which allow them to forecast high-impact situations with a low probability of occurrence that could place BSMUs in a position of extreme exposure to interest rate risk, and they also consider mitigating actions for such situations. The stress test is complemented with reverse stress tests which aim to identify the scenarios capable of producing a particular impact within a pre-established range of values.

The following table gives details of the Institution's interest rate gap based on maturities and interest rate revisions, excluding valuation adjustments, as at 31 December 2025 and 2024:

Thousand euro

2025									
Time to maturity or repricing	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Money market	16,381,217	3,402,499	1,619,060	1,100,732	100,044	—	20,692	—	**22,624,244**
Loans and advances	15,388,944	19,804,108	30,021,602	8,363,707	6,710,131	5,188,237	4,310,201	26,512,000	**116,298,930**
Debt securities	410,826	2,054,388	1,535,581	3,736,538	2,439,031	3,109,697	2,917,856	16,407,349	**32,611,266**
Total assets	**32,180,987**	**25,260,995**	**33,176,243**	**13,200,977**	**9,249,206**	**8,297,934**	**7,248,749**	**42,919,349**	**171,534,440**
Money market	11,425,291	4,262,261	2,367,238	1,048,736	152,040	—	—	—	**19,255,566**
Customer deposits	37,468,504	5,488,605	17,073,956	9,194,832	8,045,328	7,952,067	8,515,055	35,607,003	**129,345,350**
Issues of marketable securities	1,315,398	3,410,538	1,457,000	3,118,100	4,235,000	3,215,700	1,250,000	3,210,025	**21,211,761**
Of which: Subordinated liabilities	500,000	500,000	—	750,000	1,000,000	500,000	—	1,015,025	***4,265,025***
Other liabilities	188,772	359,236	769,973	(6,230)	16,495	112,924	(502,730)	518,364	**1,456,804**
Total liabilities	**50,397,965**	**13,520,640**	**21,668,167**	**13,355,438**	**12,448,863**	**11,280,691**	**9,262,325**	**39,335,392**	**171,269,481**
Hedging derivatives and other banking book derivatives (*)	**1,908,223**	**(4,541,826)**	**8,566,676**	**4,439,803**	**2,456,732**	**1,847,932**	**(1,002,368)**	**(13,622,851)**	**52,320**
Interest rate gap	**(16,308,755)**	**7,198,529**	**20,074,752**	**4,285,342**	**(742,925)**	**(1,134,825)**	**(3,015,944)**	**(10,038,894)**	**317,279**

(*) Including forex financing derivatives.

Thousand euro

2024									
Time to maturity or repricing	**Up to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**	**Total**
Money market	16,671,230	1,901,411	2,391,070	1,794,318	200,000	—	—	23,351	22,981,380
Loans and advances	15,152,138	17,660,416	30,433,350	9,821,490	7,105,644	5,177,852	4,493,363	22,177,860	112,022,113
Debt securities	644,393	2,245,137	745,096	2,157,033	2,864,441	2,338,352	3,691,156	12,900,852	27,586,460
Total assets	**32,467,761**	**21,806,964**	**33,569,516**	**13,772,841**	**10,170,085**	**7,516,204**	**8,184,519**	**35,102,063**	**162,589,953**
Money market	5,877,511	2,069,878	3,182,854	1,216,926	—	—	—	—	12,347,169
Customer deposits	35,662,318	6,109,201	18,913,999	9,015,399	8,039,644	8,022,343	8,465,250	30,667,304	124,895,458
Issues of marketable securities	797,817	3,633,846	2,412,664	3,457,000	3,118,100	4,235,000	3,242,705	2,460,025	23,357,157
Of which: Subordinated liabilities	300,000	—	—	1,500,000	750,000	1,000,000	500,000	15,025	*4,065,025*
Other liabilities	463,790	591,493	519,626	(230,649)	(27,136)	(12,381)	(437,615)	534,823	1,401,951
Total liabilities	**42,801,436**	**12,404,418**	**25,029,143**	**13,458,676**	**11,130,608**	**12,244,962**	**11,270,340**	**33,662,152**	**162,001,735**
Hedging derivatives and other banking book derivatives (*)	**1,308,844**	**(3,090,852)**	**4,313,122**	**2,021,197**	**1,680,750**	**461,250**	**1,956,938**	**(8,455,654)**	**195,595**
Interest rate gap	**(9,024,831)**	**6,311,694**	**12,853,495**	**2,335,362**	**720,227**	**(4,267,508)**	**(1,128,883)**	**(7,015,743)**	**783,813**

(*) Including forex financing derivatives.

The table above includes forex financing derivatives in the banking book. To make comparison between periods easier, the figures for 2024 are included applying that same criterion.

The following tables show the interest rate risk levels in terms of the sensitivity of the main currencies, as at 2025 year-end, to the most frequently used interest rate scenarios in the sector:

	Instant and parallel interest rate increase	
	100 bp	200 bp
Interest rate sensitivity	**Impact on net interest income (*)**	**Impact on economic value of equity (**)**
EUR	(1.8)%	(4.1)%
GBP	0.3%	(0.1)%
USD	0.2%	(0.2)%
MXN	0.1%	0.0%

(*) Percentage calculated on the basis of net interest income at 12 months.

(**) Percentage calculated based on Tier 1 capital.

	Instant and parallel interest rate decrease	
	100 bp	200 bp
Interest rate sensitivity	**Impact on net interest income (*)**	**Impact on economic value of equity (**)**
EUR	0.2%	(3.6)%
GBP	(0.3)%	0.1%
USD	(0.1)%	0.2%
MXN	0.0%	0.0%

(*) Percentage calculated on the basis of net interest income at 12 months.

(**) Percentage calculated based on Tier 1 capital.

The metrics are calculated taking into account the behavioural assumptions concerning items with no contractual maturity and those whose expected maturity is different from the maturity established in the contracts, to which certain stress parameters are applied, in order to obtain a view that is more realistic and, which enable proactive management and control. The most significant of these include:

- Prepayment of the loan portfolio and early termination of term deposits (embedded optionality): in order to reflect customers' reactions to interest rate fluctuations, prepayment/early termination assumptions are defined, broken down by type of product. To that end, the Institution uses historical data to ensure alignment with best market practice. The evolution of market interest rates can prompt customers to pay off their loans or withdraw term deposits early, altering the future evolution of balances with respect to that envisaged according to the contractual schedule. Prepayment mainly affects fixed-rate mortgages when their contractual interest rates are high compared to market interest rates.

- Modelling of demand deposits and other liabilities with no contractual maturity: a model has been defined based on monthly historical data in order to replicate the behaviour of customers for different types of products (type of deposit / transactionality / remuneration) and different types of customers (retail / wholesale), establishing stability parameters, the percentage of interest rate variations that is passed through to remuneration, and the delay with which this occurs considering the limitations in scenarios of low or negative interest rates, with a particular impact on retail customers, considering an interest rate floor in those cases. The model captures the effect of low interest rates on the stability of deposits, as well as the potential migration of funds to other deposits that earn more interest in different interest rate scenarios.

- Modelling of non-performing loans: a model has been defined that enables the expected cash flows associated with non-performing positions (net of provisions, i.e. those expected to be recovered) to be included within pools of interest rate-sensitive items. To that end, both existing balances and estimated recovery periods have been included.

The process for approving and updating IRRBB models is part of the corporate governance arrangements for models, whereby these models are reviewed and validated by a unit that is always separate from the unit that created them. This process is described in the corresponding Model Risk Policy and establishes the responsibilities of the various units involved in the models, the internal validation framework to be followed, the monitoring requirements established on the basis of their materiality, and the backtesting processes.

Regarding the measurement systems and tools used, all sensitive transactions are identified and recorded taking into account their interest rate characteristics, the sources of information being the official ones of the Institution. These transactions are aggregated according to predefined criteria, so that calculations can be made faster without reducing the quality or reliability of the data. The entire data process is subject to the requirements of information governance and data quality, to ensure compliance with the best practices in relation to information governance and data quality. Additionally, a process is carried out regularly to reconcile the information uploaded to the measurement tool against the information contained in the accounts. The calculation tool includes sensitive transactions and its parameters are also configured to reflect the result of the behavioural models described above, the volumes and prices of the new business, defined according to the Financial Plan, and the interest rate curves on which the aforesaid scenarios are built.

Based on the balance sheet position and the market situation and outlooks, mitigation strategies are proposed and agreed upon to adapt this position to the one desired by the Group and to ensure it remains within the established risk appetite. Interest rate instruments additional to the natural hedges of balance sheet items are used as mitigation techniques, such as fixed-income bond portfolios or hedging derivatives that enable metrics to be placed at levels in keeping with the Institution's risk appetite. In addition, proposals can be put forward to redefine the interest rate characteristics of commercial products or the launch of new products.

Derivatives, mainly Interest Rate Swaps (IRS), which qualify as hedges for accounting purposes, are arranged in financial markets to be used as risk hedging instruments. Two separate types of macro-hedges are used:

- Cash flow macro-hedges of interest rate risk, the purpose of which is to reduce net interest income volatility due to changes in interest rates over a one-year time horizon.

- Fair value macro-hedges of interest rate risk, the purpose of which is to maintain the economic value of the hedged items, consisting of fixed-rate assets and liabilities.

For each type of macro-hedge, there is a framework document that includes the hedging strategy, defining it in terms of management and accounting and establishing its governance arrangements.

In Banco Sabadell, as part of the continuous improvement process, structural interest rate risk monitoring and management activities are implemented and regularly updated, aligning the Institution with best market practice and current regulations. In particular, throughout 2025 work has continued on the review and continuous improvement of the systems and behavioural models in accordance with the guidelines established by the EBA. Among other things, it is worth mentioning the update of the key behavioural modelling assumptions used for demand deposits, taking sufficiently large historical data series to capture periods of both rising and falling interest rate stress, obtaining different results based on the different interest rate scenarios, and monitoring them on a frequent basis to ensure the appropriateness of those assumptions.

In 2025, the Bank's loan book has continued to see a growing proportion of fixed-rate transactions (mainly mortgages and business loans), while in terms of liabilities, there has been an increase in demand deposit balances,with larger balances held in interest-bearing accounts and with the cost falling in line with the interest rate cuts made throughout the year (mainly in the 12-month Euribor). In addition, other balance sheet variations in 2025 include the increase in the fixed-income portfolio on the asset side, which acts as a management lever and natural hedge for the balance sheet, and the implementation of management actions to defend and optimise net interest income.

With regard to interest rates, in 2025 short-term benchmark interest rates decreased in all currencies, particularly the euro, with the 12-month Euribor standing at 2.25% as at 2025 year-end, 0.21% lower than at the end of 2024. Medium- and long-term interest rates increased, with the 5-year rate standing at 2.57% and the 10-year rate at 2.93%, with variations over the year of 0.33% and 0.57%, respectively, while medium- and long-term interest rates in pounds sterling and US dollars declined, with variations in the 5-year rate of -0.61% and -0.38%, respectively. The deposit facility rate of the European Central Bank (ECB) ended the year at 2% (decrease of 100 basis points over the year), while the base rate of the Bank of England ended the year at 3.75% (decrease of 100 basis points over the year).

Future expectations in the short/medium term are that the European Central Bank rate will remain stable as ongoing inflationary pressures have gradually disappeared, so Euribor rates are expected to remain at similar levels to those at the end of 2025, with slight increases in the medium- and long-term rates. As for rates in US dollars and pounds sterling, short-term rates are expected to decline, while medium/long-term rates are expected to increase slightly. All in all, the cost of customer funds is expected to remain contained, even while balances of interest-bearing products continue to grow.

Taking into account the balance sheet variations detailed above, as well as episodes of volatility and variations in the benchmark interest rates of all the Group's material currencies, the IRRBB metrics have been affected during the year, although the measures taken have allowed the Group's IRRBB metrics to be kept within the risk appetite and below the levels considered significant under current legislation.

Furthermore, the Group continues to monitor customer behaviour in response to fluctuations in interest rates and other economic variables (unemployment rates, gross domestic product, etc.), in order to anticipate possible changes and impacts on the behavioural assumptions used to measure and manage IRRBB. In particular, it analyses and monitors customer behaviour related to non-maturing items (changes in the stability of demand deposits and possible migration of funds to other products that earn higher interest) and related to items with an expected maturity that may be different from the contractually established maturity (due to early repayment of loans, early withdrawal of term deposits, or recovery time and balance of non-performing exposures).

(B) Credit spread risk

To identify credit spread risk, the Group has taken into account both the market credit spread component, which represents the credit risk premium required by market participants for a given credit quality, and the market liquidity spread component, which represents the liquidity premium that sparks market appetite for investments and the presence of willing buyers and sellers. Furthermore, the generic idiosyncratic component has mostly been disentangled, using segmentation criteria by sector, geography and currency.

The Institution has used current regulations to determine CSRBB-sensitive instruments. The transactions included by the Group in the CSRBB perimeter are instruments directly or indirectly indexed to market prices of liquid instruments.

In the quantitative credit spread risk estimations, a series of credit spread scenarios are designed which allow the different sources of risk to be identified. These scenarios include, for each significant currency, narrowing and widening shifts in credit spreads (stress scenarios). Based on these, the sensitivity is calculated as the difference resulting from the stressed scenario and the baseline scenario.

The main calculations carried out by the Group on a monthly basis are the following:

- Net interest income sensitivity: dynamic metric that measures the impact of changes in credit spreads over a one-year time horizon. It is obtained by comparing net interest income in the baseline scenario, which is the one obtained from credit spreads on the analysis date and from market-implied interest rates, against the one obtained in a stress scenario, always considering the result obtained in the least favourable scenario. This metric supplements the economic value of equity sensitivity.

– Economic value of equity sensitivity: static metric that measures the impact of changes in credit spreads. It is obtained by comparing the economic value of the balance sheet in the baseline scenario against the one obtained in a stress scenario, always considering the result obtained in the least favourable scenario. This is done by calculating the present value of items included in the perimeter as an updated risk-free interest rate curve on the reference date, to which credit spreads of future payments of principal and interest have been added. This metric supplements the net interest income sensitivity.

As for the measurement systems and tools used, the Institution uses data uploads and the tool already in place to measure IRRBB, to which credit spread curves are added, the impact of which is measured at the position level.

During 2025, the Institution has been negatively exposed to widening credit spreads, although this exposure is very limited due to the growth of the fixed-income portfolio.

3.4.3.4. Structural foreign exchange risk

Structural foreign exchange risk occurs when changes in market exchange rates between different currencies generate losses on permanent investments in foreign branches and subsidiaries with functional currencies other than the euro.

The purpose of managing structural foreign exchange risk is to minimise the impact on the value of the Institution's portfolio/equity in the event of any adverse movements in currency markets. The foregoing takes into account the potential impacts on the CET1 capital ratio and on the net interest margin, subject to the risk appetite set out in the Risk Appetite Statement (RAS). The levels set for the established risk metrics must be complied with at all times.

Foreign exchange risk is monitored regularly and reports are sent to supervisory bodies on the existing risk levels and on compliance with the limits set by the Board of Directors. The main monitoring metric is currency exposure, which measures the maximum potential loss that the open structural position could produce over a one-month time horizon, with a 99% confidence level and in stressed market conditions.

Compliance with, and the effectiveness of, the established limits and targets are monitored and reported on a monthly basis to the Board Risk Committee.

The Bank's Financial division, through the Asset and Liability Committee (ALCO), designs and executes strategies to hedge its structural FX positions in order to achieve its objectives in relation to the management of structural foreign exchange risk.

The most prominent permanent investments in non-local currencies are made in US dollars, pounds sterling and Mexican pesos.

The Group has been following a hedging policy for its equity that seeks to minimise the sensitivity of capital ratios to adverse movements in these currencies against the euro. To that end, the evolution of foreign business is monitored, as are the political and macroeconomic variables that could have a significant impact on exchange rates.

As regards permanent investments in US dollars, the overall position in this currency has gone from 1,391 million as at 31 December 2024 to 1,532 million as at 31 December 2025. In relation to this position, as at 31 December 2025, the buffer stood at 48% of the total investment.

In terms of permanent investments in Mexican pesos, the capital buffer has gone from 8,433 million Mexican pesos as at 31 December 2024 (out of a total exposure of 15,011 million Mexican pesos) to 9,758 million Mexican pesos as at 31 December 2025 (out of a total exposure of 15,011 million Mexican pesos), representing 65% of the total investment made.

As regards permanent investments in pounds sterling, in order to cover the sale of TSB, the capital buffer has increased from 545 million pounds sterling as at 31 December 2024 to 2,261 million pounds sterling as at 31 December 2025 (total exposure has gone from 1,950 million pounds sterling as at 31 December 2024 to 2,261 million pounds sterling as at 31 December 2025), representing 100% of the total investment made (excluding intangibles).

The net position of foreign currency assets and liabilities includes the structural position of the Institution, valued as at 31 December 2025, which amounts to 983 million euros, of which 682 million euros correspond to permanent equity holdings in US dollars and 249 million euros to permanent equity holdings in Mexican pesos. Net assets and liabilities valued at historical exchange rates are hedged with currency forwards and currency options in line with the policy established by the Group.

As at 31 December 2025, the sensitivity of the equity exposure to a 7.38% exchange rate depreciation against the euro of the main currencies to which exposure exists, calculated based on quarterly exchange rate volatility over the past three years, amounts to 73 million euros, of which 69% corresponds to the US dollar and 25% to the Mexican peso.

Currency hedges are continuously reviewed in light of market movements.

The exchange value in euros of assets and liabilities in foreign currencies maintained by the Bank as at 31 December 2025 and 2024, classified in accordance with their nature, is as follows:

Thousand euro

	2025			
	USD	GBP	Other currencies	Total
Assets denominated in foreign currency:	**11,763,396**	**4,949,570**	**1,326,996**	**18,039,962**
Cash, cash balances at central banks and other demand deposits	480,826	27,612	75,027	583,465
Debt securities	1,854,287	—	73,776	1,928,063
Loans and advances	9,214,816	1,273,960	393,948	10,882,724
Central banks and credit institutions	1,554,849	438	141,132	1,696,419
Customers	7,659,967	1,273,522	252,816	9,186,305
Other assets	213,467	3,647,998	784,245	4,645,710
Liabilities denominated in foreign currency:	**5,635,284**	**881,863**	**170,295**	**6,687,442**
Deposits	5,451,167	319,657	150,706	5,921,530
Central banks and credit institutions	484,429	43,727	14,481	542,637
Customers	4,966,738	275,930	136,225	5,378,893
Other liabilities	184,117	562,206	19,589	765,912

Thousand euro

	2024			
	USD	GBP	Other currencies	Total
Assets denominated in foreign currency:	**12,153,970**	**5,167,726**	**1,311,560**	**18,633,256**
Cash, cash balances at central banks and other demand deposits	456,958	39,200	75,684	571,842
Debt securities	1,585,859	1,473,808	68,593	3,128,260
Loans and advances	9,836,320	1,064,309	390,696	11,291,325
Central banks and credit institutions	779,349	12,739	143,056	935,144
Customers	9,056,971	1,051,570	247,640	10,356,181
Other assets	274,833	2,590,409	776,587	3,641,829
Liabilities denominated in foreign currency:	**5,675,453**	**967,925**	**162,235**	**6,805,613**
Deposits	5,414,099	375,778	136,505	5,926,382
Central banks and credit institutions	497,349	55,564	8,089	561,002
Customers	4,916,750	320,214	128,416	5,365,380
Other liabilities	261,354	592,147	25,730	879,231

3.4.4. Operational risk

Operational risk is defined as the risk of incurring losses due to inadequate or failed internal processes, people and systems or due to external events. This definition includes but is not limited to compliance risk, model risk and Information and Communication Technology (ICT) risk, and excludes strategic risk and reputational risk.

The Group has an operational risk management framework in place, which encompasses the different types of subrisks defined within operational risk, establishing a common and unified framework for management and control, which can be expanded to include material risks with particular features or which require greater management and control. The management of operational risk is decentralised and devolved to process managers throughout the organisation. These processes are identified in the corporate process map.

This framework establishes a first phase of identification, which involves identifying the operational risks associated with the processes, establishing effective mitigating controls and systematically executing the control framework. The set of risks identified, along with their mitigating controls, make up the operational risk map.

The second phase of the framework consists of the management of operational loss events by those responsible for each risk, ensuring that each loss event is logged including detailed information and linking each event to a risk.

There is a central operational risk unit that oversees the operational risk map, providing support and giving advice to process managers to define the risks, ensuring the integrity and completeness of the loss event log.

The Board of Directors is directly involved in managing this risk, by (1) approving the Operational Risk Policy that defines the risk management framework, (2) defining the appetite for operational risk, and (3) monitoring the Group's risk profile via the Board Risk Committee, through specific reports containing information about the main operational risks.

Within operational risk, the following risks are also managed and controlled:

- Conduct risk: broadly speaking, this is defined as the current or future possibility of incurring losses due to the inadequate provision of financial services or any other activity carried out by the Institution, due to misconduct with customers (existing or potential), employees (in relation to human rights, equality, wellbeing, inclusion, and health & safety in the workplace), shareholders and suppliers, markets, political parties or society in general, including cases of wilful misconduct or negligence.

- Information and Communication Technology (ICT) risk: defined as the current or future risk of incurring losses due to inadequacies or failures of technical infrastructures' hardware and software, which could compromise the availability, integrity, accessibility, confidentiality and traceability of those infrastructures, tools and data, or due to the inability to change IT platforms within a reasonable timeframe and at a reasonable cost when the environment or business requirements change. This also includes security risks resulting from inadequate or failed internal processes or external events, including cyberattacks, or inadequate physical security in data centres.

- Outsourcing risk: current or future risk of incurring losses as a result of using resources and/or media of a third party for the standard, ongoing and stable performance over time of certain processes of the outsourcing company, which in itself entails exposure to a series of underlying risks, such as ICT risk, reputational risk, and lock-in risk.

- Model risk: current or potential future loss an institution may incur, as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

- Tax risk: the possibility of failing to abide by the principles set out in Banco Sabadell Group's tax strategy from a dual perspective due to either internal or external factors:

    - On one hand, the possibility of failing to fulfil tax obligations, potentially resulting in a failure to pay taxes that are due, or the occurrence of any other event that could potentially prevent the Bank from achieving its goals.

    - On the other hand, the possibility of paying taxes not actually due under tax obligations, thus negatively affecting shareholders and other stakeholders.

- Compliance risk: defined as the possibility of incurring legal or regulatory sanctions, material financial loss or loss to reputation as a result of failing to comply with laws, regulations, internal rules and codes of conduct applicable to banking activities.

Detailed information on these risks is given below.

3.4.4.1. ICT risk

In recent years, the materiality, complexity and use of technology and data in banking processes has increased even further, especially in remote channels (online banking), as a result of the impact of Covid-19 in 2020, the growing use of outsourced cloud services, and the surge of artificial intelligence. As a result, the dependency on information systems and their availability has become a key factor, which exposes both the Bank and its critical service providers to a higher risk of being targeted by cyberattacks, as occurs with all other institutions in the sector. Geopolitical conflicts have compounded the risk of becoming a target for cyberattacks, producing the need to introduce back-up measures. Although this risk is stable for now, it remains latent. There is also considerable and growing reliance on major systemic technology providers, which increases lock-in risk.

Furthermore, the Bank is still undergoing a process of transformation, based on the digitalisation and automation of processes, which increases the reliance on systems and the exposure to risks associated with change, including digital fraud. That is why ICT risk remains one of the key aspects on which the Bank focuses its attention when managing risks, with a new contingency and disaster recovery centre opened in 2024 to replace the existing one and with significantly improved contingency testing (both on the aforesaid new centre and in other relevant environments, especially those related to cloud services).

It is important to note that this risk is not only applicable to the Bank's own systems and processes, but it is also applicable to suppliers, given the widespread use of third parties for support in technological and business processes, and this therefore represents a material risk when it comes to managing outsourcing. On the topic of IT outsourcing, in 2022 a project was implemented in Spain, concentrating the number of application development, maintenance and testing providers into a small group of industry-leading suppliers, with this supplier concentration reducing the likelihood of experiencing cybersecurity incidents in this area. The aforesaid outsourcing activities require a higher level of control and monitoring, resulting in the need for meticulous monitoring and adjustments in recent years.

In order to comprehensively and adequately manage all risks related to technology and data, the Institution classifies these risks into eight categories, in line with the Guidelines on ICT and security risk management (EBA/GL/2019/04):

- IT security (cybersecurity): risk of unauthorised access to IT systems, and of impacts on the confidentiality, availability, integrity and traceability of the information (data and metadata) that they contain (including cyberattacks and deliberate action), as well as the potential repudiation of digital operations.

- IT availability (technological resilience): risk of critical services provided to customers and employees becoming affected by systems failures.

- IT outsourcing: risk that engaging a third party, its management or related IT services produces a negative effect on the Institution's performance (including impacts on customers, as well as reputational, regulatory or financial impacts).

- IT change: risk arising from the inability to manage IT system changes in a timely and controlled manner, in particular for large and complex change programmes that could potentially impact the availability and/or confidentiality of information or which could result in a failure to meet the business expectations that prompted those changes. In addition, the continued use of obsolete IT systems, without the required upgrades, could jeopardise the IT activities of the organisation or the execution of strategic programmes with a strong IT component (e.g. digital transformation programmes).

- Data integrity: risk of the data stored and processed by IT systems being incomplete, inaccurate or inconsistent across different IT systems, for example as a result of weak or absent IT controls during the different phases of the data life cycle (i.e. designing the data architecture, building the data model and/or data dictionaries, verifying data inputs, controlling data extractions, transfers and processing, including rendered data outputs), impairing the ability to provide services and produce (risk) management and financial information in a correct and timely manner.

- IT governance: risk arising from inadequate or insufficient management and use of technology, as well as a poor alignment of these technologies and their intended uses with the business strategy.

- Technological transformation: risk associated with inappropriate adoption or inefficient use of technology within the organisation for the development of new value propositions.

- IT skills: risk arising from the insufficiency of adequate IT profiles (internal and/or external partners) to ensure effective and efficient coverage of technological activities, processes and services.

3.4.4.2. Tax risk

With regard to tax risk, Banco Sabadell Group's tax risk policies aim to establish the general guidelines for managing and controlling tax risk, specifying the applicable principles and critical parameters and covering all significant elements to systematically identify, assess and manage any risks that may affect the Group's tax strategy and fiscal objectives, meeting the requirements of the Spanish Capital Companies Act and of Banco Sabadell Group stakeholders.

In terms of its tax strategy, the goal of Banco Sabadell Group is to ensure that it fulfils its tax obligations, always observing the prevailing legal framework in this regard.

Banco Sabadell Group's tax strategy, approved by the Board of Directors, reflects its commitment to responsible taxation, the promotion of preventive measures and the development of key transparency schemes in order to gain the confidence and trust of its various stakeholders.

The tax strategy is governed by the principles of efficiency, prudence, transparency and mitigation of tax risk, and it is aligned with the business strategy of Banco Sabadell Group.

The Board of Directors of Banco Sabadell, under the mandate set out in the Spanish Capital Companies Act for the improvement of corporate governance, is responsible, and cannot delegate such responsibility, for the following:

- Setting the Institution's tax strategy.
- Approving investments and operations of all types which are considered to be strategic or to carry considerable tax risk due to their high monetary value or particular characteristics, except when such approval corresponds to shareholders during a General Meeting.
- Approving the creation and acquisition of shareholdings in special purpose entities or entities registered in countries or territories classified as tax havens.
- Approving any transaction which, due to its complexity, might undermine the transparency of the Institution and its Group.

Consequently, the duties of the Board of Directors of Banco Sabadell include the obligation to approve the corporate tax policy and ensure compliance therewith by implementing an appropriate control and oversight system, which is enshrined in the general risk management and control framework of the Group.

3.4.4.3. Compliance risk

As regards compliance risk, one of the core aspects of the Group's policy, and the foundation of its organisational culture, is strict compliance with all legal provisions, meaning that the achievement of business objectives must be compatible, at all times, with adherence to the law and the established legal system. To that end, the Group has a Compliance division, whose mission is to promote and strive to attain the highest levels of compliance and ethics in the Group, mitigating compliance risk – understood as the risk of incurring legal or regulatory sanctions, significant financial loss or loss to reputation due to a breach of laws, regulations, internal rules and codes of conduct applicable to the Group's activity – and minimising the possibility of occurrence of any regulatory breaches, ensuring that any breaches that do occur are diligently identified, reported and resolved.

In order to assess and manage compliance risk, this division has the following duties:

- Monitor and oversee the adaptation to new regulations through proactive management to ensure regular and systematic monitoring of legal updates, and ensure the distribution of those which are deemed to have an impact on any area of the Institution's business, according to the scope established in the corresponding internal procedures.
- Generally speaking, identify and periodically assess compliance risks in the different areas of activity and contribute to their management in an efficient manner. To that end, establish, apply and maintain appropriate procedures to prevent, detect, correct and minimise any compliance risks.
- Establish, in accordance with the above, an annual oversight and monitoring programme, with the appropriate tools and methodologies for control.
- With regard to Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) and international sanctions, this division shall implement, manage and update policies and procedures on the topic of AML/CFT and international sanctions; carry out the preliminary classifications of the ML/TF risk of customers during the onboarding process; apply enhanced due diligence measures when onboarding high-risk customers so that they may be accepted and duly updated beforehand; manage tracking alerts; detect matches in lists of designated persons and transactions of countries subject to international sanctions; perform special analyses of suspicious activities and report them as necessary; cooperate with the authorities to accommodate their requests for information and implement or arrange for the implementation of any recommended improvements that they may establish; prepare training plans; approve new products, services, channels and business areas; conduct a periodic risk assessment of internal control procedures in relation to AML/CFT and international sanctions; and report to the Group's AML/CFT function on a regular basis.

- In terms of data protection, through the Data Protection Officer, advise the business units on the correct application of the General Data Protection Regulation when designing products and services, and be the point of contact for the Spanish Data Protection Agency (Agencia Española de Protección de Datos).

- With regard to market integrity, promote compliance with the Internal Code of Conduct in relation to the securities market (*Reglamento Interno de Conducta*, or RIC) and with the Market Abuse Regulation, and notify the regulator of any cases of misuse of information and/or market manipulation under investigation.

- In terms of customer protection, advise the business units on the design of new products and services and changes thereto, in accordance with Markets in Financial Instruments Directive II (MiFID II), the European Banking Authority (EBA), the Insurance Distribution Directive (IDD) and any other applicable regulations, and oversee the correct advertising and marketing of products and services, in terms of conduct, transparency and vulnerable customers.

- In the area of ethics and conduct, inform, review or propose corrective measures and/or responses to incidents detected in matters of the code of conduct or to consultations submitted to the Corporate Ethics Committee (CEC), manage and process investigations launched as a result of complaints admitted for processing, and promote the ongoing improvement of the internal corporate crime risk and anti-corruption management and organisation model.

- In the area of customer service, respond to customers' claims and complaints in a timely manner, in accordance with transparency criteria and the supervisor's best practice, and detect recurrent, systemic or potential problems of the Institution, promoting the adoption of corrective measures in that regard and following up on their resolution.

- When delegated by the Corporate Ethics Committee, manage and process the files under investigation arising from reports admitted for processing and, within the limits of the powers conferred by the Board of Directors, evaluate and approve related-party transactions and report the conclusions of its analyses to the Board Committees on a regular basis.

- In relation to all compliance risks, monitor the risk management activities carried out by the first line of defence to ensure they are in line with the established policies and procedures, coordinate inspections and responses to requirements from supervisors and regulators, and oversee compliance with their recommendations. In this respect, keep, for at least the period of time established by the legislation in force at any given time, the documentary evidence of the controls carried out by Compliance, as well as any other policies and procedures implemented for the best possible fulfilment of regulatory obligations.

- In its capacity as the compliance risk prevention function, detect and communicate the findings identified in relation to compliance to the first line of defence units responsible for their remediation and adequately monitor and control the existing compliance findings.

- With respect to the oversight of national and international subsidiaries and foreign branches, promote coordination with them so as to continuously monitor compliance risks, establishing a relationship of cooperation, regular exchange of information and support between Banco Sabadell's Compliance function and the Compliance functions of those subsidiaries and foreign branches in order to duly prevent compliance risks at the local level.

- Foster a culture of compliance and appropriate conduct within the Institution by adopting measures that guarantee the training and experience of employees to adequately perform their duties, and collaborate in the development of training programmes in order to advise and make employees aware of the importance of complying with established internal procedures.

- Ensure that the obligations of the Compliance Officer are managed correctly in the event they are temporarily unable, technically or operationally, to perform their assigned duties, or in the event of their resignation, dismissal, or complete impossibility of performing their duties. Assign functional responsibilities for compliance where necessary.

- Submit any regular or *ad hoc* reports on compliance that may be legally required at any given time to the Governing Body, Board Committees and Internal Committees, along with any material compliance-related information stemming from all units and activities of the Institution, as well as information related to the monitoring of findings in relation to compliance.

- Assist the Board of Directors or Senior Management in compliance matters.

- Act as Secretary of the Corporate Ethics Committee and Head of the Corporate Crime Prevention Working Group.
- Take on institutional responsibilities and liaise with supervisory authorities and entities in relation to matters within its remit and where agreed by the corresponding management bodies and/or corresponding divisions.

The following compliance risks have been identified:

- New laws and regulations.
- Anti-money laundering and countering the financing of terrorism.
- Customer protection (including MiFID risks, Packaged Retail and Insurance-Based Investment Products (PRIIPs) and savings and investment insurance, EBA, other products and services, conduct with customers and advertising).
- Ethics and conduct (including risks related to corporate crime prevention, remuneration and the code of conduct and ethics).
- Data protection.
- Market integrity (including market abuse risks and the Internal Code of Conduct in relation to the securities market (*Reglamento Interno de Conducta*, or RIC)).
- Customer Care Service (*Servicio de Atención al Cliente*, or SAC).

Note 4 – Minimum own funds and capital management

As at 31 December 2025 and 2024, the Bank's eligible own funds exceeded those required by the existing regulatory framework of capital (Directive 2013/36/EC, amended by Directive 2019/878/EU, hereinafter "CRD V", and Regulation (EU) 575/2013, amended by Regulation (EU) 2024/1623, hereinafter "CRR III").

Note 5 to the consolidated annual financial statements of Banco Sabadell Group contains detailed information about capital management.

Note 5 – Fair value of assets and liabilities

Financial assets and financial liabilities

The fair value of a financial asset or financial liability at a given date is understood as the amount at which it could be sold or transferred, respectively, as at that date, between two independent and knowledgeable parties acting freely and prudently, under market conditions. The most objective and commonly used reference for the fair value of a financial asset or financial liability is the price that would be paid in an organised, transparent and deep market ("quoted price" or "market price").

When there is no market price for a particular financial asset or financial liability, the fair value is estimated based on the values established for similar instruments in recent transactions or, alternatively, by using mathematical valuation models that have been suitably tested by the international financial community. When using these models, the particular characteristics of the financial asset or financial liability to be valued are taken into account, particularly the different types of risks that may be associated therewith. Notwithstanding the foregoing, the limitations inherent in the valuation models that have been developed and possible inaccuracies in the assumptions and parameters required by these models may result in the estimated fair value of a financial asset or financial liability not exactly matching the price at which the asset or liability could be delivered or settled on the valuation date.

The fair value of financial derivatives quoted on an active market is the daily quoted price.

In the case of instruments for which quoted prices cannot be determined, prices are estimated using internal models developed by the Bank, most of which take data based on observable market parameters as significant inputs. In the remaining cases, the models make use of other inputs that rely on internal assumptions based on generally accepted practices within the financial community.

For financial instruments, the fair values disclosed in the financial statements are classified according to the following fair value levels:

- Level 1: fair values are obtained from the (unadjusted) prices quoted on active markets for that instrument.
- Level 2: fair values are obtained from the prices quoted on active markets for similar instruments, the prices of recent transactions, expected payment flows or other valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3: fair values are obtained through valuation techniques in which one or more significant inputs is not based on observable market data.

Set out below are the main valuation methods, assumptions and inputs used when estimating the fair value of financial instruments classified in Levels 2 and 3, according to the type of financial instrument concerned:

Level 2 financial instruments	Valuation techniques	Main assumptions	Main inputs used
Debt securities	Net present value method	Calculation of the present value of financial instruments as the present value of future cash flows (discounted at market interest rates), taking into account: - An estimate of prepayment rates - Issuers' credit risk	- Issuer credit spreads - Observable market interest rates
Equity instruments	Sector multiples (P/BV)	Based on the CNAE code that best represents the company's primary activity, the price-to-book value (P/BV) multiple obtained from peers is applied	- CNAE codes - Quoted prices in organised markets
Simple derivatives (a)	Net present value method	Implicit curves calculated based on quoted market prices	- Observable yield curve - FX swaps curve and spot curve
Other derivatives (a)	Analytic/ semi-analytic formulae	- For equity, currency or commodity derivatives: Black-Scholes model: a lognormal distribution is assumed for the underlying asset with volatility depending on the term	- Forward structure of the underlying asset, given by market data (dividends, swap points, etc.) - Volatility surfaces of options
		- For interest rate derivatives: Normal model: negative rates permitted; a normal distribution is assumed for the underlying asset. For calculation of CVA and DVA adjustments: normal model and Black-Scholes model	- Term structure of interest rates - Volatility surfaces of interest rate benchmark options (caps) and swap rate options (swaptions) - Probability of default for calculation of CVA and DVA (b)
	Monte Carlo simulations	For valuation of equity, currency or commodity derivatives: Black-Scholes model: a lognormal distribution is assumed for the underlying asset with volatility depending on the term	- Forward structure of the underlying asset, given by market data (dividends, swap points, etc.). - Volatility surfaces of options
	Hybrid local stochastic volatility models	For currency derivatives: Tremor model: implicit volatility obtained through stochastic differential equations	- Forward structure of the underlying asset, given by market data (dividends, swap points, etc.). - Volatility surfaces of options
	For credit derivatives: - Intensity models	These models assume a default probability structure resulting from term-based default intensity rates	- Price listings of Credit Default Swaps (CDS) - Historic volatility of credit spreads

(a) Given the small net position of Banco Sabadell, the Funding Value Adjustment (FVA) is estimated to have a non-material impact on the valuation of derivatives.

(b) To calculate CVA and DVA, levels of severity fixed at 60% have been used, which corresponds to the market standard for senior debt. Average future, positive and negative exposures have been estimated using market models, the normal model for interest rates, and the Black-Scholes model for currency and commodity derivatives, using market inputs. The probability of default of customers with no quoted debt instruments or CDS have been obtained using the IRB model and for Banco Sabadell those obtained from the CDS market prices have been assigned.

Level 3 financial instruments	Valuation techniques	Main assumptions	Main non-observable inputs
Debt securities	Net present value method	Calculation of the present value of financial instruments as the present value of future cash flows (discounted at market interest rates), taking into account in each case: - An estimate of prepayment rates - Issuers' credit risk - Other estimates of variables that affect future cash flows: claims, losses, redemptions	- Estimated credit spreads of the issuer or a similar issuer - Rates of claims, losses and/or redemptions
Loans and advances	Net present value method	Calculation of the present value of future cash flows discounted at market interest rates based on market scenarios	- Prepayment model for loans in euros
Equity instruments	Discounted cash flow method	Calculation of the present value of future cash flows discounted at market interest rates adjusted for risk (CAPM method), taking into account: - An estimate of the company's projected cash flows - Risk in the company's sector - Macroeconomic inputs	- The entity's business plans - Risk premiums of the company's sector - Adjustment for systemic risk (Beta Parameter)
Derivatives (a)	For credit derivatives: - Intensity models	These models assume a default probability structure resulting from term-based default intensity rates	For credit derivatives: - Estimated credit spreads of the issuer or a similar issuer - Historic volatility of credit spreads
	For commodity derivatives: - Net present value method	Forward curve calculated based on adjusted quoted market prices	Unquoted futures curves

(a) Given the small net position of Banco Sabadell, the Funding Value Adjustment (FVA) is estimated to have a non-material impact on the valuation of derivatives.

Determination of the fair value of financial instruments

A comparison between the value at which the main financial assets and financial liabilities are recognised on the accompanying balance sheets and their corresponding fair values is shown below:

Thousand euro

		2025		2024	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash, cash balances at central banks and other demand deposits	6	11,364,908	11,364,908	11,831,284	11,831,284
Financial assets held for trading	7, 9	3,189,903	3,189,903	2,616,270	2,616,270
Non-trading financial assets mandatorily at fair value through profit or loss	7, 8, 10	123,641	123,641	132,074	132,074
Financial assets at fair value through other comprehensive income	7, 8	4,690,382	4,690,382	6,171,009	6,171,009
Financial assets at amortised cost	7, 10	158,056,305	155,514,225	148,833,603	146,879,423
Derivatives – Hedge accounting	11	1,085,458	1,085,458	872,559	872,559
Total assets		**178,510,597**	**175,968,517**	**170,456,799**	**168,502,619**

Thousand euro

	Note	2025 Carrying amount	2025 Fair value	2024 Carrying amount	2024 Fair value
Liabilities:					
Financial liabilities held for trading	9	1,740,947	1,740,947	1,379,618	1,379,618
Financial liabilities at amortised cost	17, 18, 19, 20	176,469,498	176,554,677	168,565,561	168,774,220
Derivatives – Hedge accounting	11	287,972	287,972	647,884	647,884
Total liabilities		**178,498,417**	**178,583,596**	**170,593,063**	**170,801,722**

As shown in the first table of this Note, as at 31 December 2025 the fair value of financial assets at amortised cost is approximately 2,542 million euros below their carrying amount. This difference is explained for the most part by the impact of interest rates on the fair value of fixed-rate mortgages granted by the Group to its customers in previous years.

Financial instruments at fair value

The following tables show the main financial instruments recognised at fair value in the accompanying balance sheets, broken down according to the valuation method used to estimate their fair value:

Thousand euro

	Note	2025 Level 1	2025 Level 2	2025 Level 3	2025 Total
Assets:					
Financial assets held for trading		2,014,416	1,175,487	—	3,189,903
Derivatives	9	—	1,175,487	—	1,175,487
Equity instruments	8	527,327	—	—	527,327
Debt securities	7	1,487,089	—	—	1,487,089
Non-trading financial assets mandatorily at fair value through profit or loss		3,867	329	119,445	123,641
Equity instruments	8	3,090	—	—	3,090
Debt securities	7	777	329	18,292	19,398
Loans and advances	10	—	—	101,153	101,153
Financial assets at fair value through other comprehensive income		3,132,783	1,534,019	23,580	4,690,382
Equity instruments	8	336	112,908	307	113,551
Debt securities	7	3,132,447	1,421,111	23,273	4,576,831
Derivatives – Hedge accounting	11	—	1,085,458	—	1,085,458
Total assets		**5,151,066**	**3,795,293**	**143,025**	**9,089,384**

Thousand euro

	Note	2025 Level 1	2025 Level 2	2025 Level 3	2025 Total
Liabilities:					
Financial liabilities held for trading		580,257	1,160,690	—	1,740,947
Derivatives	9	—	1,160,690	—	1,160,690
Short positions		580,257	—	—	580,257
Derivatives – Hedge accounting	11	—	287,972	—	287,972
Total liabilities		**580,257**	**1,448,662**	**—**	**2,028,919**

Thousand euro

		2024			
	Note	Level 1	Level 2	Level 3	Total
Assets:					
Financial assets held for trading		1,416,725	1,198,269	1,276	2,616,270
Derivatives	9	—	1,195,314	—	1,195,314
Debt securities	7	875,720	2,955	1,276	879,951
Non-trading financial assets mandatorily at fair value through profit or loss		3,621	417	128,036	132,074
Equity instruments	8	2,832	—	—	2,832
Debt securities	7	789	417	25,120	26,326
Financial assets at fair value through other comprehensive income		3,295,822	2,492,842	382,345	6,171,009
Equity instruments	8	336	84,651	209	85,196
Debt securities	7	3,295,486	2,408,191	382,136	6,085,813
Derivatives – Hedge accounting	11	—	872,559	—	872,559
Total assets		**4,716,168**	**4,564,087**	**511,657**	**9,791,912**

Thousand euro

		2024			
	Note	Level 1	Level 2	Level 3	Total
Liabilities:					
Financial liabilities held for trading		82,671	1,296,947	—	1,379,618
Derivatives	9	—	1,296,947	—	1,296,947
Short positions		82,671	—	—	82,671
Derivatives – Hedge accounting	11	—	647,884	—	647,884
Total liabilities		**82,671**	**1,944,831**	**—**	**2,027,502**

Derivatives with no Credit Support Annexes (CSAs) include the Credit Valuation Adjustment (CVA) or Debit Valuation Adjustment (DVA), accordingly, in their fair value. The fair value of these derivatives represents 6.28% of the total, and their adjustment for credit and debit risks represents 4.61% of their fair value as at 31 December 2025 (6.39% and 1.26%, respectively, as at 31 December 2024). The increase in credit and debit valuation adjustments during 2025 was mainly due to the impact of rising interest rates.

Movements in the balances of financial assets and financial liabilities recognised at fair value and classified as Level 3, disclosed in the accompanying balance sheets, are shown below:

Thousand euro

	Assets	Liabilities
Balance as at 31 December 2023	**503,694**	**—**
Valuation adjustments recognised in profit or loss (*)	13,448	—
Valuation adjustments not recognised in profit or loss	11,904	—
Purchases, sales and write-offs	(35,210)	—
Net additions/(removals) in Level 3	(432)	—
Exchange differences and other	18,253	—
Balance as at 31 December 2024	**511,657**	**—**
Valuation adjustments recognised in profit or loss (*)	646	—
Valuation adjustments not recognised in profit or loss	(229)	—
Purchases, sales and write-offs	(10,445)	—
Net additions/(removals) in Level 3	—	—
Exchange differences and other	(358,604)	—
Balance as at 31 December 2025	**143,025**	**—**

(*) Relates to securities retained on the balance sheet.

In 2025, the heading “Exchange differences and other” mainly includes the reclassification of a bond issued by TSB Banking Group plc and acquired by the Bank, amounting to 353,176 thousand euros, which was previously recognised under “Financial assets at fair value through other comprehensive income - Debt securities” and has been reclassified to “Non-current assets and disposal groups classified as held for sale” (see Note 12).

In 2025, no transfers of financial instruments between different valuation levels have materialised.

Details of financial instruments that were transferred to different valuation levels in 2024 are as follows:

Thousand euro

	2024					
From:	Level 1		Level 2		Level 3	
To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
Assets:						
Financial assets at fair value through other comprehensive income	—	—	—	—	—	432
Total	**—**	**—**	**—**	**—**	**—**	**432**

As at 31 December 2025 and 2024, the effect of replacing the main assumptions used in the valuation of Level 3 financial instruments with other reasonably possible assumptions, taking the highest value (most favourable assumption) or lowest value (least favourable assumption) of the range that is considered likely, is not significant.

Financial instruments at amortised cost

The following tables show the fair value of the main financial instruments recognised at amortised cost in the accompanying balance sheets:

Thousand euro

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets at amortised cost:				
Debt securities	23,476,474	1,561,817	872,192	25,910,483
Loans and advances	—	24,699,094	104,904,648	129,603,742
Total assets	**23,476,474**	**26,260,911**	**105,776,840**	**155,514,225**

Thousand euro

	2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at amortised cost (*):				
Deposits (**)	—	152,360,333	—	152,360,333
Debt securities issued	17,947,740	1,636,980	—	19,584,720
Total liabilities	**17,947,740**	**153,997,313**	**—**	**171,945,053**

(*) As at 31 December 2025, the Bank had other financial liabilities amounting to 4,609,625 thousand euros.

(**) The fair value of demand deposits has been likened to their carrying amount as they are mainly short-term balances.

Thousand euro

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets at amortised cost:				
Debt securities	19,085,147	1,481,003	507,648	21,073,798
Loans and advances	—	25,254,480	100,551,145	125,805,625
Total assets	**19,085,147**	**26,735,483**	**101,058,793**	**146,879,423**

Thousand euro

	2024			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at amortised cost (*):				
Deposits (**)	—	141,623,274	—	141,623,274
Debt securities issued	20,242,578	1,030,952	1,069,612	22,343,142
Total liabilities	**20,242,578**	**142,654,226**	**1,069,612**	**163,966,416**

(*) As at 31 December 2024, the Bank had other financial liabilities amounting to 4,807,804 thousand euros.

(**) The fair value of demand deposits has been likened to their carrying amount as they are mainly short-term balances.

In general, the fair value of "Financial assets at amortised cost" and "Financial liabilities at amortised cost" has been estimated using the discounted cash flow method, applying market interest rates as at the end of each year adjusted for the credit spread and incorporating any behavioural assumptions deemed relevant, with the exception of debt securities with active markets, for which it has been estimated using year-end quoted prices.

The fair value of the heading "Cash, cash balances at central banks and other demand deposits" has been likened to its carrying amount, as these are mainly short-term balances.

Financial instruments at cost

As at the end of 2025 and 2024, there were no equity instruments valued at their acquisition cost that could be considered significant.

Non-financial assets

Real estate assets

As at 31 December 2025 and 2024, the net carrying amounts of real estate assets did not differ significantly from the fair values of these assets (see Notes 12 and 14).

The selection criteria for appraisers and the update of appraisals are defined in the section on "Guarantees", in Note 1.3.3 to these annual financial statements.

Valuation techniques are generally used by all appraisal companies based on the type of each real estate asset.

As per regulatory requirements, in the valuation techniques used, appraisal companies maximise the use of observable market data and other factors which would be taken into account by market operators when setting prices, endeavouring to keep the use of subjective considerations and unobservable or non-verifiable data to a minimum.

The main valuation methods used fall into the following measurement levels:

Level 2

- Comparison method: applicable to all kinds of properties provided that there is a representative market of comparable properties and that sufficient data is available relating to transactions that reflect the current market situation.
- Rental update method: applicable when the valued property generates or may generate rental income and there is a representative market of comparable data.
- Statistical model: this model adjusts the value of the assets based on the acquisition date and their location, updating the value in accordance with price trends in the area concerned as from the date of purchase. To that end, it includes statistical information on price trends in all provinces, as provided by external appraisal companies, as well as demographic data from the Spanish Office for National Statistics (INE) to calculate sensitivity at a municipality level. The value obtained is in turn adjusted based on the construction status (finished product, development in progress, plots or land under management) and use (residential, industrial, etc.) of the asset.

Level 3

- Cost method: applicable to determine the value of buildings being planned, under construction or undergoing renovations.
- Residual method: in the present macroeconomic climate, the dynamic calculation procedure is being used preferentially in new land valuations to the detriment of the static procedure, which is reserved for specific cases in which the envisaged timeframes for project completion are in line with the relevant regulations.

Depending on the type of asset, the methods used for the valuation of the Group's portfolio are the following:

- Completed buildings: valued using the comparison method, the rental update method or the statistical model (Level 2).
- Buildings under construction: valued using the cost method as a sum of the land value and the value of the work carried out (Level 3).
- Land: valued using the residual method (Level 3).

Determination of the fair value of real estate assets

The following tables show the main real estate assets broken down by the valuation method used to estimate their fair value as at 31 December 2025 and 2024:

Thousand euro

	2025			
	Level 1	Level 2	Level 3	Total
Housing	—	335,763	—	335,763
Branches and offices, retail establishments and other real estate	—	497,559	—	497,559
Land and building plots	—	—	14,227	14,227
Works in progress	—	—	279	279
Total assets	**—**	**833,322**	**14,506**	**847,828**

Thousand euro

	2024			
	Level 1	Level 2	Level 3	Total
Housing	—	382,952	—	382,952
Branches and offices, retail establishments and other real estate	—	530,164	—	530,164
Land and building plots	—	—	17,249	17,249
Works in progress	—	—	347	347
Total assets	**—**	**913,116**	**17,596**	**930,712**

Significant unobservable variables used in valuations classed as Level 3 have not been developed by the Group but by the independent third party companies that performed the appraisals. Given the widespread use of the appraisals, whose valuation techniques are clearly set out in the regulation governing the valuation of properties, the unobservable variables used reflect the assumptions frequently used by all appraisal companies. In terms of proportional weight, unobservable variables account for almost all of the value of these appraisals.

The main unobservable variables used in the valuation of assets in accordance with the dynamic residual method are the future selling price, the estimated construction costs, the costs of development, the time required for land planning and development, and the discount rate. The main unobservable variables used in accordance with the static residual method are construction costs, the costs of development and the profit for the developer.

The number of plots in the Group's possession is very fragmented, and they are very diverse, both in terms of location and in terms of the stage of development of the urban infrastructure and the possibility of future development. For this reason, no quantitative information can be provided regarding the unobservable variables affecting the fair value of these types of assets.

Movements in the balances of real estate assets classified as Level 3 in 2025 and 2024 are shown below:

Thousand euro

	Land, building plots and works in progress
Balance as at 31 December 2023	**19,235**
Purchases	165
Sales	(1,279)
Net additions/(removals) in Level 3	(525)
Balance as at 31 December 2024	**17,596**
Purchases	430
Sales	(3,020)
Net additions/(removals) in Level 3	(500)
Balance as at 31 December 2025	**14,506**

No material movements between valuation levels took place during 2025 and 2024. The following table shows a comparison between the value at which real estate assets obtained through foreclosures are recognised under the headings "Investment properties" and "Non-current assets and disposal groups classified as held for sale" and their appraisal value, as at the end of 2025 and 2024:

Thousand euro

		2025				2024			
	Note	Carrying amount (*)	Impairment	Net carrying amount	Appraisal value	Carrying amount (*)	Impairment	Net carrying amount	Appraisal value
Investment properties	14	23,549	(6,175)	17,374	33,433	36,724	(14,331)	22,393	44,597
Non-current assets held for sale	12	563,469	(146,779)	416,690	695,589	634,265	(173,728)	460,538	714,331
Total		**587,018**	**(152,954)**	**434,064**	**729,022**	**670,989**	**(188,059)**	**482,931**	**758,928**

(*) Cost less accumulated depreciation.

The fair values of real estate assets valued by appraisal companies and included in the headings "Investment properties" and "Non-current assets and disposal groups classified as held for sale", as at 31 December 2025, are as follows:

Thousand euro

Appraisal firm	Investment properties	Non-current assets held for sale
Afes Técnicas de Tasación, S.A.	96	1,921
Alia Tasaciones, S.A.	333	28,834
Arco Valoraciones, S.A.	—	358
CBRE Valuation Advisory, S.A.	511	40,964
Col.lectiu d'Arquitectes Taxadors	—	604
Cushman & Wakefield	—	271
Eurovaloraciones, S.A.	154	23,451
Gestión de Valoraciones y Tasaciones, S.A.	14	247
Gloval Valuation, S.A.U.	4,979	73,037
Ibertasa, S.A.	877	—
Sociedad de Tasación, S.A.	7,249	82,656
Tecglen Tasaciones, S.A.	—	392
Tecnitasa Técnicos en Tasación, S.A.	10	14,000
Tinsa Tasaciones Inmobiliarias, S.A.	132	26,150
Valoraciones Mediterráneo, S.A.	1,227	91,718
UVE Valoraciones, S.A.	407	27,184
Other	1,385	4,903
Total	**17,374**	**416,690**

The fair value of property, plant and equipment for own use does not differ significantly from its net carrying amount.

Note 6 – Cash, cash balances at central banks and other demand deposits

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
By nature:		
Cash	628,548	617,515
Cash balances at central banks	10,433,718	10,894,579
Other demand deposits	302,642	319,190
Total	**11,364,908**	**11,831,284**
By currency:		
In euro	10,781,443	11,259,442
In foreign currency	583,465	571,842
Total	**11,364,908**	**11,831,284**

Cash balances at central banks include balances held to comply with the central bank's mandatory Minimum Required Reserves (MRR) ratio. Throughout 2025 and 2024, Banco Sabadell has complied with minimum requirements set out in applicable regulations regarding that ratio.

Note 7 – Debt securities

Debt securities reported in the accompanying balance sheets as at 31 December 2025 and 2024 are broken down below:

Thousand euro

	2025	2024
By heading:		
Financial assets held for trading	1,487,089	879,951
Non-trading financial assets mandatorily at fair value through profit or loss	19,398	26,326
Financial assets at fair value through other comprehensive income	4,576,831	6,085,813
Financial assets at amortised cost	26,441,174	21,639,367
Total	**32,524,492**	**28,631,457**
By nature:		
General governments	28,511,983	24,056,568
Credit institutions	3,108,497	2,652,821
Other sectors	844,081	1,949,590
Stage 3 assets	899	899
Impairment allowances	(33)	(1,624)
Other valuation adjustments (interest, fees and commissions, and others)	59,065	(26,797)
Total	**32,524,492**	**28,631,457**
By currency:		
In euro	30,596,429	25,503,197
In foreign currency	1,928,063	3,128,260
Total	**32,524,492**	**28,631,457**

The breakdown of debt securities classified according to their credit risk and movements of impairment allowances associated with these instruments are included, together with those of other financial assets, in Note 10.

The debt securities included under the heading "Financial assets held for trading" correspond, in their entirety, to sovereign debt issued by European countries and agencies with a high credit score.

Details of debt instruments included under the "Financial assets at fair value through other comprehensive income" heading, as at 31 December 2025 and 2024, are shown below:

Thousand euro

	2025	2024
Amortised cost	4,692,849	6,241,514
Accumulated losses recognised in equity	(169,439)	(253,174)
Accumulated gains recognised in equity	54,126	97,721
Value adjustments made for credit risk	(705)	(248)
Fair value (*)	**4,576,831**	**6,085,813**

(*) Includes net impairment gains or losses in the income statements for 2025 and 2024, in the amount of -456 thousand euros and 236 thousand euros, of which -553 thousand euros and -5 thousand euros correspond to provisions, and 97 thousand euros and 241 thousand euros correspond to provision reversals, respectively (see Note 31).

The variation in 2025 mainly relates to TSB's sale agreement (see Note 1.4).

Details of exposures held in public debt instruments included under the "Financial assets at fair value through other comprehensive income" heading, as at 31 December 2025 and 2024, are as follows:

Thousand euro

	2025	2024
Amortised cost	3,824,851	4,032,036
Accumulated losses recognised in equity	(169,050)	(251,619)
Accumulated gains recognised in equity	33,034	32,458
Value adjustments made for credit risk	(112)	(114)
Fair value	**3,688,723**	**3,812,761**

Details of the "Financial assets at amortised cost" portfolio as at 31 December 2025 and 2024 are shown below:

Thousand euro

	2025	2024
General governments	23,723,254	19,524,830
Credit institutions	2,193,247	1,878,298
Other sectors	524,706	237,862
Impairment allowances	(33)	(1,623)
Total	**26,441,174**	**21,639,367**

Note 8 – Equity instruments

The balance of equity instruments as at 31 December 2025 and 2024 breaks down as follows:

Thousand euro

	2025	2024
By heading:		
Financial assets held for trading	527,327	541,005
Non-trading financial assets mandatorily at fair value through profit or loss	3,090	2,832
Financial assets at fair value through other comprehensive income	113,551	85,196
Total	**643,968**	**629,033**
By nature:		
Resident sector	639,482	474,197
Credit institutions	23,874	11,386
Other	615,608	462,811
Non-resident sector	1,346	152,004
Other	1,346	152,004
Participations in investment vehicles	3,140	2,832
Total	**643,968**	**629,033**
By currency:		
In euro	643,963	629,027
In foreign currency	5	6
Total	**643,968**	**629,033**

The equity instruments included under the heading "Financial assets held for trading" all correspond to shares of companies listed on European stock markets.

As at 31 December 2025 and 2024, there were no investments in listed equity instruments for which their quoted price was not considered as a reference of their fair value.

In addition, as at the aforesaid dates, there were no investments in equity instruments included in the portfolio of "Financial assets at fair value through other comprehensive income" considered to be individually significant.

Details of equity instruments included under the "Financial assets at fair value through other comprehensive income" heading, as at 31 December 2025 and 2024, are shown below:

Thousand euro

	2025	2024
Acquisition cost	167,988	169,357
Accumulated losses recognised in equity as at reporting date	(140,509)	(140,116)
Accumulated gains recognised in equity as at reporting date	86,072	55,955
Fair value	**113,551**	**85,196**

Movements in the headings "Financial assets at fair value through other comprehensive income" and "Accumulated other comprehensive income - Fair value changes of equity instruments measured at fair value through other comprehensive income" of the balance sheet during 2025 and 2024 were as follows:

Thousand euro

	Financial assets at fair value through other comprehensive income	Accumulated other comprehensive income
Balance as at 31 December 2023	**74,402**	**(59,242)**
Investments made	1,785	
Gains / Losses due to changes in the fair value:		
From investments held at the end of the year	9,116	9,116
From investments written off	—	—
Investments written off	(107)	
Transfers within equity following write-off		—
Tax effect		(1,821)
Balance as at 31 December 2024	**85,196**	**(51,947)**
Investments made	3,894	
Gains / Losses due to changes in the fair value:		
From investments held at the end of the year	27,414	27,414
From investments written off	(1,122)	(1,122)
Investments written off	(1,831)	
Transfers within equity following write-off		3,432
Tax effect		(7,341)
Balance as at 31 December 2025	**113,551**	**(29,564)**

Dividends received from investments in equity instruments included under the heading "Financial assets at fair value through other comprehensive income" and recognised on the income statement for 2025 amounted to 2,993 thousand euros (1,846 thousand euros in 2024). In both years, all dividends recognised were derived from investments held on the balance sheet.

Note 9 – Derivatives held for trading

The breakdown by type of risk of derivatives held for trading as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Securities risk	7,417	54,382	27,762	5,615
Interest rate risk	847,851	830,970	897,502	891,021
Foreign exchange risk	175,909	131,055	149,021	279,103
Other types of risk	144,309	144,283	121,029	121,208
Total	**1,175,486**	**1,160,690**	**1,195,314**	**1,296,947**
By currency:				
In euro	1,028,429	1,022,117	999,817	1,117,885
In foreign currency	147,058	138,573	195,497	179,062
Total	**1,175,487**	**1,160,690**	**1,195,314**	**1,296,947**

The fair values of derivatives held for trading, broken down by type of derivative instrument as at 31 December 2025 and 2024, are shown below:

Thousand euro

	2025	2024
Assets		
Swaps, CCIRS, Call Money Swaps	963,932	1,010,452
Currency options	67,262	41,285
Interest rate options	32,137	33,392
Index and securities options	3,495	2,449
Currency forwards	108,647	107,736
Fixed income forwards	14	—
Total derivatives on asset side held for trading	**1,175,487**	**1,195,314**
Liabilities		
Swaps, CCIRS, Call Money Swaps	939,241	921,045
Currency options	67,439	41,341
Interest rate options	79,569	91,184
Index and securities options	3,495	2,449
Currency forwards	63,616	237,762
Fixed income forwards	561	—
Equity forwards	6,769	3,166
Total derivatives on liability side held for trading	**1,160,690**	**1,296,947**

As at 31 December 2025, the Bank holds embedded derivatives that have been separated from their host contracts and recognised under the heading “Financial liabilities held for trading – Derivatives” of the balance sheet in the amount of 73,723 thousand euros (82,443 thousand euros as at 31 December 2024). The host contracts of those embedded derivatives correspond to customer deposits and they have been allocated to the portfolio of financial liabilities at amortised cost.

Note 10 – Loans and advances

Credit institutions

The breakdown of the heading "Loans and advances – Credit institutions" of the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
By heading:		
Financial assets at amortised cost	15,124,949	14,596,078
Total	**15,124,949**	**14,596,078**
By nature:		
Deposits with agreed maturity	3,968,245	3,519,306
Reverse repos	10,937,862	10,674,538
Other	166,670	332,585
Stage 3 assets	41,589	—
Impairment allowances	(53,289)	(3,264)
Other valuation adjustments (interest, fees and commissions, and others)	63,872	72,913
Total	**15,124,949**	**14,596,078**
By currency:		
In euro	13,428,530	13,660,934
In foreign currency	1,696,419	935,144
Total	**15,124,949**	**14,596,078**

Customers

The breakdown of the heading "Loans and advances – Customers" (General governments and Other sectors) as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
By heading:		
Non-trading financial assets mandatorily at fair value through profit or loss	101,153	102,916
Financial assets at amortised cost	116,490,182	112,598,158
Total	**116,591,335**	**112,701,074**
By nature:		
Bank overdrafts and other short-term borrowings	2,523,167	2,071,252
Trade credit	8,363,036	8,158,467
Finance leases	2,517,176	2,365,918
Secured loans	57,153,373	53,375,624
Other term loans	45,047,417	45,410,677
Stage 3 assets	2,987,880	3,674,965
Impairment allowances	(2,058,488)	(2,415,954)
Other valuation adjustments (interest, fees and commissions, and others) (*)	57,774	60,125
Total	**116,591,335**	**112,701,074**
By sector:		
General governments	9,985,598	8,992,230
Other sectors	105,618,571	102,389,707
Stage 3 assets	2,987,880	3,674,965
Impairment allowances	(2,058,488)	(2,415,954)
Other valuation adjustments (interest, fees and commissions, and others) (*)	57,774	60,126
Total	**116,591,335**	**112,701,074**
By currency:		
In euro	107,405,030	102,344,893
In foreign currency	9,186,305	10,356,181
Total	**116,591,335**	**112,701,074**
By geographical area:		
Spain	101,013,679	97,569,629
Rest of European Union	6,312,381	5,613,593
United Kingdom	2,326,929	1,986,673
Americas	7,703,540	8,580,443
Rest of the world	1,293,294	1,366,690
Impairment allowances	(2,058,488)	(2,415,954)
Total	**116,591,335**	**112,701,074**

(*) Other valuation adjustments of financial assets classified as stage 3 amount to 32,230 thousand euros as at 31 December 2025 and 34,037 thousand euros as at 31 December 2024.

The "Loans and advances – Customers" heading on the balance sheets includes certain assets pledged in funding operations, i.e. assets pledged as collateral or guarantees with respect to certain liabilities. For further information, see Note 3.4.2 – Credit risk.

Finance leases

Certain information concerning finance leases carried out by the Bank in which it acts as lessor is set out below:

Thousand euro

	2025	2024
Finance leases		
Total gross investment	2,725,326	2,606,888
Impairment allowances	(82,171)	(93,591)
Interest income	95,538	93,887

As at 31 December 2025 and 2024, the reconciliation of undiscounted lease payments received against the net investment in the leases is as follows:

Thousand euro

	2025	2024
Undiscounted lease payments received	2,512,883	2,399,200
Residual value	212,443	207,688
Unguaranteed residual value	172,200	170,576
Guaranteed residual value	40,243	37,112
Gross investment in the lease	**2,725,326**	**2,606,888**
Unearned finance income	(208,150)	(240,970)
Net investment in the lease	**2,517,176**	**2,365,918**

The table below shows a breakdown, by term, of the minimum undiscounted future amounts receivable by the Bank during the mandatory term (assuming that no extensions or existing purchase options will be exercised) as set out in the finance lease contracts:

Thousand euro

	2025	2024
Undiscounted lease payments received		
Up to 1 year	864,700	773,194
1-2 years	658,042	594,913
2-3 years	313,454	289,761
3-4 years	247,092	264,688
4-5 years	156,596	163,511
More than 5 years	272,999	313,133
Total	**2,512,883**	**2,399,200**

Past-due financial assets

The balance of customer loans past-due and pending collection not classified as stage 3, as at 31 December 2025, amounts to 89,293 thousand euros (87,182 thousand euros as at 31 December 2024). Of this total, over 85% of the balance as at 31 December 2025 (84% of the balance as at 31 December 2024) was no more than one month past-due.

Financial assets classified according to their credit risk

The breakdown of financial assets classified according to their credit risk as at 31 December 2025 and 2024 is as follows:

Thousand euro

Stage 1	2025	2024
Debt securities	32,523,730	28,640,434
Loans and advances	125,286,408	119,374,890
Customers	110,270,629	104,775,590
Credit institutions	15,015,779	14,599,300
Total stage 1	**157,810,138**	**148,015,324**
By sector:		
General governments	38,573,832	33,104,012
Credit institutions	18,124,276	17,252,122
Other private sectors	101,112,030	97,659,190
Total stage 1	**157,810,138**	**148,015,324**

Stage 2	2025	2024
Debt securities	—	—
Loans and advances	5,479,953	6,632,214
Customers	5,359,084	6,632,172
Credit institutions	120,869	42
Total stage 2	**5,479,953**	**6,632,214**
By sector:		
General governments	4,902	9,533
Credit institutions	120,869	42
Other private sectors	5,354,182	6,622,639
Total stage 2	**5,479,953**	**6,632,214**

Stage 3	2025	2024
Debt securities	795	1,274
Loans and advances	3,061,699	3,709,003
Customers	3,020,109	3,709,003
Credit institutions	41,589	—
Total stage 3	**3,062,494**	**3,710,277**
By sector:		
General governments	150	165
Credit institutions	41,589	—
Other private sectors	3,020,754	3,710,112
Total stage 3	**3,062,494**	**3,710,277**
Total stages	**166,352,585**	**158,357,815**

Movements of gross values of assets subject to impairment by the Bank during the years ended 31 December 2025 and 2024 were as follows:

Thousand euro

	Stage 1	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
Balance as at 31 December 2023	**132,250,972**	**7,106,314**	**4,651,996**	**—**	**144,009,282**
Transfers between stages	(1,454,113)	719,106	735,007	—	—
To stage 1	3,077,224	(2,959,169)	(118,055)	—	—
To stage 2	(4,311,054)	4,755,840	(444,786)	—	—
To stage 3	(220,283)	(1,077,565)	1,297,848	—	—
Increases	53,669,751	1,412,767	617,401	—	55,699,919
Decreases	(37,067,848)	(2,638,139)	(1,959,831)		(41,665,818)
Transfers to write-offs	—	—	(338,977)	—	(338,977)
Adjustments for exchange differences	616,562	32,166	4,681	—	653,409
Balance as at 31 December 2024	**148,015,324**	**6,632,214**	**3,710,277**	**—**	**158,357,815**
Transfers between stages	(227,857)	(125,408)	353,265	—	—
To stage 1	2,629,448	(2,523,101)	(106,347)	—	—
To stage 2	(2,718,464)	3,128,407	(409,943)	—	—
To stage 3	(138,841)	(730,714)	869,555	—	—
Increases	63,751,613	2,430,738	871,653	—	67,054,004
Decreases	(52,705,813)	(3,407,269)	(1,449,572)	—	(57,562,654)
Transfers to write-offs	—	—	(409,703)	—	(409,703)
Adjustments for exchange differences	(1,023,129)	(50,322)	(13,426)	—	(1,086,877)
Balance as at 31 December 2025	**157,810,138**	**5,479,953**	**3,062,494**	**—**	**166,352,585**

The breakdown of assets classified as stage 3 by type of guarantee as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Secured with a mortgage (*)	1,096,682	1,296,410
Of which: Stage 3 financial assets with guarantees covering all of the risk	955,310	*1,083,824*
Other collateral (**)	113,338	140,474
Of which: Stage 3 financial assets with guarantees covering all of the risk	50,601	*64,900*
Other	1,852,474	2,273,393
Total	**3,062,494**	**3,710,277**

(*) Assets secured with a mortgage with an outstanding exposure below 100% of their valuation amount.

(**) Includes the rest of assets secured with collateral.

The breakdown by geographical area of the balance of assets classified as stage 3 as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Spain	2,764,132	3,440,740
Rest of European Union	71,227	*80,681*
United Kingdom	85,136	72,495
Americas	124,937	*97,891*
Rest of the world	17,062	18,470
Total	**3,062,494**	**3,710,277**

Movements of impaired financial assets derecognised from the asset side of the balance sheet as the likelihood of them being recovered during 2025 and 2024 was deemed to be remote were as follows:

Thousand euro	
Balance as at 31 December 2023	**5,542,124**
Additions	**521,834**
Use of accumulated impairment balance	334,910
Directly recognised on income statement	4,068
Contractually payable interest	182,856
Other items	—
Disposals	**(258,899)**
Collections of principal in cash from counterparties	(25,242)
Collections of interest in cash from counterparties	(2,422)
Debt forgiveness	(18,800)
Expiry of statute-of-limitations period	—
Sale	(188,345)
Foreclosure of tangible assets	—
Other items	(24,090)
Exchange differences	**—**
Balance as at 31 December 2024	**5,805,059**
Additions	**614,049**
Use of accumulated impairment balance	401,201
Directly recognised on income statement	8,502
Contractually payable interest	187,176
Other items	17,170
Disposals	**(256,217)**
Collections of principal in cash from counterparties	(33,137)
Collections of interest in cash from counterparties	(1,508)
Debt forgiveness	(24,546)
Expiry of statute-of-limitations period	—
Sale	(164,035)
Foreclosure of tangible assets	(252)
Other items	(32,739)
Exchange differences	**—**
Balance as at 31 December 2025	**6,162,891**

Allowances

Financial asset impairment allowances, broken down by balance sheet heading, classified according to their credit risk as at 31 December 2025 and 2024 were as follows:

Thousand euro		
Stage 1	**2025**	**2024**
Debt securities	33	1,624
Loans and advances	194,728	197,143
Credit institutions	400	3,264
Customers	194,327	193,879
Total stage 1	**194,761**	**198,767**
Stage 2		**2024**
Debt securities	—	—
Loans and advances	278,576	294,901
Credit institutions	29,893	—
Customers	248,683	294,901
Total stage 2	**278,576**	**294,901**
Stage 3		**2024**
Debt securities	—	—
Loans and advances	1,638,474	1,927,173
Credit institutions	22,996	—
Customers	1,615,477	1,927,173
Total stage 3	**1,638,474**	**1,927,173**
Total stages	**2,111,810**	**2,420,841**

The movement of impairment allowances allocated to cover credit risk during 2025 and 2024 was as follows:

Thousand euro

	Individually measured		Collectively measured			
	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2023	**11,786**	**500,083**	**256,870**	**379,734**	**1,607,117**	**2,755,590**
Movements reflected in impairment gains/(losses) (*)	**(2,974)**	**(82,441)**	**(1,652)**	**(927)**	**443,665**	**355,671**
Increases due to origination	—	—	205,867	—	—	205,867
Changes due to credit risk variance	(2,057)	(16,170)	(44,084)	50,996	437,450	426,135
Changes in calculation approach	—	—	—	—	—	—
Other movements	(917)	(66,271)	(163,435)	(51,923)	6,215	(276,331)
Movements not reflected in impairment gains/(losses)	**(5,799)**	**(87,278)**	**(55,256)**	**(85,982)**	**(452,239)**	**(686,554)**
Transfers between stages	(5,799)	6,590	(54,930)	(77,008)	131,147	—
To stage 1	18	347	35,586	(34,472)	(1,479)	—
To stage 2	(1,785)	(5,954)	(84,782)	146,617	(54,096)	—
To stage 3	(4,032)	12,197	(5,734)	(189,153)	186,722	—
Use of allocated provisions	—	(93,868)	(325)	(8,974)	(579,009)	(682,176)
Other movements (**)	—	—	(1)	—	(4,377)	(4,378)
Adjustments for exchange differences	**(4)**	**(1,506)**	**(1,195)**	**(936)**	**(225)**	**(3,866)**
Balance as at 31 December 2024	**3,009**	**328,858**	**198,767**	**291,889**	**1,598,318**	**2,420,841**
Scope additions / exclusions						
Movements reflected in impairment gains/(losses) (*)	**37,758**	**70,267**	**28,343**	**46,975**	**176,052**	**359,395**
Increases due to origination	—	—	177,541	—	—	177,541
Changes due to credit risk variance	38,235	72,223	(4,257)	56,169	164,250	326,619
Changes in calculation approach	—	—	—	—	—	—
Other movements	(477)	(1,956)	(144,941)	(9,194)	11,802	(144,766)
Movements not reflected in impairment gains/(losses)	**4,048**	**(26,846)**	**(34,449)**	**(105,981)**	**(512,984)**	**(676,212)**
Transfers between stages	4,048	21,150	(34,449)	(104,464)	113,714	—
To stage 1	(405)	84	22,807	(19,841)	(2,645)	—
To stage 2	5,893	(3,776)	(59,166)	102,877	(45,828)	—
To stage 3	(1,440)	24,842	1,910	(187,500)	162,188	—
Use of allocated provisions	—	(47,996)	—	(1,518)	(624,130)	(673,644)
Other movements (**)	—	—	—	—	(2,568)	(2,568)
Adjustments for exchange differences	**2**	**4,218**	**2,100**	**876**	**590**	**7,787**
Balance as at 31 December 2025	**44,817**	**376,497**	**194,761**	**233,759**	**1,261,976**	**2,111,810**

(*) This figure includes the depreciation/amortisation through profit or loss of impaired financial assets derecognised from the asset side of the balance sheet and the recovery of write-offs, which have been recognised with a balancing entry under the heading "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains" (see Note 31).

(**) Corresponds to credit loss allowances transferred to non-current assets held for sale and investment properties.

The breakdown by geographical area of the balance of impairment allowances as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Spain	1,872,129	2,243,344
Rest of European Union	67,065	65,473
United Kingdom	45,594	41,197
Americas	116,093	58,819
Rest of the world	10,929	12,008
Total	**2,111,810**	**2,420,841**

Note 11 – Derivatives - hedge accounting

Hedging management

The main hedges arranged by the Bank are described below:

Interest rate risk hedge

Based on the balance sheet position and the market situation and outlooks, interest rate risk mitigation strategies are proposed and agreed upon to adapt that position to the one desired by Banco Sabadell. With this aim in mind, the Bank establishes interest rate risk hedging strategies for positions that are not included in the trading book and, to that end, derivative instruments are used, whether fair value or cash flow hedging instruments, and a distinction is made between them depending on the items hedged:

- Macro-hedges: hedges intended to mitigate the risk of balance sheet components.
- Micro-hedges: hedges intended to mitigate the risk of a particular asset or liability.

When a transaction is designated as a hedging operation, it is classified as such from the inception of the transaction or of the instruments included in the hedge, and a document is prepared which covers the hedging strategy, defining it in management and accounting terms and setting out its governance arrangements. The aforesaid document clearly identifies the hedged item(s) and the hedging instrument(s), the risk that it seeks to hedge and the criteria or methodologies followed by the Bank to evaluate its effectiveness.

The Bank operates with the following types of hedges intended to mitigate structural interest rate risk:

- Fair value hedges: hedges against the exposure to changes in the fair value of assets and liabilities recognised on the balance sheet, or against the analogous exposure of a specific selection of such assets and liabilities, that can be attributed to interest rate risk. These are used to keep a stable economic value of equity.

  The main types of balance sheet items hedged are:

  - Fixed-rate loans included in the lending portfolio.
  - Debt securities included in the portfolio of “Financial assets at fair value through other comprehensive income” and the portfolio of “Financial assets at amortised cost”.
  - Fixed-rate liabilities, including fixed-term deposits and the Institution’s funding operations in capital markets.

  If the hedge relates to assets, the Bank enters into a fixed-for-floating swap, whereas if the hedge relates to liabilities, it enters into a floating-to-fixed interest rate swap. These derivatives can be traded in cash or as forwards. The hedged risk is the interest rate risk deriving from a potential change in the risk-free interest rate that gives rise to changes in the value of the hedged balance sheet items. As such, the hedge will not cover any risk inherent in the hedged items other than the risk of a change in the risk-free interest rate.

  In order to assess the effectiveness of the hedge from the beginning, a backtesting exercise is carried out which compares the accumulated monthly variance in the fair value of the hedged item against the accumulated monthly variance in the fair value of the hedging derivative. Hedge effectiveness is also assessed on a forward-looking basis, verifying that future changes in the fair value of the hedged balance sheet items are offset by future changes in the fair value of the derivative in the event of any changes in the market interest rate curve.

- Cash flows: hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss. They are used to reduce net interest income volatility.

The main type of balance sheet items that are hedged correspond to floating-rate mortgage loans indexed to the mortgage Euribor and the 3-month Euribor.

If the hedge relates to assets, the Bank enters into a floating-to-fixed interest rate swap, whereas if the hedge relates to liabilities, it enters into a fixed-for-floating swap. These derivatives can be traded in cash or as forwards. The hedged risk is the interest rate risk deriving from a potential change in the benchmark interest rate that affects the future interest accrued on hedged balance sheet items. The credit risk spread or credit risk premium which, together with the benchmark index, makes up the contractual interest rate applicable to the hedged balance sheet items is expressly excluded from the hedge.

In order to assess the effectiveness of the hedge from the beginning, a backtesting exercise is carried out which compares the accumulated variance in the fair value of the hedged item against the accumulated variance in the fair value of the hedging derivative. Hedge effectiveness is also assessed on a forward-looking basis, verifying that the expected cash flows of the hedged items are still highly probable.

Possible causes of partial or total ineffectiveness include changes in the sufficiency of the portfolio of hedged balance sheet items or differences in their contractual characteristics in relation to hedging derivatives.

Every month the Bank calculates the interest rate risk metrics and establishes hedging strategies in accordance with the established Risk Appetite Framework. Hedges are therefore managed, establishing hedges or discontinuing them, as required, on the basis of the evolution of the balance sheet items described previously within the management and control framework defined by the Bank through its policies and procedures.

Hedges of net investment in foreign operations

The positions of subsidiaries and foreign branches implicitly entail exposure to foreign exchange risk, which is managed by creating hedges through the use of forward contracts and options.

The maturities of these instruments are periodically renewed on the basis of prudential and forward-looking criteria.

Hedging disclosures for the year 2025

The nominal values and the fair values of hedging instruments as at 31 December 2025 and 2024, broken down by risk category and type of hedge, are as follows:

Thousand euro

	2025			2024		
	Nominal	Assets	Liabilities	Nominal	Assets	Liabilities
Micro-hedges:						
Fair value hedges	**5,590,264**	**28,943**	**79,875**	**8,284,233**	**78,935**	**161,855**
Foreign exchange risk	2,696,771	295	23,671	1,048,591	2,093	5,079
Of permanent investments (A)	*2,696,771*	*295*	*23,671*	*1,048,591*	*2,093*	*5,079*
Interest rate risk	808,911	3,375	7,033	2,087,803	18,608	32,701
Of liability-side transactions (B)	*808,911*	*3,375*	*7,033*	*1,726,000*	*1,460*	*32,701*
Of asset-side transactions (C)	—	—	—	*361,803*	*17,148*	—
Equity risk	2,084,582	25,273	49,171	5,147,839	58,234	124,075
Of liability-side transactions (B)	*2,084,582*	*25,273*	*49,171*	*5,147,839*	*58,234*	*124,075*
Cash flow hedges	**3,548,210**	**49,481**	**17,632**	**2,926,008**	**38,788**	**25,940**
Foreign exchange risk	1,159,752	—	9,106	—	—	—
Of future transactions (D)	*1,159,752*	—	*9,106*	—	—	—
Interest rate risk	134,000	700	—	1,004,505	5,110	13,230
Of future transactions (D)	—	—	—	*870,505*	*3,638*	*13,230*
Of liability-side transactions (B)	*134,000*	*700*	—	*134,000*	*1,472*	—
Equity risk	25,400	50	362	3,461	23	11
Of liability-side transactions (E)	*25,400*	*50*	*362*	*3,461*	*23*	*11*
Other risks	2,229,058	48,731	8,164	1,918,042	33,655	12,699
Of inflation-linked bonds (F)	*2,217,960*	*48,731*	*8,164*	*1,917,960*	*33,655*	*12,699*
Of future transactions (D)	*11,098*	—	—	*82*	—	—
Hedge of net investment in foreign operations	**621,277**	**4,519**	**87**	**577,534**	**—**	**18,033**
Foreign exchange risk (A)	621,277	4,519	87	577,534	—	18,033
Macro-hedges:						
Fair value hedges	**34,716,250**	**985,161**	**190,379**	**28,304,400**	**732,312**	**430,087**
Interest rate risk	34,716,250	985,161	190,379	28,304,400	732,312	430,087
Of liability-side transactions (G)	*14,643,850*	*111,111*	*123,529*	*14,120,000*	*139,105*	*195,895*
Of asset-side transactions (H)	*20,072,400*	*874,050*	*66,850*	*14,184,400*	*593,207*	*234,192*
Cash flow hedges	**2,650,000**	**17,354**	**—**	**10,375,000**	**22,524**	**11,969**
Interest rate risk	2,650,000	17,354	—	10,375,000	22,524	11,969
Of asset-side transactions (I)	*2,650,000*	*17,354*	—	*10,375,000*	*22,524*	*11,969*
Total	**47,126,001**	**1,085,458**	**287,973**	**50,467,175**	**872,559**	**647,884**
By currency:						
In euro	42,297,065	1,083,358	284,733	47,844,582	853,446	632,566
In foreign currency	4,828,935	2,100	3,240	2,622,593	19,113	15,318
Total	**47,126,000**	**1,085,458**	**287,973**	**50,467,175**	**872,559**	**647,884**

The types of hedges according to their composition that are identified in the table are as follows:

A. Hedges against foreign exchange risk on permanent investments, recognised under the heading "Investments in subsidiaries, joint ventures and associates", as at 31 December 2025, cover 1,950 million pounds sterling and 9,758 million Mexican pesos corresponding to interests held in Group companies, considered as fair value hedges (545 million pounds sterling and 8,433 million Mexican pesos as at 31 December 2024); and 730 million US dollars corresponding to interests held in foreign branches (600 million US dollars as at 31 December 2024), which are considered as hedges of net investments in foreign operations (see Note 3.4.3.4). All of these hedges are arranged through currency forwards.

B. Micro-hedges of interest rate risk on the funding operations in capital markets and structured deposits, as well as transactions involving structured term deposits opened by customers, recognised under the heading "Financial liabilities at amortised cost".

C. Micro-hedges of debt securities classified under the heading "Financial assets at fair value through other comprehensive income".

D. Micro-hedges of highly probable future transactions. The Institution designates as a hedging item those derivative contracts that will be settled at their gross amount through the transfer of the underlying asset (generally fixed-income securities) according to the contract price. In addition, as at 31 December 2025, cash flow hedges amounting to 1,012 million pounds sterling are included to hedge the sale price of TSB shares through currency forwards (see Notes 2 and 3.4.3.4).

E. Micro-hedges of transactions involving structured term deposits arranged with customers and which are currently being sold.

F. Micro-hedges of interest rates on inflation-linked bonds, recognised under the heading "Financial assets at amortised cost". The Bank has arranged financial swaps to hedge future changes in cash flows that will be settled by inflation-linked bonds.

G. Macro-hedges of funding operations in capital markets and transactions involving term deposits opened by customers, recognised under the heading "Financial liabilities at amortised cost". The average rates of financial interest rate swaps used for these hedges were 1.93% and 2.05%, respectively, for retail issuances and deposits, as at 31 December 2025 (1.76% and 3.11%, respectively, as at 31 December 2024).

H. Macro-hedges of debt securities classified under the headings "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost", and of fixed-rate mortgage loans granted to customers recognised under the heading "Financial assets at amortised cost". The average rates of financial interest rate swaps used to hedge debt securities were 1.59% and 1.54%, respectively, as at 31 December 2025 (1.18% and 1.17%, respectively, as at 31 December 2024). The average rate of financial interest rate swaps used to hedge fixed-rate mortgage loans was 2.68% as at 31 December 2025 (2.68% as at 31 December 2024).

I. Macro-hedges of floating-rate mortgage loans granted to customers recognised under the heading "Financial assets at amortised cost". As at 31 December 2025, the average rate of financial interest rate swaps used for these hedges was 2.25% for hedges of loans indexed to the 12-month Euribor (3.30% as at 31 December 2024), and 2.02% for hedges of loans indexed to the 3-month Euribor (2.22% as at 31 December 2024).

The maturity profiles of the hedging instruments used by the Bank as at 31 December 2025 and 2024 are shown below:

Thousand euro

2025						
	Nominal					
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Foreign exchange risk	893,499	3,584,301	—	—	—	4,477,800
Interest rate risk	776,426	2,656,147	4,715,570	13,798,166	16,362,852	38,309,161
Equity risk	13,159	19,336	211,369	1,840,718	25,400	2,109,982
Other risks	—	—	200,000	325,000	1,704,058	2,229,058
Total	**1,683,084**	**6,259,784**	**5,126,939**	**15,963,884**	**18,092,310**	**47,126,001**

Thousand euro

2024						
	Nominal					
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Foreign exchange risk	752,075	874,050	—	—	—	1,626,125
Interest rate risk	1,934,867	2,775,884	10,791,731	12,903,576	13,365,650	41,771,708
Equity risk	666,977	668,821	1,915,814	1,896,227	3,461	5,151,300
Other risks	—	—	—	525,000	1,393,042	1,918,042
Total	**3,353,919**	**4,318,755**	**12,707,545**	**15,324,803**	**14,762,153**	**50,467,175**

In 2025 and 2024 there were no reclassifications from equity to the income statement due to cash flow hedges and hedges of net investments in foreign operations for transactions that were ultimately not executed.

The following table shows the accounting information of items covered by the fair value micro-hedges described above as at 31 December 2025 and 2024:

Thousand euro

2025	Carrying amount of hedged item		Accumulated fair value adjustments in the hedged item		Accumulated amount of adjustments in hedged items for which hedge accounting no longer applies
	Assets	Liabilities	Assets	Liabilities	
Micro-hedges:					
Fair value hedges					
Foreign exchange risk	2,696,771	—	—	—	—
Interest rate risk	—	277,565	—	631	(641)
Equity risk	—	1,480,798	—	7,214	—
Total	**2,696,771**	**1,758,363**	**—**	**7,845**	**(641)**

Thousand euro

2024	Carrying amount of hedged item		Accumulated fair value adjustments in the hedged item		Accumulated amount of adjustments in hedged items for which hedge accounting no longer applies
	Assets	Liabilities	Assets	Liabilities	
Micro-hedges:					
Fair value hedges					
Foreign exchange risk	1,048,591	—	—	—	—
Interest rate risk	353,176	554,377	—	(8,717)	(678)
Equity risk	—	3,432,140	—	3,170	—
Total	**1,401,767**	**3,986,517**	**—**	**(5,547)**	**(678)**

In terms of fair value macro-hedges, the carrying amount of the hedged items recognised in assets and liabilities as at 31 December 2025 amounts to 73,346,906 thousand euros and 29,078,690 thousand euros, respectively (66,626,626 thousand euros and 33,681,145 thousand euros as at 31 December 2024, respectively). Similarly, fair value adjustments of the hedged asset and liability items in the portfolio hedge of interest rate risk amount to -724,174 thousand euros and -103,707 thousand euros as at 31 December 2025, respectively (-206,216 thousand euros and -64,714 thousand euros as at 31 December 2024, respectively).

In relation to fair value hedges, the losses and gains recognised in 2025 and 2024 arising from both hedging instruments and hedged items are detailed here below:

Thousand euro

	2025		2024	
	Hedging instruments	Hedged items	Hedging instruments	Hedged items
Micro-hedges:	**32,479**	**(31,634)**	**43,237**	**(44,825)**
Fixed-rate assets	(13,742)	13,921	(6,497)	6,478
Capital markets and fixed-rate liabilities	14,567	(14,056)	10,790	(12,337)
Assets denominated in foreign currency	31,654	(31,499)	38,944	(38,966)
Macro-hedges:	**461,084**	**(471,726)**	**6,486**	**(3,044)**
Capital markets and fixed-rate liabilities	(41,761)	43,425	255,491	(258,929)
Fixed-rate assets	502,845	(515,151)	(249,005)	255,885
Total (*)	**493,563**	**(503,360)**	**49,723**	**(47,869)**

(*) As at 31 December 2025, this figure includes 418 thousand euros corresponding to discontinued operations (-271 thousand euros as at 31 December 2024), which were recognised with a balancing entry under the heading "Profit or loss after tax from discontinued operations" (see Note 12).

In cash flow hedges, the amounts recognised in the statement of equity during the year and the amounts derecognised from equity and included in profit or loss during the year are indicated in the Bank's statement of total changes in equity.

The ineffectiveness of cash flow hedges recognised in profit or loss for 2025 amounted to losses of 808 thousand euros (losses of 91 thousand euros in 2024).

As at 31 December 2025, the Bank holds embedded derivatives that have been separated from their host contracts and recognised under the headings "Derivatives – Hedge accounting" on the asset side and on the liabilities side of the balance sheet in the amount of 11,345 thousand euros and 30,811 thousand euros, respectively (19,282 thousand euros and 101,642 thousand euros, respectively, as at 31 December 2024). The host contracts of those embedded derivatives correspond to customer deposits and debt securities issued and they have been allocated to the portfolio of financial liabilities at amortised cost.

Note 12 – Non-current assets and liabilities and disposal groups classified as held for sale and discontinued operations

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024 (*)
Assets	**4,336,496**	**799,192**
Loans and advances	15	156
Customers	15	156
Debt securities	1,118,081	—
Real estate exposure	563,469	634,265
Tangible assets for own use	63,833	48,096
Foreclosed assets	499,636	586,169
Other tangible assets	4,551	5,023
Other assets	3,435	—
Interests	2,646,945	159,748
Impairment allowances	**(146,780)**	**(174,173)**
Non-current assets and disposal groups classified as held for sale	**4,189,716**	**625,019**
Liabilities	**1,272,270**	**—**
Liabilities included in disposal groups classified as held for sale	**1,272,270**	**—**

(*) See Note 1.4.

Agreement on the sale of the subsidiary TSB Banking Group plc

Through an Inside Information disclosure dated 16 June 2025, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,776, the Bank confirmed, in connection with press coverage released that same day, that it had received preliminary and non-binding expressions of interest for the acquisition of the total share capital of TSB and that it would analyse any binding transaction that it might receive, subject to fulfilment of all legal obligations.

TSB has formed part of Banco Sabadell Group since its acquisition from Lloyds Banking Group plc in 2015. Since then, TSB has engaged in the Group's retail banking business in the United Kingdom, where it offers banking services to over five million customers, mainly through mortgage loans, and current and savings accounts.

Subsequently, through an Inside Information disclosure dated 1 July 2025 entered in the CNMV register under number 2,805, the Bank indicated that, having received a binding offer for the acquisition of TSB from Banco Santander, the Board of Directors of Banco Sabadell had agreed to put the offer to a vote at an Extraordinary General Meeting, at which, on 6 August 2025, shareholders approved the sale of all shares representing the share capital of TSB. The transaction does not include the sale of the IT platform servicing TSB, owned by the subsidiary Sabadell Digital, S.A.U., which is expected to continue serving TSB until the company migrates to another IT platform. Banco Sabadell has undertaken that no company within Banco Sabadell Group will compete with Banco Santander in the UK banking market for 24 months following the closing date of the transaction, without prejudice to the maintenance of the activities of Banco Sabadell's branch in the United Kingdom.

The consideration for the sale of the shares amounts to an initial price of 2.65 billion pounds sterling, which will be adjusted, upwards or downwards, based on the positive or negative variation in TSB's tangible net asset value between 1 April 2025 and the closing date of the transaction. The final price will be paid in full in cash. Between 1 April 2025 and 31 December 2025 TSB's tangible net asset value increased by 154 million pounds sterling.

The transaction also includes the sale of certain equity instruments and securities issued by TSB and subscribed by Banco Sabadell (perpetual securities contingently convertible into ordinary shares of TSB, redeemable subordinated bonds and unsecured senior debt) that have not matured nor been repurchased and redeemed as at the closing date, as well as the securities from any new issuance carried out as from 1 July 2025 until such date and subscribed by Banco Sabadell for the purpose of refinancing any of them (the Securities).

The sale price for the Securities will correspond to the sum of the fair values assigned to these instruments at the closing date of the transaction based on the credit spreads agreed by the parties for each such instrument. Payment of the sale price for the Securities shall be made in cash on the closing date and shall not be subject to subsequent revision. The nominal value of those Securities as at 31 December 2025 amounts to 1.2 billion pounds sterling.

The closing of the transaction, which is expected to take place during the second quarter of 2026, is subject to obtaining regulatory authorisations from the competent authorities.

At the transaction announcement date, it was estimated that it would have a positive effect on the Common Equity Tier 1 ratio of the Group of approximately 409 basis points. This estimate has not materially changed as at the date of these annual financial statements for 2025.

As a result mainly of the profit derived from the transaction and the release of regulatory capital following the derecognition from the consolidated balance sheet of assets belonging to TSB and its subsidiaries, Banco Sabadell will generate a capital surplus significantly above the threshold set by its Board of Directors for the distribution of excess capital (set at a fully-loaded CET1 ratio of 13%, applying the output floor's regulatory implementation timeline on a consolidated basis), allowing the distribution of a substantial portion of this capital surplus to its shareholders while at the same time maintaining an estimated CET1 level above said threshold following its payment. As a result, at the same meeting in which it was resolved that the sale of TSB would be put before shareholders for their approval at an Extraordinary General Meeting, the Board of Directors of Banco Sabadell also agreed to propose the distribution of an extraordinary cash dividend, as described in Note 2, which was approved on 6 August 2025.

As indicated in Note 1.4 – Comparability, the operations carried out by TSB and its subsidiary undertakings have been treated as discontinued operations in the annual financial statements for 2025. Consequently, the balances of the assets and liabilities associated with the companies being sold have been reclassified to the headings "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale". These primarily comprise the interest in TSB Banking Group plc, debt securities issued by TSB Banking Group plc and acquired by Banco Sabadell, as well as certain liabilities associated with the transaction.

In addition, the profit or loss generated by these companies in 2025, presented under the heading "Profit or loss after tax from discontinued operations" of the income statement, amounted to 417,709 thousand euros (200,685 thousand euros in 2024) and corresponds primarily to 382,703 thousand euros of dividend income (140,097 thousand euros in 2024), 99,514 thousand euros of interest income (113,815 thousand euros in 2024) and 31,550 thousand euros of corporation tax expense (28,969 thousand euros in 2024).

Other assets

Tangible assets for own use relate mainly to commercial premises.

Regarding real estate assets obtained through foreclosures, 95.17% of the balance corresponds to residential properties, 4.19% to industrial properties and 0.64% to agricultural properties.

The average period during which assets remained within the category of "Non-current assets and assets and liabilities included in disposal groups classified as held for sale – Foreclosed assets" was 81.1 months in 2025 (71 months in 2024). The policies on the sale or disposal by other means of these assets are described in Note 3.4.2.1.

The percentage of foreclosed assets sold with financing granted to the buyer by the Bank was 1.8% in 2025 (3.4% in 2024). On the date of sale, these properties had a gross asset value of 2.1 million euros in 2025 (3.8 million euros in 2024).

Furthermore, the heading "Interests" also includes the 20% stake held in the associate company Promontoria Challenger I, S.A., an entity controlled by Cerberus, to which the Group transferred a large portion of its real estate exposure in 2019.

Movements

Movements in "Non-current assets and disposal groups classified as held for sale" during 2025 and 2024 were as follows:

Thousand euro

	Note	Non-current assets held for sale
Cost:		
Balance as at 31 December 2023 (*)		**876,248**
Additions		25,216
Disposals		(111,922)
Transfer of credit losses (**)		(4,692)
Other transfers/reclassifications		14,342
Balance as at 31 December 2024 (*)		**799,192**
Additions		28,206
Disposals		(150,329)
Transfer of credit losses (**)		(2,903)
Other transfers/reclassifications		3,662,330
Balance as at 31 December 2025		**4,336,496**
Impairment allowances:		
Balance as at 31 December 2023		**187,899**
Impairment through profit or loss	34	39,517
Reversal of impairment through profit or loss	34	(28,197)
Amounts used		(25,305)
Other transfers/reclassifications		259
Balance as at 31 December 2024		**174,173**
Impairment through profit or loss	34	20,883
Reversal of impairment through profit or loss	34	(29,996)
Amounts used		(32,553)
Other transfers/reclassifications		14,273
Balance as at 31 December 2025		**146,780**
Balance as at 31 December 2024		**625,019**
Balance as at 31 December 2025		**4,189,716**

(*) See Note 1.4.

(**) Allowance arising from provisions allocated to cover credit risk.

Details of the net carrying amount of transfers shown in the table above are as follows:

Thousand euro

	Note	2025	2024
Loans and advances		—	(5,732)
Tangible assets	14	14,486	19,815
Debt securities		1,118,081	—
Interests	13	2,512,055	—
Other		3,435	—
Total		**3,648,057**	**14,083**

Note 13 – Investments in subsidiaries, joint ventures and associates

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025		
	Subsidiaries	Associates	Total
By nature:			
Credit institutions	844,458	—	844,458
Other resident sectors	2,982,022	92,466	3,074,488
Other non-resident sectors	10,762	19,144	29,906
Total	**3,837,242**	**111,610**	**3,948,852**
By quotation:			
Not quoted	3,837,242	111,610	3,948,852
Total	**3,837,242**	**111,610**	**3,948,852**
By currency:			
In euro	3,060,661	92,466	3,153,127
In foreign currency	776,581	19,144	795,725
Total	**3,837,242**	**111,610**	**3,948,852**

Thousand euro

	2024 (*)		
	Subsidiaries	Associates	Total
By nature:			
Credit institutions	835,958	—	835,958
Other resident sectors	2,857,337	89,100	2,946,437
Other non-resident sectors	2,531,551	19,144	2,550,695
Total	**6,224,846**	**108,244**	**6,333,090**
By quotation:			
Quoted	—	—	—
Not quoted	6,224,846	108,244	6,333,090
Total	**6,224,846**	**108,244**	**6,333,090**
By currency:			
In euro	2,929,570	89,100	3,018,670
In foreign currency	3,295,276	19,144	3,314,420
Total	**6,224,846**	**108,244**	**6,333,090**

(*) See Note 1.4.

Movements during 2025 and 2024 are shown below:

Thousand euro

	Subsidiaries	Associates	Total
Balance as at 31 December 2023	**5,953,208**	**105,152**	**6,058,360**
Additions due to acquisition(s)	3,600	—	3,600
Contributions (*)	322,404	—	322,404
Capital increases (*)	—	—	—
Sale, dissolution, recovery of investment(s)	(2,767)	—	(2,767)
Exchange differences	(38,966)	—	(38,966)
Impairments	(12,633)	3,092	(9,541)
Balance as at 31 December 2024	**6,224,846**	**108,244**	**6,333,090**
Contributions (*)	116,549	—	116,549
Sale, dissolution, recovery of investment(s)	(2,503)	—	(2,503)
Transfers (**)	(2,512,055)	—	(2,512,055)
Exchange differences	(6,641)	—	(6,641)
Impairments	17,046	3,366	20,412
Balance as at 31 December 2025	**3,837,242**	**111,610**	**3,948,852**

(*) See cash flow statement.

(**) Corresponds to items reclassified to the heading "Non-current assets and assets and liabilities included in disposal groups classified as held for sale" (see Note 12).

The section of the cash flow statement for 2025 entitled "Investing activities – Collections from investments in joint ventures and associates" shows an amount of 159,775 thousand euros, which corresponds to dividends received from associates.

On the other hand, the section of the cash flow statement for 2025 entitled "Investing activities – Collections from investments in other business units" shows an amount of 391,695 thousand euros, which correspond to the items of (i) "Sale, dissolution, recovery of investment(s)", amounting to 2,503 thousand euros, (ii) dividends received from Group entities, amounting to 4,374 thousand euros recognised under the heading "Dividend income", (iii) dividends received from Group entities classified as non-current assets held for sale, amounting to 382,703 thousand euros recognised under the heading "Profit or loss after tax from discontinued operations" (see Note 12); and (iv) gains or losses due to disposals of Group entities, amounting to 2,115 thousand euros and recognised under the heading "Gains or losses on derecognition of non-financial assets, net" (see Note 33).

Most significant changes in investments during 2025

Subsidiaries

On 1 January 2025, pursuant to unanimous resolutions adopted without an Annual General Meeting, the shareholders of Banco Sabadell, S.A., Institución de Banco Múltiple and those of Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada approved the merger by absorption of both entities and the signing of a merger agreement by and between Banco Sabadell, S.A., Institución de Banco Múltiple, as the absorbing company, and Sabcapital, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, as the absorbed company. This merger was entered in the Public Register of Companies on 17 January 2025.

On 14 March 2025, in order to provide Tenedora de Inversiones y Participaciones, S.L. with the liquidity required to settle an outstanding tax liability, the Bank made a cash contribution of 113,500 thousand euros.

Associates

There have been no significant changes during 2025.

Most significant changes in investments during 2024

Subsidiaries

On 5 December 2024, the Bank purchased an issuance of undated securities contingently convertible into newly issued ordinary shares of TSB Banking Group plc for a nominal amount of 250 million pounds sterling. These instruments meet the requirements set forth in the applicable accounting regulations to be considered as an equity instrument from the issuer's perspective and, therefore, the Bank recognised an increase in the cost of the interest in the aforesaid institution, in the amount of 301,812 thousand euros (see Note 1.3.1). As at 31 December 2025, Banco Sabadell's interest in TSB Banking Group plc is recognised under the heading "Non-current assets and disposal groups classified as held for sale" (see Note 12).

The companies indicated below ended the financial year 2023 with grounds for dissolution and for compulsory reduction of share capital, as provided for in Articles 363 and 327 of the Spanish Capital Companies Act. In 2024, to restore their equity positions, part of the credit facilities drawn down were converted into shareholders' contributions:

- Tenedora de Inversiones y Participaciones, S.L.: 20,000,000 euros.
- VeA Rental Homes , S.A.U.: 2,000,000 euros.

Associates

No significant changes took place during 2024.

Schedule I sets out details of the recognition and derecognition of equity interests in the years 2025 and 2024.

Other significant transactions

Strategic agreement between Banco Sabadell and Nexi S.p.A.

On 27 February 2023, Banco Sabadell signed a strategic deal to provide merchant acquiring services with Nexi, a leading European paytech company, for a renewable ten-year period, under which Nexi would acquire 80% of Banco Sabadell's payments subsidiary Paycomet, S.L.U. for 280 million euros. Banco Sabadell would retain a 20% stake for at least three years, whilst aligning interests with its new industrial partner. Following this period, Banco Sabadell would have the option to sell that 20% stake.

The total transaction amount was set at 350 million euros (280 million euros due to the 80% subject to sale), which could be increased depending on the achievement of certain targets.

Once all the necessary regulatory authorisations had been obtained, the transaction closing was conditional upon conclusion of the tender offer to acquire shares representing the total share capital of the Bank (see Note 1.5). In October 2025, that process having concluded, the parties decided to end the aforesaid strategic agreement, thereby extinguishing the commitments undertaken therein (see Note 1.4).

Note 14 – Tangible assets

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025				2024			
	Cost	Depreciation	Impairment	Net value	Cost	Depreciation	Impairment	Net value
Property, plant and equipment	**2,915,259**	**(1,482,127)**	**(59,601)**	**1,373,531**	**3,034,723**	**(1,493,730)**	**(74,754)**	**1,466,239**
For own use:	2,915,259	(1,482,127)	(59,601)	1,373,531	3,034,723	(1,493,730)	(74,754)	1,466,239
Computer equipment and ATMs	341,218	(267,554)	—	73,664	319,004	(250,514)	—	68,490
Furniture, vehicles and facilities	706,476	(456,830)	(4,932)	244,714	849,047	(562,519)	(30,537)	255,991
Buildings	1,847,285	(757,743)	(54,669)	1,034,873	1,846,703	(680,697)	(44,217)	1,121,789
Other	20,280	—	—	20,280	19,969	—	—	19,969
Investment properties:	**39,951**	**(16,402)**	**(6,175)**	**17,374**	**54,732**	**(18,008)**	**(14,331)**	**22,393**
Buildings	39,951	(16,402)	(6,175)	17,374	54,732	(18,008)	(14,331)	22,393
Total	**2,955,210**	**(1,498,529)**	**(65,776)**	**1,390,905**	**3,089,455**	**(1,511,738)**	**(89,085)**	**1,488,632**

Movements in the balance under this heading during 2025 and 2024 were as follows:

Thousand euro

	Note	For own use - Buildings and other	Own use - Computer equipment, ATMs, furniture and facilities	Investment properties	Total
Cost:					
Balances as at 31 December 2023		**1,859,678**	**1,145,916**	**64,524**	**3,070,118**
Additions		29,095	38,823	100	68,018
Disposals		(6,161)	(16,688)	(4,216)	(27,065)
Other transfers		(15,940)	—	(5,676)	(21,616)
Balances as at 31 December 2024		**1,866,672**	**1,168,051**	**54,732**	**3,089,455**
Additions		37,416	75,597	15	113,028
Disposals		(6,376)	(195,954)	(4,435)	(206,765)
Other transfers		(30,147)	—	(10,361)	(40,508)
Balances as at 31 December 2025		**1,867,565**	**1,047,694**	**39,951**	**2,955,210**
Accumulated depreciation:					
Balances as at 31 December 2023		**594,016**	**774,785**	**16,789**	**1,385,590**
Additions		88,084	53,400	1,500	142,984
Disposals		(3)	(15,152)	(51)	(15,206)
Other transfers		(1,400)	—	(230)	(1,630)
Balances as at 31 December 2024		**680,697**	**813,033**	**18,008**	**1,511,738**
Additions		87,643	44,127	716	132,486
Disposals		(228)	(132,776)	(568)	(133,572)
Other transfers		(10,369)	—	(1,753)	(12,122)
Balances as at 31 December 2025		**757,743**	**724,384**	**16,403**	**1,498,530**
Impairment losses:					
Balances as at 31 December 2023		**45,294**	**—**	**17,045**	**62,339**
Impairment through profit or loss	32	1,630	30,537	174	32,341
Reversal of impairment through profit or loss	32	(134)	—	(969)	(1,103)
Other transfers		—	—	(171)	(171)
Balances as at 31 December 2024		**44,217**	**30,537**	**14,331**	**89,085**
Impairment through profit or loss	32	19,173	1,586	163	20,922
Reversal of impairment through profit or loss	32	—	—	(1,733)	(1,733)
Amounts used		—	(27,192)	(1,407)	(28,599)
Other transfers		(8,721)	—	(5,179)	(13,900)
Balances as at 31 December 2025		**54,669**	**4,931**	**6,175**	**65,775**
Net balances as at 31 December 2024		**1,141,758**	**324,481**	**22,393**	**1,488,632**
Net balances as at 31 December 2025		**1,055,153**	**318,379**	**17,373**	**1,390,905**

The net carrying amount of "Transfers" in 2025 amounted to 14,486 thousand euros (19,815 thousand euros in 2024), which mainly corresponded to reclassifications of assets from or to the heading "Non-current assets and disposal groups classified as held for sale" (see Note 12).

Specific information relating to tangible assets as at 31 December 2025 and 2024 is shown here below:

Thousand euro

	2025	2024
Gross value of tangible assets for own use in use and fully depreciated	528,640	466,694
Net carrying amount of tangible assets of foreign operations	8,044	12,018

Lease contracts in which the Bank acts as lessee

As at 31 December 2025, the cost of property, plant and equipment for own use includes right-of-use assets corresponding to leased tangible assets in which the Bank acts as lessee, in the amount of 1,225,255 thousand euros, which have accumulated depreciation of 549,076 thousand euros and are impaired in the amount of 49,646 thousand euros (1,191,318 thousand euros as at 31 December 2024, with accumulated depreciation and impairment in the amount of 472,684 thousand euros and 39,201 thousand euros, respectively, as at that date).

The expense recognised in the income statement for 2025 for the depreciation and impairment of right-of-use assets corresponding to leased tangible assets in which the Bank acts as lessee amounted to 78,295 thousand euros and 4,426 thousand euros, respectively (78,468 thousand euros and 1,496 thousand euros, respectively, in 2024).

Information is set out below concerning the operating lease contracts in which the Bank acts as lessee:

Thousand euro

	2025	2024
Interest expense on lease liabilities	(14,376)	(14,946)
Expense related to short-term low-value leases (*)	(7,961)	(7,923)
Total lease payments in cash (**)	87,820	89,256

(*) Recognised in the "Administrative expenses" heading, in the item "Property, plant and equipment" (see Note 30).

(**) Payments of the principal and interest components of the lease liability are recognised as cash flows from financing activities in the Bank's cash flow statement.

Minimum future payments over the non-cancellable period for lease contracts in effect as at 31 December 2025 and 2024 are indicated below:

Thousand euro

	2025	2024
Undiscounted lease payments receivable		
Up to 1 month	7,651	7,493
1 to 3 months	14,517	14,205
3 to 12 months	66,588	65,348
1 to 5 years	327,779	322,649
More than 5 years	363,356	422,731

Sale and leaseback transactions

Between 2009 and 2012, the Bank completed transactions for the sale of properties and simultaneously entered into a lease contract, for the same properties, with the buyers (maintenance, insurance and taxes to be borne by the Bank), the main characteristics of which, as at 31 December 2025, are indicated here below:

	2025			
Operating lease contracts	No. properties sold	No. contracts with purchase option	No. contracts without purchase option	Mandatory term
2009	54	17	37	10 to 20 years
2010	379	378	1	10 to 25 years
2011 (acquisition Banco Guipuzcoano)	30	22	8	8 to 20 years
2012 (acquisition Banco CAM)	11	11	—	10 to 25 years
2012	4	4	—	15 years

Specific information in connection with this set of lease contracts as at 31 December 2025 and 2024 is given below:

Thousand euro

	2025	2024
Undiscounted lease payments receivable		
Up to 1 month	4,849	4,748
1 to 3 months	9,220	9,025
3 to 12 months	42,977	41,893
1 to 5 years	227,638	222,441
More than 5 years	299,063	346,911

In 2025 and 2024, no significant profit or loss was recorded for sale and leaseback transactions.

Contracts in which the Bank acts as lessor

The lease contracts entered into by the Bank in which it acts as lessor are mainly operating leases.

The Bank implements strategies to reduce risks related to the rights held over the underlying assets. For example, the lease contracts include clauses which stipulate a minimum non-cancellable lease term, a deposit which the lessor may retain as compensation if the asset sustains excessive wear during the lease term, and additional guarantees or sureties to limit losses in the event of non-payment.

As regards the investment properties item, the rental income from these investment properties and the direct costs associated with the investment properties that produced rental income during 2025 amount to 9,995 thousand euros and 551 thousand euros, respectively (12,372 thousand euros and 410 thousand euros in 2024). Direct costs associated with investment properties that did not produce rental income were not significant in the context of the annual financial statements.

Note 15 – Intangible assets

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Goodwill	**9,462**	**10,830**
From acquisition of BSOS assets	9,462	10,830
Other intangible assets:	**4,974**	**7,216**
With a finite useful life:	4,974	7,216
Private Banking Business, Miami	539	1,275
Administrative franchises	784	862
Computer software	3,568	4,996
Other	83	83
Total	**14,436**	**18,046**

Goodwill

On 1 December 2022, the Bank acquired a business unit of its subsidiary Business Services for Operational Support, S.A.U. As a result of this acquisition, there is goodwill amounting to 13,681 thousand euros.

As set forth in the regulatory framework of reference, Banco Sabadell carried out an analysis in 2025 to evaluate the existence of any potential impairment of its goodwill.

Banco Sabadell Group monitors its total goodwill across all Cash-Generating Units (CGUs) that make up the Banking Business Spain operating segment.

The value in use of the Banking Business Spain operating segment is used to determine its recoverable amount. The valuation method used in this analysis was that of discounting future distributable net profit associated with the activity carried out by the Banking Business Spain operating segment until 2030, plus an estimated terminal value.

The projections used to determine the recoverable amount are those set out in the financial projections approved by the Board of Directors. Those projections are based on sound and well-founded assumptions, which represent Management's best estimates of overall upcoming economic conditions. To determine the key variables (basically net interest income, fees and commissions, expenses, cost of risk and solvency levels) that underpin the financial projections, Management has used microeconomic variables, such as the existing balance sheet structure, market positioning and strategic decisions made, as well as macroeconomic variables, such as the expected evolution of GDP and the forecast evolution of interest rates and unemployment. The macroeconomic variables used for the baseline macroeconomic scenario, described in Note 3.4.2.5, were estimated by the Group's Research Service.

The approach used to determine the values of the assumptions is based both on the projections and on past experience. Those values are compared against external information sources, where available.

In 2025, to calculate the terminal value, a growth rate in perpetuity of 1.95% (2.1% in 2024) is applied, with Spain's expected nominal GDP growth rate for 2030 serving as the main input (growth rate for 2029 in the case of the annual financial statements for 2024), which does not exceed the long-term average growth rate of the market in which the operating segment is active.

The discount rate used was 10.5% (9.8% in 2024), determined using the Capital Asset Pricing Model (CAPM) and therefore comprising a risk-free rate (10-year Spanish bond), the average monthly beta of the share relative to the market over the last five years, that is, the share's sensitivity to market movements, and the market premium, which reflects an additional return required by investors for taking systemic risk.

The recoverable amount obtained is higher than the carrying amount; therefore, there is no evidence of impairment. The individual recoverable amount for each CGU as at the end of 2025 and 2024, before allocating goodwill to the CGUs as a group, was above its carrying amount; therefore, the Group did not recognise any impairment at the CGU level during the aforesaid years.

In addition, the Group carried out a sensitivity analysis, making reasonable adjustments to the main assumptions used to calculate the recoverable amount.

This test consisted of adjusting, individually, the following assumptions:

- Discount rate +/- 0.5%.
- Growth rate in perpetuity +/- 0.5%.
- Minimum capital requirement +/- 0.75%.
- NIM/ATAs in perpetuity +/- 5bps.
- Cost of risk in perpetuity +/- 10bps.

The sensitivity analysis does not alter the conclusions drawn from the impairment test. In all scenarios defined in that analysis, the recoverable amount obtained is greater than the carrying amount.

In accordance with the specifications of the restated text of the Corporation Tax Law, this goodwill is not tax-deductible.

Movements in the balance of goodwill in 2025 and 2024 were as follows:

Thousand euro

	Goodwill		
	Cost	Amortisation	Total
Balance as at 31 December 2023	**1,019,211**	**(1,007,012)**	**12,199**
Additions	—	(1,369)	(1,369)
Balance as at 31 December 2024	**1,019,211**	**(1,008,381)**	**10,830**
Additions	—	(1,368)	(1,368)
Balance as at 31 December 2025	**1,019,211**	**(1,009,749)**	**9,462**

The gross value of goodwill fully amortised as at 31 December 2025 and 2024 amounted to 1,005,530 thousand euros.

Other intangible assets

Movements in the balance of other intangible assets in 2025 and 2024 were as follows:

Thousand euro

	Other intangible assets		
	Cost	Amortisation	Total
Balance as at 31 December 2023	**271,204**	**(263,120)**	**8,085**
Additions	1,267	(2,099)	(832)
Disposals	(2)	2	—
Other	3,941	(3,978)	(37)
Balance as at 31 December 2024	**276,410**	**(269,195)**	**7,216**
Additions	500	(2,163)	(1,663)
Disposals	(92)	92	—
Other	(8,388)	7,809	(579)
Balance as at 31 December 2025	**268,430**	**(263,457)**	**4,974**

The gross value of other intangible assets that were in use and had been fully amortised as at 31 December 2025 and 2024 amounted to 199,688 thousand euros and 199,599 thousand euros, respectively.

Computer software

Computer software costs include mainly the capitalised costs of developing the Bank's computer software and the cost of purchasing software licences.

R&D expenditure in 2025 and 2024 was not significant.

Note 16 – Other assets and liabilities

The "Other assets" heading on the balance sheets as at 31 December 2025 and 2024 breaks down as follows:

Thousand euro

	Note	2025	2024
Insurance contracts linked to pensions	21	75,189	80,888
Rest of other assets		138,842	130,571
Total		**214,031**	**211,459**

The "Rest of other assets" item includes mainly prepaid expenses, the accrual of customer fees and commissions, and transactions in progress pending settlement.

The "Other liabilities" heading on the balance sheets as at 31 December 2025 and 2024 breaks down as follows:

Thousand euro

	31/12/2025	31/12/2024
Other accruals/deferrals	347,554	405,007
Rest of other liabilities	24,696	18,357
Total	**372,250**	**423,364**

The "Rest of other liabilities" item mainly includes transactions in progress pending settlement.

Note 17 – Deposits of credit institutions

The breakdown of deposits of credit institutions on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
By heading:		
Financial liabilities at amortised cost	18,760,245	14,064,490
Total	**18,760,245**	**14,064,490**
By nature:		
Demand deposits	189,570	221,401
Deposits with agreed maturity	2,273,609	1,721,824
Repurchase agreements	16,174,835	11,998,233
Other accounts	76,862	81,006
Valuation adjustments	45,369	42,026
Total	**18,760,245**	**14,064,490**
By currency:		
In euro	18,217,607	13,503,488
In foreign currency	542,638	561,002
Total	**18,760,245**	**14,064,490**

Note 18 – Customer deposits

The balance of customer deposits on the balance sheets as at 31 December 2025 and 2024 breaks down as follows:

Thousand euro

	2025	2024
By heading:		
Financial liabilities at amortised cost	133,868,589	127,629,249
Total	**133,868,589**	**127,629,249**
By nature:		
Demand deposits	109,421,426	102,850,370
Deposits with agreed maturity	17,238,716	19,026,962
Fixed term	16,189,046	17,247,891
Non-marketable covered bonds and bonds issued	—	332,094
Other	1,049,670	1,446,977
Hybrid financial liabilities (see Notes 9 and 11)	4,370,400	5,491,959
Repurchase agreements	2,709,464	—
Other valuation adjustments (interest, fees and commissions, and others)	128,583	259,958
Total	**133,868,589**	**127,629,249**
By sector:		
General governments	12,530,051	9,555,906
Other sectors	121,209,955	117,813,385
Other valuation adjustments (interest, fees and commissions, and others)	128,583	259,958
Total	**133,868,589**	**127,629,249**
By currency:		
In euro	128,489,697	122,263,869
In foreign currency	5,378,892	5,365,380
Total	**133,868,589**	**127,629,249**

In 2025, the "Repurchase agreements" heading corresponds to the Public Treasury's cash management operations through reverse repos, in particular those known as simultaneous reverse repos or repurchase transactions. These transactions led to interest expenses of 236,873 thousand euros, which were recognised in the income statement for 2025 (289,943 thousand euros in 2024).

Note 19 – Debt securities in issue

The composition of this heading in the balance sheets as at 31 December 2025 and 2024, by type of issuance, is as follows:

Thousand euro

	2025	2024
Straight bonds/debentures	6,787,950	9,331,305
Straight bonds	6,769,850	9,313,205
Structured bonds	18,100	18,100
Commercial paper	1,157,026	1,126,933
Mortgage covered bonds	7,375,000	7,375,000
Subordinated marketable debt securities	3,750,000	4,050,000
Subordinated bonds	1,000,000	2,300,000
Preferred securities	2,750,000	1,750,000
Valuation and other adjustments	161,063	180,780
Total	**19,231,039**	**22,064,018**

Schedule III shows details of the outstanding issues as at 2025 and 2024 year-end.

The remuneration for preferred securities contingently convertible into ordinary shares amounted to 145,625 thousand euros in 2025 (98,155 thousand euros in 2024) and has been recognised under the "Other reserves" heading in the statement of equity (see Note 1.3.2).

Note 20 – Other financial liabilities

The composition of this heading on the balance sheets as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
By heading:		
Financial liabilities at amortised cost	4,609,625	4,807,804
Total	**4,609,625**	**4,807,804**
By nature:		
Debentures payable	241,542	251,546
Guarantee deposits received	4,909	8,050
Clearing houses	628,402	786,525
Collection accounts	2,415,294	2,503,349
Lease liabilities	702,375	745,800
Other financial liabilities	617,102	512,534
Total	**4,609,624**	**4,807,804**
By currency:		
In euro	4,561,977	4,745,615
In foreign currency	47,648	62,189
Total	**4,609,625**	**4,807,804**

The following table shows information relating to the average time taken to pay suppliers (days payable outstanding), as required by Additional Provision Three of Law 15/2010, taking into consideration the amendments introduced by Law 18/2022 of 28 September on the creation and growth of companies:

	2025	2024
Average payment period and supplier payment ratios (in days)		
Days payable outstanding	26.82	22.36
Ratio of transactions paid (*)	27.39	22.36
Ratio of transactions pending payment (**)	1.00	183.36
Payments made and pending as at year-end (in thousand euro)		
Total payments made	1,555,640	2,667,474
Total payments outstanding	33,970	3
Payments made in < 60 days (in thousand euro) (***)		
Monetary volume of paid invoices	1,524,635	2,625,944
Percentage of total amount of payments to suppliers	96	98
Number of invoices paid in < 60 days (***)		
Number of invoices paid	114,118	128,024
Percentage of total number of invoices	95	94

(*) The ratio of transactions paid is equal to the amount of each transaction paid multiplied by the number of days elapsed since the date of receipt of the invoice until its payment, divided by the total amount of all payments made.

(**) The ratio of transactions pending payment is equal to the amount of each transaction pending payment multiplied by the number of days elapsed since the date of receipt of the invoice until the last day of the period, divided by the total amount of all pending payments.

(***) Corresponds to invoices paid within the maximum period established in regulations on late payment.

Note 21 – Provisions and contingent liabilities

Movements during 2025 and 2024 under the "Provisions" heading are shown below:

Thousand euro

	Pensions and other post employment defined benefit obligations	Other long term employee benefits	Pending legal issues and tax litigation	Commitments and guarantees given	Other provisions	Total
Balance as at 31 December 2023	**51,345**	**69**	**60,550**	**153,646**	**170,138**	**435,748**
Scope additions / exclusions	**—**	**—**	**—**	**—**	**—**	**—**
Interest payable and similar charges - pension commitments	**1,788**	**2**	**—**	**—**	**—**	**1,790**
Allowances charged to income statement - staff expenses (*)	**61**	**4**	**—**	**—**	**—**	**65**
Allowances not charged to income statement	**—**	**—**	**—**	**—**	**—**	**—**
Allowances charged to income statement - provisions	**677**	**—**	**45,910**	**(23,337)**	**22,259**	**45,509**
Allocation of provisions	677	—	47,975	163,085	27,323	239,060
Reversal of provisions	—	—	(2,065)	(186,423)	(5,064)	(193,552)
Actuarial losses / (gains)	—	—	—	—	—	—
Exchange differences	**—**	**—**	**—**	**(1,033)**	**—**	**(1,033)**
Amounts used:	**(9,242)**	**(35)**	**(31,396)**	**—**	**(28,113)**	**(68,786)**
Net contributions of plan assets by sponsor	(1,941)	—	—	—	—	(1,941)
Pension payments	(7,301)	(35)	—	—	—	(7,336)
Other	—	—	(31,396)	—	(28,113)	(59,509)
Other movements	**2,504**	**—**	**—**	**2,311**	**7**	**4,822**
Balance as at 31 December 2024	**47,133**	**40**	**75,064**	**131,587**	**164,291**	**418,115**
Scope additions / exclusions	**—**	**—**	**—**	**—**	**—**	**—**
Interest payable and similar charges - pension commitments	**1,307**	**1**	**—**	**—**	**—**	**1,308**
Allowances charged to income statement - staff expenses (*)	**79**	**5**	**18,000**	**—**	**—**	**18,084**
Allowances not charged to income statement	**—**	**—**	**—**	**—**	**—**	**—**
Allowances charged to income statement - provisions	**73**	**—**	**38,561**	**(60,508)**	**1,854**	**(20,020)**
Allocation of provisions	73	—	40,937	121,787	5,627	168,424
Reversal of provisions	—	—	(2,376)	(182,295)	(3,773)	(188,444)
Actuarial losses / (gains)	—	—	—	—	—	—
Exchange differences	**—**	**—**	**—**	**1,956**	**—**	**1,956**
Amounts used:	**(7,066)**	**(13)**	**(41,894)**	**—**	**(30,496)**	**(79,469)**
Net contributions of plan assets by sponsor	31	—	—	—	—	31
Pension payments	(7,097)	(13)	—	—	—	(7,110)
Other	—	—	(41,894)	—	(30,496)	(72,390)
Other movements	**(844)**	**—**	**20,891**	**(3,802)**	**(23,230)**	**(6,985)**
Balance as at 31 December 2025	**40,682**	**33**	**110,622**	**69,233**	**112,419**	**332,989**

(*) See Note 30.

The headings "Pensions and other post employment defined benefit obligations" and "Other long term employee benefits" include the amount of provisions allocated for the coverage of post-employment remuneration and commitments undertaken with early retirees and similar obligations.

The heading "Commitments and guarantees given" includes the amount of provisions allocated for the coverage of commitments given and contingent risks arising from financial guarantees or other types of contracts.

During the usual course of business, the Bank is exposed to fiscal, legal and regulatory contingencies, among others. All significant contingencies are analysed on a regular basis, with the collaboration of third-party experts where necessary and, where appropriate, provisions are recognised under the headings "Pending legal issues and tax litigation" and "Other provisions". As at 31 December 2025 and 2024, these headings mainly included:

- Provisions for legal contingencies amounting to 29 million euros as at 31 December 2025 (13 million euros as at 31 December 2024).

- Other provisions for legal contingencies in Spain arising from customer claims in connection with certain general contractual terms and conditions amounting to 134 million euros (153 million euros as at 31 December 2024). The most significant provision relates to the possible reimbursement of amounts received as a result of the application of mortgage floor clauses, whether as a result of the hypothetical voiding of floor clauses by the courts of law or whether due to the implementation of Organic Law 1/2025 of 2 January on measures for the efficiency of the Public Justice Service, in the amount of 54 million euros as at 31 December 2025 (71 million euros as at 31 December 2024). In an unlikely adverse scenario of potential additional claims being filed, both through the procedures established by the Institution in accordance with that set forth in the aforesaid Organic Law, and through court proceedings, applying the percentages set forth in the current arrangements, the maximum contingency would amount to 65 million euros.

  In relation to these provisions, the restrictive interest rate clause has been definitely and generally declared null and void following the Supreme Court ruling of 16 June 2025, which dismissed the appeal lodged by Banco de Sabadell, S.A. and, accordingly, upheld the ruling of 7 April 2016 issued by Commercial Court no. 11 of Madrid and the ruling of 12 November 2018 of Section 28 of the Provincial Court of Madrid. Banco Sabadell has complied with these rulings by reimbursing the amounts paid as a result of the application of the floor clause to eligible consumers who joined the class-action lawsuit and meet the characteristics and requirements established by the rulings to benefit from the payment order, provided they have not previously obtained restitution through judicial or extrajudicial proceedings. The Bank has also ceased to apply the floor clause to mortgage loan agreements entered into with those consumers involved in the class action who meet the established requirements.

  The remaining provisions mainly relate to customer claims in connection with the repayment of mortgage arrangement fees, developer deposit funds and the application of unfair interest rates to deferred credit card payments, with the provision set aside amounting to 80 million euros as at 31 December 2025 (81 million euros as at 31 December 2024).

- Provision to cover the anticipated costs relating to restructuring plans announced in previous years and not yet implemented amounting to 56 million euros as at 31 December 2025 (56 million euros as at 31 December 2024).

The final disbursement amount and the payment schedule are uncertain due to the difficulties inherent in estimating the factors used to determine the amount of the provisions set aside.

Pensions and similar obligations

Defined benefit plans cover all existing commitments arising from the application of the Collective Bargaining Agreement for Banks (*Convenio Colectivo de Banca*). These commitments are financed through the following vehicles:

Pension plan

The Banco Sabadell Employee Pension Plan (hereinafter, BSEPP) covers the benefits payable under the collective bargaining agreement with employees belonging to regulated groups, with the following exceptions:

- Additional commitments due to early retirement, as set out in the Collective Bargaining Agreement for Banks.

- Supervening incapacity in certain circumstances.

- Widowhood and orphanhood benefits arising from the death of a retired member of staff who began their employment after 8 March 1980.

The BSEPP is regarded to all intents and purposes as a plan asset for the obligations insured by entities outside of the Group. Obligations of the pension plan insured by the Group's associate entities are not considered plan assets. Those obligations are considered reimbursement rights.

A Control Board has been created for the BSEPP, formed of representatives of the sponsor and representatives of the participants and beneficiaries. This Control Board is the body responsible for supervising its operation and execution.

Insurance contracts

Insurance contracts generally cover certain commitments arising from the Collective Bargaining Agreement for Banks, including in particular:

- Commitments expressly excluded from the BSEPP (indicated in the previous section).
- Serving employees covered by a collective bargaining agreement of Banco Atlántico.
- Pension commitments undertaken with certain serving employees not provided for under the collective bargaining agreement.
- Commitments towards employees on extended leave of absence not covered with benefits accrued in the BSEPP.
- Commitments towards early retirees; these may be partly financed with benefits accrued in the BSEPP.

These insurance policies have been arranged with insurance companies outside the Group, whose insured commitments are mainly those towards former Banco Atlántico employees, and with BanSabadell Vida, S.A. de Seguros y Reaseguros.

Voluntary social welfare agency (Entidad de Previsión Social Voluntaria, or E.P.S.V.)

The acquisition and subsequent merger of Banco Guipuzcoano resulted in the takeover of Gertakizun, E.P.S.V., which covers defined benefit commitments in respect of serving and former employees, who are insured by insurance contracts. It was set up by the aforesaid bank in 1991 as an agency with a separate legal personality. All obligations with respect to serving and former employees are insured by entities outside the Group.

Internal funds

Internal funds are used to settle obligations with early retirees up to their legal retirement age and relate to employees previously working for Banco Sabadell.

The origins of liabilities recognised in respect of post-employment benefits and other similar long-term obligations on the Bank's balance sheet are shown below:

Thousand euro

	2025	2024	2023	2022	2021
Obligations arising from pension and similar commitments	473,936	514,836	502,983	559,504	732,658
Fair value of plan assets	(433,221)	(467,663)	(451,569)	(501,493)	(652,786)
Net liability recognised on balance sheet	**40,715**	**47,173**	**51,414**	**58,011**	**79,872**

The return on Banco Sabadell's employee pension plan was 4.83% and that of the E.P.S.V. was -0.01% in 2025 (6.65% and 0.57%, respectively, in 2024).

Movements during 2025 and 2024 in obligations due to pensions and similar commitments and the fair value of the plan assets are as follows:

Thousand euro

	Obligations arising from pension and similar commitments	Fair value of plan assets	Net liability recognised on balance sheet
Balance as at 31 December 2023	**502,983**	**451,569**	**51,414**
Interest costs	18,045	—	18,045
Interest income	—	16,255	(16,255)
Normal cost in year	65	—	65
Past service cost	630	—	630
Benefits paid	(43,583)	(36,247)	(7,336)
Payments for settlements, curtailments and terminations	(1,570)	(1,570)	—
Net contributions by the Institution	—	1,941	(1,941)
Actuarial gains or losses from financial assumptions	33,121	—	—
Actuarial gains or losses from experience	4,020	—	33,121
Return on plan assets from financial assumptions	—	30,391	4,020
Return on plan assets from experience	—	4,199	(34,590)
Other movements	1,125	1,125	—
Balance as at 31 December 2024	**514,836**	**467,663**	**47,173**
Interest costs	14,831	—	14,831
Interest income	—	13,523	(13,523)
Normal cost in year	84	—	84
Past service cost	64	—	64
Benefits paid	(40,927)	(33,817)	(7,110)
Settlements, curtailments and terminations	(759)	(759)	—
Net contributions by the Institution	—	(31)	31
Actuarial gains or losses from financial assumptions	(10,606)	—	(10,606)
Actuarial gains or losses from experience	(4,122)	—	(4,122)
Return on plan assets from financial assumptions	—	(9,820)	9,820
Return on plan assets from experience	—	(4,073)	4,073
Other movements	535	535	—
Balance as at 31 December 2025	**473,936**	**433,221**	**40,715**

The breakdown of the Bank's pension commitments and similar obligations as at 31 December 2025 and 2024, based on the financing vehicle, coverage and the interest rate applied in their calculation, is given below:

Thousand euro

		2025	
Financing vehicle	**Coverage**	**Amount**	**Interest rate**
Pension plans		**218,533**	
Insurance policies with related parties	Matched	20,715	3.25%
Insurance policies with unrelated parties	Matched	197,206	3.25%
Insurance policies with unrelated parties	Without cover	612	3.25%
Insurance contracts		**255,370**	
Insurance policies with related parties	Matched	51,547	3.25%
Insurance policies with unrelated parties	Matched	203,823	3.25%
Internal funds	Without cover	**33**	3.25%
Total obligations		**473,936**	

Thousand euro

		2024	
Financing vehicle	**Coverage**	**Amount**	**Interest rate**
Pension plans		**239,514**	
Insurance policies with related parties	Matched	22,631	3.00%
Insurance policies with unrelated parties	Matched	216,322	3.00%
Insurance policies with unrelated parties	Without cover	561	3.00%
Insurance contracts		**275,282**	
Insurance policies with related parties	Matched	55,164	3.00%
Insurance policies with unrelated parties	Matched	220,118	3.00%
Internal funds	Without cover	**40**	3.00%
Total obligations		**514,836**	

The value of the obligations under the pension plan and insurance contracts covered by matched insurance policies as at 31 December 2025 amounted to 473,291 thousand euros (514,235 thousand euros as at 31 December 2024); therefore, in 99.86% of its commitments (99.88% as at 31 December 2024), there is no mortality risk (mortality tables) or profitability risk (interest rate) for the Bank. Therefore, the evolution of interest rates and demography of groups in 2025 had no impact on the Institution’s capacity to honour its pension commitments.

The sensitivity analysis for the actuarial assumptions of the technical interest rate and the rate of salary increase shown in Note 1.3.15 to these annual financial statements, as at 31 December 2025 and 2024, shows how the obligation and the service cost of the current year would have been affected by changes deemed reasonably possible as at that date.

%

Sensitivity analysis	2025 Percentage change	2024
Discount rate		
Interest rate -50 basis points:		
Assumption	2.75%	2.50%
Change in obligation	4.57%	4.75%
Change in current service cost	11.30%	11.75%
Interest rate +50 basis points:		
Assumption	3.75%	3.50%
Change in obligation	(4.22%)	(4.38%)
Change in current service cost	(9.69%)	(10.06%)
Rate of salary increase		
Rate of salary increase -50 basis points:		
Assumption	2.50%	2.50%
Change in obligation	(0.01%)	(0.01%)
Change in current service cost	(4.19%)	(3.61%)
Rate of salary increase +50 basis points:		
Assumption	3.50%	3.50%
Change in obligation	—%	0.01%
Change in current service cost	4.28%	4.86%

The estimate of probable present values, as at 31 December 2025, of benefits payable for the next ten years, is set out below:

Thousand euro

	Years										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Probable pensions	7,349	7,063	6,764	6,452	6,130	5,803	5,466	5,124	4,780	4,436	**59,367**

The fair value of contracts linked to pensions (reimbursement rights) recognised on the balance sheet amounted to 75,189 thousand euros as at 31 December 2025 (80,888 thousand euros as at 31 December 2024); see Note 16.

The main categories of the plan assets as at 31 December 2025 and 2024 are indicated here below:

%

	2025	2024
Insurance policies with unrelated parties	95.91%	96.21%
Mutual funds	3.95%	3.37%
Deposits and guarantees	0.14%	0.42%
Total	**100%**	**100%**

There were no financial instruments issued by the Bank included in the fair value of plan assets as at 31 December 2025 and 2024.

Note 22 – Shareholders' equity

The breakdown of the balance of shareholders' equity on the balance sheets as at 31 December 2025 and 2024 is the following:

Thousand euro

	2025	2024
Capital	627,960	680,028
Share premium	6,600,371	7,695,227
Other equity	17,436	15,434
Retained earnings	6,314,139	5,918,817
Other reserves	(2,440,249)	(2,334,149)
(-) Treasury shares	(25,852)	(119,344)
Profit or loss for the year	1,711,813	1,505,815
(-) Interim dividends	(699,664)	(428,911)
Total	**12,105,954**	**12,932,917**

Capital

The Bank's share capital as at 31 December 2025 amounted to 627,959,716.50 euros, represented by 5,023,677,732 registered shares with a par value of 0.125 euros each (as at 31 December 2024, it amounted to 680,027,680.875 euros, represented by 5,440,221,447 registered shares with a par value of 0.125 euros). All shares are fully paid up and numbered in sequential order from 1 to 5,023,677,732, inclusive.

On 29 January 2025, the Board of Directors of Banco Sabadell agreed to reduce the Bank's share capital in the amount of 6,566,420.625 thousand euros, through the redemption charged to unrestricted reserves of all the treasury shares acquired under the share buyback programme approved on 10 April 2024 by shareholders at the Banco Sabadell Annual General Meeting, until the suspension of that programme on 9 May 2024, i.e. 52,531,365 shares with a par value of 0.125 euros each, representing approximately 0.97% of the Bank's share capital. Said capital reduction was approved as part of the resolution adopted at the aforesaid Annual General Meeting of 10 April 2024. This operation did not entail the reimbursement of contributions made by shareholders, the Bank being the holder of the redeemed shares. The public deed corresponding to the capital reduction was entered in the Companies Register of Barcelona on 27 February 2025, that reduction being thus completed and the redeemed shares delisted.

On 29 May 2025, the Board of Directors of Banco Sabadell agreed to reduce the Bank's share capital in the amount of 12,432,602.50 euros, through the redemption charged to unrestricted reserves of all the treasury shares acquired under the share buyback programme approved on 10 April 2024 by shareholders at the Banco Sabadell Annual General Meeting mentioned in the previous paragraph and resumed on 20 March 2025 by shareholders at the Banco Sabadell Annual General Meeting, i.e. 99,460,820 shares with a par value of 0.125 euros each, representing approximately 1.85% of the Bank's share capital. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by shareholders during the aforesaid Annual General Meeting of 20 March 2025. This operation did not entail the reimbursement of contributions made by shareholders, the Bank being the holder of the redeemed shares. The public deed corresponding to the capital reduction was entered in the Companies Register of Barcelona on 23 June 2025, that reduction being thus completed and the redeemed shares delisted.

On 5 August 2025, the Board of Directors of Banco Sabadell agreed to reduce the Bank's share capital in the amount of 33,068,941.25 thousand euros, through the redemption charged to unrestricted reserves of all the treasury shares acquired under the new share buyback programme approved on 20 March 2025 by shareholders at the Banco Sabadell Annual General Meeting, i.e. 264,551,530 shares with a par value of 0.125 euros each, representing approximately 5.003% of the Bank's share capital. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by shareholders during the aforesaid Annual General Meeting of 20 March 2025. This operation did not entail the reimbursement of contributions made by shareholders, the Bank being the holder of the redeemed shares. The public deed corresponding to the capital reduction was entered in the Companies Register of Barcelona on 29 August 2025, that reduction being thus completed and the redeemed shares delisted.

The Bank's shares are traded on the Barcelona, Bilbao, Madrid and Valencia stock exchanges through the stock exchange interconnection system operated by Sociedad de Bolsas, S.A.

The rights conferred to the equity instruments are those regulated by the Capital Companies Act. During the Annual General Meeting, shareholders may exercise a percentage of votes equivalent to the percentage of the share capital in their possession. The Articles of Association do not contain any provision for additional loyalty voting rights.

Significant investments in the Bank's capital

As required by Articles 23 and 32 of Royal Decree 1362/2007 of 19 October, implementing Securities Market Law 24/1988 of 28 July, on transparency requirements relating to information on issuers whose securities have been admitted to trading on an official secondary market or on any other European Union regulated market, the following table gives details of significant investments in Banco Sabadell's share capital as at 31 December 2025:

	% of voting rights assigned to shares		% of voting rights through financial instruments		
Name or company name of shareholder	Direct	Indirect	Direct	Indirect	Total % of voting rights
BlackRock, Inc (1)	—%	7.18%	—%	0.05%	7.23%
David Martínez Guzmán (2)	—%	3.86%	—%	—%	3.86%
Zurich Insurance Group Ltd (3)	—%	4.95%	—%	—%	4.95%

The sources for the information provided are the communications sent by shareholders to the National Securities Market Commission (CNMV) or directly to the Bank. In accordance with Royal Decree 1362/2007 of 19 October, implementing Securities Market Law 24/1988 of 28 July, on transparency requirements relating to information on issuers whose securities have been admitted to trading on an official secondary market or on any other European Union regulated market, a shareholder is considered to own a significant shareholding when they have in their possession a proportion of at least 3% of the voting rights, or 1% in the case of residents in tax havens.

(1) BlackRock, Inc. owns an indirect shareholding through several of its subsidiaries.

(2) Fintech Europe, S.À.R.L. (FE) is 100% owned by Fintech Investments Ltd. (FIL), which is the investment fund managed by Fintech Advisory Inc. (FAI). FAI is 100% owned by David Martínez Guzmán. Consequently, the stake currently held by FE is considered to be under the control of David Martínez Guzmán.

(3) Zurich Insurance Group Ltd. is the parent company of Zurich Group and directly owns 100% of Zurich Insurance Company Ltd, which in turn holds the direct shareholding in Banco de Sabadell, S.A.

Share premium

The balance of the share premium as at 31 December 2025 and 2024 amounted to 6,600,371 thousand euros and 7,695,227 thousand euros, respectively.

In 2025, the share premium was reduced by 1,042,788 thousand euros, which corresponds to the difference between the purchase price of the shares redeemed as part of the Bank's capital reduction executed during the year and explained in this Note (1,094,856 thousand euros) and the nominal value of those shares (52,068 thousand euros).

Furthermore, pursuant to applicable legislation, a restricted capital redemption reserve was created in 2025, with a charge to the share premium in an amount equal to the nominal value of the redeemed shares, 52,068 thousand euros, which may only be accessed under the same conditions as those required for the share capital reduction.

Retained earnings and Other reserves

The balance of these headings of the balance sheets as at 31 December 2025 and 2024 breaks down as follows:

Thousand euro

	2025	2024
Restricted reserves:	**290,353**	**233,913**
Statutory reserve	125,592	136,006
Reserve for treasury shares pledged as security	75,066	60,426
Canary Islands investment reserve	11,169	11,023
Reserve for redenomination of share capital	113	113
Capital redemption reserve	78,413	26,345
Unrestricted reserves	**3,583,537**	**3,350,755**
Total	**3,873,890**	**3,584,668**

At the Annual General Meeting of 20 March 2025, shareholders approved, as proposed by the Board of Directors, the reclassification to voluntary reserves of the amount held in the statutory reserve in excess of 20% of the share capital resulting from the capital reductions carried out during 2025, that is, 10,414 thousand euros.

At the Annual General Meeting of 10 April 2024, shareholders approved, as proposed by the Board of Directors, the reclassification to voluntary reserves of the amount held in the statutory reserve in excess of 20% of the share capital resulting from the capital reduction carried out during 2023, that is, 4,668 thousand euros.

Other equity

This heading includes share-based remuneration pending settlement which, as at 31 December 2025 and 2024, amounted to 17,436 thousand euros and 15,434 thousand euros, respectively.

Treasury shares

The movements of the parent company's shares acquired by the Bank during 2025 and 2024 are as follows:

	No. of shares	Nominal value *(in thousand euro)*	Average price *(in euro)*	% Shareholding
Balance as at 31 December 2023	**37,177,542**	**4,647.19**	**1.07**	**0.68**
Purchases	68,001,385	8,500.17	1.65	1.25
Sales	26,338,537	3,292.32	1.27	0.48
Balance as at 31 December 2024	**78,840,390**	**9,855.04**	**1.51**	**1.45**
Purchases	374,615,576	46,826.95	2.76	7.13
Sales	11,206,607	1,400.83	2.91	0.21
Redemption	416,543,715	52,067.96	—	7.93
Balance as at 31 December 2025	**25,705,644**	**3,213.20**	**1.01**	**0.51**

Net gains and losses arising from transactions involving own equity instruments are included under the heading "Shareholders' equity – Other reserves" on the balance sheet, and they are shown in the statement of changes in equity, in the row corresponding to the sale or cancellation of treasury shares.

As at 31 December 2025, the number of the Bank's shares pledged as collateral for transactions was 22,307,909 with a nominal value of 2,788 thousand euros (32,192,958 shares with a nominal value of 4,024 thousand euros as at 31 December 2024).

The number of Banco de Sabadell, S.A. equity instruments owned by third parties but managed by the different companies of the Group amounted to 2,531,034 and 2,557,673 securities as at 31 December 2025 and 2024, respectively. Their nominal value as at the aforesaid dates amounted to 316 thousand euros and 320 thousand euros, respectively. In both years, 100% of the securities corresponded to Banco Sabadell shares.

Note 23 – Accumulated other comprehensive income

The composition of this heading of equity as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Items that will not be reclassified to profit or loss	(33,217)	(55,432)
Actuarial gains or losses on defined benefit pension plans	(3,653)	(3,485)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(29,564)	(51,947)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—
Items that may be reclassified to profit or loss	(174,643)	(71,669)
Hedge of net investments in foreign operations [effective portion] (*)	60,347	(20,946)
Foreign currency translation	(27,122)	146,401
Hedging derivatives. Cash flow hedges reserve [effective portion] (**)	(142,039)	(80,301)
Amount deriving from outstanding operations	(151,868)	(96,210)
Amount deriving from discontinued operations	9,829	15,909
Fair value changes of debt instruments measured at fair value through other comprehensive income	(86,321)	(116,823)
Hedging instruments [not designated elements]	—	—
Non-current assets and disposal groups classified as held for sale (***)	20,492	—
Total	**(207,860)**	**(127,101)**

(*) The value of the hedge of net investments in foreign operations is fully obtained from outstanding transactions (see Note 11).

(**) Cash flow hedges mainly mitigate interest rate risk and other risks (see Note 11).

(***) Mainly relates to TSB's sale agreement (see Note 1.4).

The breakdown of the items in the statement of recognised income and expenses as at 31 December 2025 and 2024, indicating their gross and net of tax effect amounts, is as follows:

Thousand euro

	2025			2024		
	Gross amount	Tax effect	Net	Gross amount	Tax effect	Net
Items that will not be reclassified to profit or loss	29,485	(7,271)	22,214	11,135	(2,427)	8,708
Actuarial gains or losses on defined benefit pension plans	(239)	71	(168)	2,019	(606)	1,413
Non-current assets and disposal groups classified as held for sale	—	—	—	—	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	29,724	(7,342)	22,382	9,116	(1,821)	7,295
Gains or losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—	—	—	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	—	—	—	—	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	—	—	—	—	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—	—	—	—	—
Items that may be reclassified to profit or loss	(115,141)	12,168	(102,973)	64,237	(3,741)	60,496
Hedge of net investments in foreign operations [effective portion]	81,293	—	81,293	(28,165)	—	(28,165)
Foreign currency translation	(173,522)	—	(173,522)	85,633	—	85,633
Cash flow hedges [effective portion]	(92,327)	30,589	(61,738)	(21,087)	5,768	(15,319)
Debt instruments at fair value through other comprehensive income	40,141	(9,639)	30,502	27,856	(9,509)	18,347
Hedging instruments [not designated elements]	—	—	—	—	—	—
Non-current assets and disposal groups classified as held for sale	29,274	(8,782)	20,492	—	—	—
Total	**(85,656)**	**4,897**	**(80,759)**	**75,372**	**(6,168)**	**69,204**

Note 24 – Off-balance sheet exposures

The breakdown of off-balance sheet exposures as at 31 December 2025 and 2024 is as follows:

Thousand euro

Commitments and guarantees given	Note	2025	2024
Loan commitments given		**21,844,684**	**22,044,023**
Of which: amount classified as stage 2		*394,730*	434,477
Of which: amount classified as stage 3		*40,085*	*47,273*
Drawable by third parties		21,844,684	22,044,023
By credit institutions		845,836	527,252
By general governments		1,062,269	961,635
By other resident sectors		16,703,104	16,973,216
By non-residents		3,233,475	3,581,920
Provisions recognised under liabilities on balance sheet	21	34,598	51,055
Financial guarantees given (*)		**2,693,389**	**3,855,851**
Of which: amount classified as stage 2		*126,180*	*167,030*
Of which: amount classified as stage 3		*33,198*	*38,046*
Provisions recognised under liabilities on balance sheet (**)	21	13,618	15,760
Other commitments given		**9,770,942**	**9,426,660**
Of which: amount classified as stage 2		*335,949*	*333,588*
Of which: amount classified as stage 3		*97,731*	*168,964*
Other guarantees given		6,762,492	6,779,774
Assets earmarked for third-party obligations		—	—
Irrevocable letters of credit		569,138	692,742
Additional settlement guarantee		25,000	25,000
Other guarantees and sureties given		6,168,354	6,062,032
Other contingent risks		—	—
Other commitments given		3,008,450	2,646,886
Financial asset forward purchase commitments		2,936,350	2,567,269
Conventional financial asset purchase contracts		2,101	1
Capital subscribed but not paid up		19	19
Underwriting and subscription commitments		—	—
Other loan commitments given		69,980	79,597
Provisions recognised under liabilities on balance sheet	21	21,017	64,772
Total		**34,309,015**	**35,326,534**

(*) Includes 84,661 thousand euros and 137,407 thousand euros as at 31 December 2025 and 2024, respectively, corresponding to financial guarantees given in relation to construction and real estate development.

(**) Includes 3,454 thousand euros and 3,034 thousand euros as at 31 December 2025 and 2024, respectively, corresponding to provisions for financial guarantees given in relation to construction and real estate development.

Total commitments drawable by third parties as at 31 December 2025 include home equity loan commitments amounting to 3,152,608 thousand euros (2,903,878 thousand euros as at 31 December 2024). As regards other commitments, in the majority of cases there are other types of guarantees which are in line with the Group's Risk Management Policy.

Financial guarantees and other commitments given classified as stage 3

The movement of the balance of financial guarantees and other commitments given classified as stage 3 during 2024 and 2025 was the following:

Thousand euro

Balances as at 31 December 2023	**267,827**
Additions	36,225
Disposals	(97,042)
Balances as at 31 December 2024	**207,010**
Additions	27,209
Disposals	(103,290)
Balances as at 31 December 2025	**130,929**

The breakdown by geographical area of the balance of financial guarantees and other commitments given classified as stage 3 as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Spain	128,167	204,136
Rest of European Union	444	398
United Kingdom	65	65
Americas	1,855	2,012
Rest of the world	398	399
Total	**130,929**	**207,010**

Credit risk allowances corresponding to financial guarantees and other commitments given as at 31 December 2025 and 2024, broken down by the method used to determine such allowances, are as follows:

Thousand euro

	2025	2024
Specific individually measured allowances:	**15,406**	**62,700**
Stage 2	2,905	4,112
Stage 3	12,501	58,588
Specific collectively measured allowances:	**19,229**	**17,832**
Stage 1	2,547	2,551
Stage 2	6,956	4,868
Stage 3	9,544	10,240
Allowances for country risk	182	173
Total	**34,635**	**80,532**

Movements in these allowances during the years 2025 and 2024, together with movements in allowances for loan commitments given, are shown in Note 21.

Note 25 – Off-balance sheet customer funds and financial instruments deposited by third parties

Off-balance sheet customer funds managed by the Bank, those sold but not under management and the financial instruments deposited by third parties as at 31 December 2025 and 2024 are shown below:

Thousand euro

	2025	2024
Off-balance sheet customer funds	**52,655,644**	**46,171,179**
Managed by the Bank:	**6,717,617**	**5,402,834**
Investment companies	830,552	674,277
Assets under management	5,887,065	4,728,557
Sold by the Bank:	**45,938,027**	**40,768,345**
Mutual funds	30,876,192	27,634,033
Pension funds	3,430,051	3,352,487
Insurance	11,631,784	9,781,825
Financial instruments deposited by third parties	**90,422,398**	**76,979,789**
Total	**143,078,042**	**123,150,968**

Note 26 – Interest income and expenses

These headings in the income statement include interest accrued during the year on all financial assets and financial liabilities the yield of which, implicit or explicit, is obtained by applying the effective interest rate approach, irrespective of whether they are measured at fair value or otherwise, and using corrections of income from hedge accounting operations.

The majority of interest income is generated by financial assets measured either at amortised cost or at fair value through other comprehensive income.

The breakdown of net interest income for the years ended 31 December 2025 and 2024 is the following:

Thousand euro

	2025	2024 (*)
Interest income		
Loans and advances	4,704,101	5,663,930
Central banks	337,041	797,782
Credit institutions	406,008	394,629
Customers	3,961,052	4,471,519
Debt securities (**)	652,514	476,539
Stage 3 assets	22,495	17,098
Correction of income from hedging operations	253,319	358,849
Other interest	19,267	24,501
Total	**5,651,696**	**6,540,917**
Interest expenses		
Deposits	(1,476,575)	(1,912,272)
Central banks	(8)	(48,481)
Credit institutions	(324,315)	(456,928)
Customers	(1,152,252)	(1,406,863)
Debt securities issued	(603,367)	(589,784)
Correction of expenses on hedging operations	(238,631)	(459,091)
Other interest	(15,857)	(16,542)
Total	**(2,334,430)**	**(2,977,689)**
Net interest income	**3,317,266**	**3,563,228**

(*) See Note 1.4.

(**) Includes 36,669 thousand euros in 2025 and 19,582 thousand euros in 2024 corresponding to interest income from financial assets recognised at fair value through profit or loss (trading portfolio).

The decline in net interest income is mainly due to lower returns on customer loans and a smaller contribution from credit institutions, reflecting lower interest rates, partially offset by the lower cost of customer funds and capital markets.

The average annual interest rate during 2025 and 2024 of the following balance sheet headings is shown below:

%

	2025	2024
Assets		
Cash, cash balances at central banks and other demand deposits	2.49	3.56
Debt securities	2.73	2.84
Loans and advances		
Customers	3.52	4.14
Liabilities		
Deposits		
Central banks and credit institutions	(2.35)	(3.56)
Customers	(0.68)	(0.91)
Debt securities issued	(3.22)	(3.89)

Positive (negative) figures correspond to income (expenses) for the Bank.

Note 27 – Fee and commission income and expenses

Fee and commission income and expenses on financial operations and the provision of services in 2025 and 2024 are as follows:

Thousand euro

	2025	2024
Fees from risk transactions	**246,060**	**264,948**
Asset-side transactions	147,709	157,432
Sureties and other guarantees	98,351	107,516
Service fees	**595,010**	**601,602**
Payment cards	112,961	107,213
Payment orders	64,059	80,288
Securities	64,973	59,333
Demand deposits	221,049	225,728
Other	131,968	129,040
Asset management and marketing fees	**320,216**	**276,173**
Mutual funds	122,612	118,752
Sale of pension funds and insurance products	145,066	126,018
Assets under management	52,538	31,403
Total	**1,161,286**	**1,142,723**
Memorandum item		
Fee and commission income	1,283,183	1,249,569
Fee and commission expenses	(121,897)	(106,846)
Net fees and commissions	**1,161,286**	**1,142,723**

Note 28 – Net profit or net loss on financial operations and net exchange differences

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024 (*)
By heading:		
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	40,892	11,463
Financial assets at fair value through other comprehensive income	6,958	6,442
Financial assets at amortised cost	44,263	5,907
Financial liabilities at amortised cost	(10,329)	(886)
Gains or losses on financial assets and liabilities held for trading, net	608,448	(335,660)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	4,938	12,715
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	—	—
Gains or losses from hedge accounting, net	(11,023)	2,034
Total	**643,255**	**(309,448)**
By type of financial instrument:		
Net gain/(loss) on debt securities	29,367	3,044
Net gain/(loss) on other equity instruments	88,238	(22,304)
Net gain/(loss) on derivatives	511,817	(304,405)
Net gain/(loss) on other items (**)	13,833	14,217
Total	**643,255**	**(309,448)**

(*) See Note 1.4.

(**) Mainly includes gains/(losses) on the loan portfolios sold during 2025 and 2024.

The breakdown of the heading "Exchange differences [gain or loss], net" of the income statement for the years ended 31 December 2025 and 2024 is shown below:

Thousand euro

	2025	2024
Exchange differences [gain or loss], net	(682,391)	320,953

The "Net gain/(loss) on derivatives" heading in the table above includes, among other things, the change in the fair value of derivatives used to hedge against the foreign exchange risk of debit and credit balances denominated in foreign currencies. As at 31 December 2025, the gains generated by these derivatives amounted to 614,363 thousand euros (losses of 314,219 thousand euros as at 31 December 2024), which are recognised under the heading "Gains or losses on financial assets and liabilities held for trading, net" of the income statement, while the exchange differences generated by debit and credit balances denominated in foreign currencies hedged with these derivatives are recognised under the heading "Exchange differences [gain or loss], net" of the income statement.

The heading "Net gain/(loss) on derivatives" also includes variations in the fair value of derivatives related to the management of equity instruments in the trading book, with any variations in their fair value recognised under "Net gain/(loss) on other equity instruments". Gains and losses on this trading activity are recognised under the heading "Gains or losses on financial assets and liabilities held for trading, net" of the income statement, amounting to -78,977 thousand euros and 88,227 thousand euros, respectively, in 2025 (25,175 thousand euros and -22,418 thousand euros, respectively, in 2024).

During 2025, the Bank carried out sales of certain debt securities which it held in its portfolio of financial assets at fair value through other comprehensive income, generating gains of 6,958 thousand euros (gains of 6,442 thousand euros as at 31 December 2024), of which 5,263 thousand euros came from the sale of debt securities held with general governments (4,724 thousand euros as at 31 December 2024).

Furthermore, during 2025, the Bank carried out sales of certain debt securities and loans held in the portfolio of financial assets at amortised cost, which generated profit of 44,263 thousand euros. The Bank considers that these sales were consistent with the business model under which these assets were managed (held to collect contractual cash flows).

Note 29 – Other operating expenses

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Contribution to the Deposit Guarantee Fund	(7,315)	(6,294)
Other items	(99,673)	(280,730)
Of which: temporary levy on credit institutions and financial credit establishments (*)	—	*(191,882)*
Total	**(106,988)**	**(287,024)**

(*) See Note 1.3.17.

The "Other items" heading includes expenses corresponding to the Spanish tax on deposits of credit institutions, amounting to 39,980 thousand euros in 2025 (37,972 thousand euros in 2024), as well as expenses associated with non-financial activities.

As at 31 December 2024, this heading included 191,882 thousand euros corresponding to the temporary levy on credit institutions and financial credit establishments, introduced by Law 38/2022 of 27 December, to be paid in the financial years 2023 and 2024 by credit institutions and financial credit establishments operating in Spain whose interest income and fee & commission income corresponding to the financial year 2019 had amounted to 800 million euros or more.

Note 30 – Administrative expenses

This heading of the income statement includes expenses incurred by the Bank corresponding to staff and other general administrative expenses.

Staff expenses

The staff expenses recognised in the income statement for the years ended 31 December 2025 and 2024 were as follows:

Thousand euro

	Note	2025	2024
Payrolls and bonuses for active staff		(847,552)	(809,134)
Social Security payments		(211,403)	(198,376)
Contributions to defined benefit pension plans	21	(84)	(65)
Contributions to defined contribution pension plans		(30,739)	(28,371)
Other staff expenses		(42,331)	(38,156)
Total		**(1,132,109)**	**(1,074,102)**

As at 31 December 2025 and 2024, the breakdown of the Bank's average workforce by category and sex is as follows:

Average number of employees

	2025			2024		
	Men	Women	Total	Men	Women	Total
Senior management	514	266	780	481	238	719
Middle management	1,603	1,230	2,833	1,571	1,153	2,724
Specialist staff	3,980	5,644	9,624	3,996	5,683	9,679
Total	**6,097**	**7,140**	**13,237**	**6,048**	**7,074**	**13,122**

The breakdown of the Bank's average workforce who have informed the Bank that they have a disability of 33% or more, by category, as at 31 December 2025 and 2024 is as follows:

Average number of employees

	2025	2024
Senior management	3	3
Middle management	15	14
Specialist staff	117	110
Total	**135**	**127**

As at 31 December 2025 and 2024, the breakdown of the Bank's workforce by category and sex is as follows:

Number of employees

	2025			2024		
	Men	Women	Total	Men	Women	Total
Senior management	513	270	783	486	244	730
Middle management	1,610	1,241	2,851	1,604	1,194	2,798
Specialist staff	3,964	5,633	9,597	3,952	5,646	9,598
Total	**6,087**	**7,144**	**13,231**	**6,042**	**7,084**	**13,126**

Of the total workforce as at 31 December 2025, 133 employees had informed the Bank that they had some form of recognised disability (131 as at 31 December 2024).

Long-term share-based complementary incentive schemes

Pursuant to the Remuneration Policy, the latest version of which was approved by the Board of Directors at its meeting of 27 November 2025, at the proposal of the Board Remuneration Committee, members of the Group's Identified Staff, with the exception of Non-Executive Directors, were allocated long-term remuneration through the schemes in effect during 2025, as described below:

Long-term remuneration scheme

Every year, the Board of Directors, at the proposal of the Board Remuneration Committee, approves Long-Term Remuneration aimed at members of the Group's Identified Staff with allocated variable remuneration, with the exception of management staff assigned to TSB Banking Group plc or its subsidiaries, which consists of allocating a certain amount to each beneficiary, determined based on a monetary amount corresponding to a percentage of each beneficiary's fixed remuneration. 55% of the incentive is paid in the Bank's shares (using the weighted average price of the last 20 trading sessions of the month of December of the first year of the accrual period to calculate the number of shares), with the remaining 45% paid in cash. The incentive accrual period consists of three financial years, beginning on 1 January of the financial year immediately following the date of its approval and ending two years later, on 31 December of the third financial year. The aforesaid accrual period in turn comprises two sub-periods:

- Individual annual targets measurement period: this period lasts one financial year, from 1 January to 31 December of the year following the date on which the incentive is approved. During that period, each beneficiary's annual targets are measured (formed of Group targets, management targets and individual targets) established to determine the "Adjusted Target".

- Group multi-year targets measurement period: this period lasts three financial years, beginning on 1 January of the financial year immediately following the date on which the incentive is approved and ending two years later, on 31 December of the third financial year. During that period, the Group's multi-year targets are measured in order to determine the final incentive, which is subject to the Risk Correction Factor. The Group's multi-year targets for each incentive are linked to the following indicators and weights, whose achievement percentages are used to calculate the final payment owed, if any, to management staff who have been assigned that incentive:

Incentive	Indicators and weights
Long-Term Remuneration 2020-2022 and 2021-2023	- Total shareholder return (25%) - Group liquidity coverage ratio (25%) - CET1 capital indicator (25%) - Group return on risk-adjusted capital (RoRAC) (25%)
Long-term remuneration 2022-2024	- Total shareholder return (25%) - Group liquidity coverage ratio (25%) - CET1 capital indicator (25%) - Return on tangible equity (ROTE) (25%)
Long-Term Remuneration 2023-2025, 2024-2026 and 2025-2027	- Total shareholder return (40%) - Return on tangible equity (ROTE) (40%) - Sustainability indicator (20%)

In addition to the achievement of the annual and multi-year targets described above, payment of the incentives is subject to the requirements set out in the general conditions of each long-term remuneration scheme.

The main characteristics of the current incentives of the long-term remuneration scheme are summarised below:

Thousand euro

Incentive	Date approved by Board of Directors	Incentive accrual period	Individual annual targets	Group multi-year targets			Amount pending payment as at 31/12/2025
			Measurement period	Measurement period	Percentage achievement	Final payment	
Long-Term Remuneration 2020-2022	19/12/2019	01/01/2020 - 31/12/2022	01/01/2020 - 31/12/2020	01/01/2020 - 31/12/2022	50% total shareholder return. 100% liquidity coverage ratio. 100% CET1 indicator. 100% RoRAC indicator.	87.5% of target	174
Long-Term Remuneration 2021-2023	17/12/2020	01/01/2021 - 31/12/2023	01/01/2021 - 31/12/2021	01/01/2021 - 31/12/2023	100% total shareholder return. 100% liquidity coverage ratio. 100% CET1 indicator. 100% RoRAC indicator.	100% of target	1,405
Long-Term Remuneration 2022-2024	16/12/2021	01/01/2022 - 31/12/2024	01/01/2022 - 31/12/2022	01/01/2022 - 31/12/2024	100% total shareholder return. 100% liquidity coverage ratio. 100% CET1 indicator. 100% ROTE indicator.	100% of target	4,363
Long-Term Remuneration 2023-2025	21/12/2022	01/01/2023 - 31/12/2025	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2025	135% total shareholder return. 137.5% ROTE indicator. 130.8% sustainability indicator.	100% of target	5,871
Long-Term Remuneration 2024-2026	21/12/2023	01/01/2024 - 31/12/2026	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2026	—	—	—
Long-Term Remuneration 2025-2027	20/12/2024	01/01/2025 - 31/12/2027	01/01/2025 - 31/12/2025	01/01/2025 - 31/12/2027	—	—	—

Accounting recognition

Expenditure recognised in relation to incentive schemes and long-term remuneration granted to employees in 2025 and 2024 is shown below:

Thousand euro

	2025	2024
To be settled in shares	1,875	1,766
To be settled in cash	1,535	1,452
Total	**3,410**	**3,218**

As regards the staff expenses associated with share-based incentive schemes (see Note 1.3.13), the balancing entry for such expenses is recognised in equity in the case of stock options settled with shares (see statement of total changes in equity – Share based payments), while those settled with cash are recognised in the "Other liabilities" heading of the balance sheet.

Other general administrative expenses

The composition of this heading in the income statement for the years 2025 and 2024 is as follows:

Thousand euro

	2025	2024
Property, plant and equipment	(34,359)	(32,532)
Information technology	(471,130)	(476,592)
Communication	(7,645)	(7,395)
Publicity	(63,325)	(62,293)
Subcontracted administrative services	(75,318)	(75,508)
Contributions and taxes	(153,354)	(142,866)
Technical reports	(32,460)	(54,795)
Security services and fund transfers	(15,021)	(15,369)
Entertainment expenses and staff travel expenses	(9,770)	(11,741)
Membership fees	(2,291)	(2,471)
Other expenses	(33,006)	(32,717)
Total	**(897,679)**	**(914,279)**

Audit firm fees

The fees received by KPMG Auditores, S.L. in the years ended 31 December 2025 and 2024 for audit services, validation of the Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report) and other services were as follows:

Thousand euro

	2025	2024
Audit services (*)	**2,710**	**2,606**
Of which: Audit of the Bank's annual and interim accounts	2,680	2,577
Of which: Audit of the annual accounts of foreign branches (**)	30	29
Audit-related services	**324**	**345**
Of which: Services that auditors are required to provide under applicable legislation	100	124
Other services	**96**	**96**
Of which: Tax services	—	—
Of which: Other	96	96
Total	**3,130**	**3,047**

(*) Including fees corresponding to the year's audit, irrespective of the date on which that audit was completed.

(**) Corresponding to the branch located in London.

The fees received by other companies forming part of the KPMG network in the years ended 31 December 2025 and 2024 for audit and other services were as follows:

Thousand euro

	2025	2024
Audit services (*)	**362**	**393**
Of which: Audit of the annual accounts of foreign branches	362	393
Audit-related services	**70**	**55**
Of which: Services that auditors are required to provide under applicable legislation	—	—
Other services	**395**	**366**
Of which: Tax services	—	—
Of which: Other	395	366
Total	**827**	**814**

(*) Including fees corresponding to the year's audit, irrespective of the date on which that audit was completed.

The main items included under "Audit-related services" correspond to fees related to reports that the auditors are required to produce under applicable regulations, the issuance of comfort letters and other assurance reports. Furthermore, "Other services" includes fees related to reviews of the Pillar 3 Disclosures reports for the years ended 31 December 2025 and 2024, and those related to assurance services in connection with the Consolidated Non-Financial and Sustainability Disclosures Reports for 2025 and 2024.

Lastly, outside of Spain, the Bank engaged auditors other than KPMG to carry out the audits of foreign branches. Audit and other services provided to the branches amounted to 24 thousand euros and 0 thousand euros in the year ended 31 December 2025, respectively (24 thousand euros and 0 thousand euros in the year ended 31 December 2024).

The information related to non-audit services provided by KPMG Auditores, S.L. to companies controlled by the Bank during 2025 and 2024 is set out in the consolidated annual financial statements for 2025.

All services provided by the auditors and companies forming part of their network comply with the requirements for statutory auditor independence set forth in the Spanish Audit Law and do not, in any case, include work that is incompatible with the account audit function.

Note 31 – Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	Note	2025	2024
Financial assets at fair value through other comprehensive income		(456)	236
Debt securities	7	(456)	236
Financial assets at amortised cost (*)	10	(423,290)	(467,811)
Debt securities		1,536	(187)
Loans and advances		(424,826)	(467,624)
Total		**(423,746)**	**(467,575)**

(*) This figure mainly includes allowances recorded in the income statement allocated to cover credit risk exposures, as shown in the impairment allowances movements of Note 10.

Note 32 – Impairment or reversal of impairment on non-financial assets

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	Note	2025	2024
Property, plant and equipment for own use	14	(20,759)	(32,032)
Investment properties	14	1,570	795
Total		**(19,189)**	**(31,237)**

The allowance for the impairment of investment properties in 2025 and 2024 was calculated based on Level 2 valuations (see Note 5). The fair value of impaired assets amounted to 10,955 thousand euros and 17,271 thousand euros as at 31 December 2025 and 2024, respectively.

Note 33 – Gains or losses on derecognition of non-financial assets, net

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	Note	2025	2024
Property, plant and equipment		(13,035)	(1,601)
Investment properties		51	—
Interests	13	2,115	698
Total		**(10,869)**	**(903)**

The sale of tangible assets under finance leases in which the Bank acted as lessor did not have a material impact on the 2025 and 2024 income statements.

Note 34 – Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The composition of this heading of the income statement for the years ended 31 December 2025 and 2024 is as follows:

Thousand euro

	Note	2025	2024
Property, plant and equipment for own use and foreclosed		5,799	(13,858)
Gains/losses on sales		(3,314)	(2,538)
Impairment/reversal	12	9,113	(11,320)
Other items		263	(243)
Total		**6,062**	**(14,101)**

In 2025 and 2024 the heading “Property, plant and equipment for own use and foreclosed - Impairment/ reversal” mainly includes foreclosed properties in the process of being sold.

The total allowance for the impairment of non-current assets held for sale in 2025 and 2024 was calculated based on Level 2 valuations (see Note 5). The fair value of impaired assets amounted to 261,420 thousand euros and 323,505 thousand euros as at 31 December 2025 and 2024, respectively.

Note 35 – Tax situation (income tax)

Consolidated tax group

Banco de Sabadell, S.A. is the parent company of a consolidated tax group for corporation tax purposes, in Spain, comprising, as subsidiaries, all the Spanish companies in which the Bank holds an interest that meet the requirements of the Spanish Corporation Tax Law.

The amount of this tax in the year has been calculated bearing in mind this circumstance and it will be paid to Banco de Sabadell S.A., as the parent company of the Group, by the entities belonging to the consolidated tax group, so that the parent company may settle the consolidated tax with the tax authority (Hacienda Pública).

Reconciliation

The reconciliation between the pre-tax profit and the taxable income for corporation tax purposes for 2025 and 2024 is shown below:

Thousand euro

	2025	2024 (*)
Profit or loss before tax	**2,432,439**	**2,126,457**
Of which: From continuing operations	*1,983,180*	*1,896,803*
Of which: From discontinued operations	*449,259*	*229,654*
Increases in taxable income	383,358	533,999
From profits	383,358	533,999
From equity	—	—
Decreases in taxable income	(2,152,153)	(1,705,253)
From profits	(1,987,622)	(1,581,932)
From equity	(164,531)	(123,321)
Taxable income	**663,644**	**955,203**
Tax payable (30%)	**(199,093)**	**(286,561)**
Deductions for double taxation, donations and other	10,659	12,769
Net tax payable (current tax in the year)	**(188,434)**	**(273,792)**
Due to timing differences in the year (net)	(296,503)	(241,676)
Other adjustments (net) (**)	(235,690)	(105,174)
Tax expense or income related to profit or loss	**(720,627)**	**(620,642)**
Of which: From continuing operations	(689,077)	(591,673)
Of which: From discontinued operations	(31,550)	(28,969)

(*) See Note 1.4.

(**) Includes -123 million euros relating to the tax on net interest and commission income of certain financial institutions (IMIC).

The effective tax rate, calculated as tax expenses related to profit divided by profit or loss before tax, came to 29.63% and 29.19% in 2025 and 2024, respectively.

The increases and decreases in taxable income are analysed in the following table on the basis of whether they arose from timing or permanent differences:

Thousand euro

	2025	2024
Permanent difference	181,290	270,348
Non-deductible expenses	99,918	255,106
Impairment allowances	74,659	10,243
Other	6,713	4,999
Timing difference arising during the year	193,809	246,360
Timing difference arising in previous years	8,259	17,291
Increases	**383,358**	**533,999**
Permanent difference	(980,126)	(666,856)
Gains/(losses) on sale of equity instruments (exempt)	(505,335)	(233,439)
Difference in effective tax rate on permanent establishments	(233,343)	(269,815)
Impairment allowances	(36,318)	(20,191)
Expenses recognised in equity	(145,659)	(98,189)
Other	(59,471)	(45,222)
Timing difference arising during the year	—	—
Timing difference arising in previous years	(1,172,027)	(1,038,397)
Decreases	**(2,152,153)**	**(1,705,253)**

Deferred tax assets and liabilities

Under current tax and accounting regulations, certain timing differences should be taken into account when quantifying the relevant tax expense related to profit from continuing operations.

In 2013, Spain made a provision (Royal Decree-Law 14/2013) for tax assets generated by allowances for the impairment of loans and other assets arising from the potential insolvency of debtors not related to the relevant taxable person, as well as those corresponding to contributions or provisions in respect of social welfare schemes and, where appropriate, early retirement schemes, to be afforded the status of assets guaranteed by the Spanish State (hereinafter, "monetisable tax assets").

Monetisable tax assets can be converted into credit enforceable before the Spanish Tax Authority in cases where the taxable person incurs accounting losses or the institution is liquidated or legally declared insolvent. Similarly, they can be exchanged for public debt securities, once the 18-year period has elapsed, calculated from the last day of the tax period in which these assets were recognised in the accounting records. To retain the State guarantee, and to keep their status as monetisable tax assets, deferred tax assets generated up to 2016 are subject to an annual capital contribution of 1.5% of the deferred tax assets that meet the legal requirements.

Movements of deferred tax assets and liabilities during 2025 and 2024 are shown below:

Thousand euro

Deferred tax assets	Monetisable	Non-monetisable	Tax credits for losses carried forward	Deductions not applied	Total
Balances as at 31 December 2023	**3,908,303**	**1,167,274**	**202,722**	**26**	**5,278,325**
(Debit) or credit recorded in the income statement	(145,071)	(29,599)	(98,359)	(2,241)	(275,270)
(Debit) or credit recorded in equity	—	33,935	—	—	33,935
Exchange differences and other movements	(177,506)	(61,979)	(7,361)	2,215	(244,631)
Balances as at 31 December 2024	**3,585,726**	**1,109,631**	**97,002**	**—**	**4,792,359**
(Debit) or credit recorded in the income statement	(101,052)	(125,393)	(77,436)	—	(303,880)
(Debit) or credit recorded in equity	—	10,047	—	—	10,047
Exchange differences and other movements	5,980	6,691	10,683	—	23,353
Balances as at 31 December 2025	**3,490,654**	**1,000,976**	**30,249**	**—**	**4,521,879**

Thousand euro

Deferred tax liabilities	Total
Balances as at 31 December 2023	**64,767**
(Debit) or credit recorded in the income statement	8,465
(Debit) or credit recorded in equity	51
Exchange differences and other movements	(4,799)
Balances as at 31 December 2024	**68,484**
(Debit) or credit recorded in the income statement	(1,415)
(Debit) or credit recorded in equity	5,149
Exchange differences and other movements	(510)
Balances as at 31 December 2025	**71,708**

The sources of the deferred tax assets and liabilities recognised in the balance sheets as at 31 December 2025 and 2024 are as follows:

Thousand euro

Deferred tax assets	2025	2024
Monetisable	**3,490,654**	**3,585,726**
Due to credit impairment	2,985,404	3,061,831
Due to real estate asset impairment	381,542	400,075
Due to pension funds	123,708	123,820
Non-monetisable	**1,000,976**	**1,109,631**
Tax credits for losses carried forward	**30,249**	**97,002**
Deductions not applied	**—**	**—**
Total	**4,521,879**	**4,792,359**
Deferred tax liabilities	**2,025**	**2,025**
Property restatements	49,928	50,672
Adjustments to value of wholesale debt issuances arising in business combinations	—	1,295
Other financial asset value adjustments	14,112	8,962
Other	7,668	7,555
Total	**71,708**	**68,484**

As indicated in Note 1.3.18, according to the information available as at year-end and the projections taken from the Bank's business plan for the coming years, the Group estimates that it will be able to generate sufficient taxable income to offset tax loss carry-forwards within a period of two years and non-monetisable tax assets, where these can be deducted according to current tax regulations, within a period of ten years.

In addition, the Group performs a sensitivity analysis of the most significant variables used in the deferred tax asset recoverability analysis, taking into consideration reasonable changes to the key assumptions on which the projected results of each entity or tax group are based and the estimated reversal of timing differences. With respect to Spain, the variables considered are those used in the sensitivity analysis of the calculation of the recoverable amount of goodwill (see Note 15). The conclusions drawn from that analysis are not significantly different from those reached without stressing the significant variables.

The Constitutional Court declared, in its ruling 11/2024 dated 18 January 2024, published in the Official State Gazette (*Boletín Oficial del Estado*) on 20 February 2024, that certain measures related to corporation tax introduced by Royal Decree-Law 3/2016 of 2 December were unconstitutional. These measures were reintroduced through Law 7/2024 of 20 December and apply to financial years beginning on or after 1 January 2024.

Monetisable tax assets are guaranteed by the State. Therefore, their recoverability does not depend on the generation of future tax benefits.

The Bank has no deferred tax assets that have not been recognised in the balance sheet.

Other information

In compliance with the accounting obligations set out in Article 86 of Law 27/2014 of 27 November on Corporation Tax, with regard to the mergers carried out to date between Banco de Sabadell, S.A. and Solbank SBD, S.A., Banco Herrero, S.A., Banco de Asturias, S.A., BanSabadell Leasing EFC, S.A., Solbank Leasing EFC, S.A., BanAsturias Leasing EFC, S.A., Banco Atlántico, S.A., Banco Urquijo, S.A., Europea de Inversiones y Rentas S.L., Banco CAM, S.A., Banco Guipuzcoano, S.A., BS Profesional, Axel Group, Sabadell Solbank S.A.U. (formerly Lloyds Bank), Banco Gallego, S.A., and Bansabadell Financiación E.F.C., S.A., the requisite information was included in the first annual report of Banco de Sabadell, S.A. approved following each of the aforesaid mergers.

In relation to the merger by absorption of Sabcapital, S.A. de C.V. by Banco Sabadell, S.A. Institución de Banco Múltiple carried out during the 2025 financial year, the carrying value and the tax value of the securities delivered amount to 73,208 thousand euros and 66,755 thousand euros, respectively. Furthermore, the securities received have been recognised at the same carrying value and tax value as the securities delivered (see Note 13).

Canary Islands investment reserve

As set out in Note 2 to these annual financial statements, shareholders at the Annual General Meeting held on 20 March 2025 approved the allocation of a reserve for investments in the Canary Islands amounting to 145 thousand euros. This reserve was fully realised in 2024 through investments carried out in that same year in various items of property, plant and equipment classified as fixtures and fittings.

Years subject to tax inspection

As at 31 December 2025, Banco de Sabadell S.A.'s corporation tax payments for 2020 and subsequent years are open to review. The year 2020 and subsequent years are also open to review in relation to payments of value added tax.

Proceedings

In January 2024, Banco Sabadell, as the parent company of the consolidated tax group, was notified of the commencement of verification and investigation proceedings in relation to the temporary levy on credit institutions and financial credit establishments, paid in 2023. On 2 April 2025, the Bank received the settlement agreement, lodging an administrative-financial claim before the Central Tax Appeal Board (*Tribunal Económico-Administrativo Central*), as described in the following section ("Ongoing disputes").

Similarly, in April 2025, Banco Sabadell, as the parent company of the consolidated tax group, was notified of the commencement of verification and investigation proceedings in relation to the temporary levy on credit institutions and financial credit establishments, paid in 2024. On 23 January 2026, the Bank received the settlement arrangement, which it intends to appeal.

Furthermore, on 4 February 2025, the Spanish Tax Authority notified Banco Sabadell, as parent company of the value added tax group, in its capacity as representative of this group, of the commencement of verification and investigation proceedings in relation to the value added tax for the period from December 2020 to December 2023. As at year-end, these proceedings were in the document submission phase.

Ongoing disputes

The main tax-related disputes that were ongoing as at 31 December 2025 are set out below:

- Appeal for judicial review before Spain's National Court in relation to the administrative-financial claims brought before the Central Tax Appeal Board in respect of corporation tax settlement agreements for the years 2015 to 2017 and 2018 to 2019, specifically related to the deduction for technological innovation, settled on the basis of application of the criterion established by Spain's National Court (Audiencia Nacional, a division of the Supreme Court) in its rulings of 23 November and 9 December 2022.

- Administrative-financial claim brought before the Central Tax Appeal Board regarding the value added tax settlement agreement for the years 2018 to 2019, in relation to certain sectoral issues.

- Appeal for judicial review before Spain's National Court in relation to Order HFP/94/2023 of 2 February approving, among others, Model 797 "Temporary levy of credit institutions and financial credit establishments. Declaration of payment made" and Model 798 "Temporary levy of credit institutions and financial credit establishments. Advance payment".

- Administrative-financial claim brought before the Central Tax Appeal Board regarding requests for rectification submitted in respect of the temporary levy on credit institutions and financial credit establishments paid in 2023 and 2024, as well as the settlement agreement detailed in the previous section relating to the levy paid in 2023.

- Appeal for judicial review before Spain's National Court in relation to Ministry of Finance Order HAC/532/2025 of 26 May approving Model 780 "Tax on the interest margin and commissions of certain financial institutions. Self-assessment" and Model 781 "Tax on the interest margin and commissions of certain financial institutions. Instalments".

The Bank has made suitable provisions for any contingencies that it is thought could arise in relation to the ongoing proceedings and disputes described in this Note.

In relation to the remaining tax periods and items for which the statute of limitations is unexpired, due to potential differences in the interpretation of tax regulations, the results of the tax authority inspections for the years subject to review may give rise to contingent tax liabilities, which it is not possible to quantify objectively. However, the Bank considers that the possibility of such liabilities materialising is remote and, if they did materialise, the resulting tax charge would not have any significant impact on these annual financial statements.

Global Minimum Tax - Pillar Two

On 21 December 2024, Law 7/2024 of 20 December was published, which, *inter alia*, transposes Directive (EU) 2022/2523 into Spanish law, establishing a top-up tax ("top-up tax") to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups (referred to as the "Pillar Two rule"), applicable with retroactive effect to each financial year commencing after 31 December 2023. It should also be noted that, of the other jurisdictions that are significant for the Group (United Kingdom and Mexico), as at 31 December 2025, only the United Kingdom has approved domestic regulations in relation to Pillar Two; those regulations entered into force on 31 December 2023 and are applicable to each year beginning after that date.

The Group, in its capacity as a large-scale multinational group of which the Bank is the ultimate parent company, is subject to that top-up tax.

The Bank has also applied the mandatory temporary exception related to accounting for deferred taxes arising from implementation of the Pillar Two rule, as provided by the Tenth Final Provision of the aforesaid Law 7/2024.

In addition, based on the available information, an analysis was carried out considering, when applicable, the safe harbours provided for in the Fourth Transitional Provision of the Pillar Two rule, concluding that the impact of Pillar Two for the Group is not significant.

Tax on net interest and commission income of certain financial institutions

Final Provision Nine of Law 7/2024 of 20 December established a tax on the net interest and commission income of certain financial institutions (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC) (see Note 1.3.18).

Additionally, on 25 December 2024, Royal Decree-Law 9/2024 of 23 December came into force, modifying the IMIC accrual date, which had initially been established as the day following the end of the tax period, setting it as the last calendar day of the month following the end of said tax period (31 January 2025 in the case of the Bank's IMIC for 2024), although said Royal Decree-Law was repealed by agreement of the Spanish Parliament's lower house of representatives (*Congreso de los Diputados*) on 22 January 2025.

In accordance with the provisions of Order HAC/532/2025 of 26 May approving the templates for IMIC self-assessment and payment by instalments, the Bank paid the instalment corresponding to IMIC for the 2024 financial year in the amount of 139 million euros, recognising this as an asset in the balance sheet under the heading "Financial assets at amortised cost", taking into account the fact that the repeal of the Royal Decree-Law affected the accrual of IMIC for that financial year.

Furthermore, in 2025, the Bank recorded an expense of 123 million euros under the heading "Tax expense or income related to profit or loss from continuing operations" in the income statement, corresponding to the IMIC for that financial year.

Note 36 – Related-party transactions

In accordance with the provisions of Chapter VII bis. Related Party Transactions of the Capital Companies Act, introduced by Law 5/2021 of 12 April, amending the restated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, there are no transactions with officers and directors of the company that could be considered material, other than those considered to be "related-party transactions" in accordance with Article 529 *vicies* of the Capital Companies Act, carried out following the corresponding approval procedure and, where applicable, reported in accordance with Articles 529 *unvicies et seq.* of the aforesaid Capital Companies Act. Those that did take place were performed in the normal course of the company's business or were performed on an arm's length basis or under the terms generally applicable to any employee. There is no record of any transactions being performed other than on an arm's length basis with persons or entities related to directors or senior managers.

Details of the most significant balances held with related parties as at 31 December 2025 and 2024, as well as the effect on the income statements for 2025 and 2024 of related-party transactions, are shown below:

Thousand euro

	2025				
	Subsidiaries	Associates	Key personnel	Other related parties	Total
Assets:					
Financial assets at amortised cost	7,217,628	47,878	3,936	935,323	**8,204,765**
Derivatives held for trading	14,833	—	—	5,281	**20,114**
Other financial assets	430,991	—	—	—	**430,991**
Non-current assets classified as held for sale	1,118,081	—	—	—	**1,118,081**
Liabilities:					
Financial liabilities at amortised cost	4,428,505	429,309	6,451	438,671	**5,302,936**
Derivatives held for trading	18,337	76	—	2,484	**20,897**
Other financial liabilities	9,781	—	—	101	**9,882**
Non-current liabilities classified as held for sale	—	—	—	—	**—**
Off-balance sheet exposures:					
Financial guarantees given	936,018	319	7	36,601	**972,945**
Loan commitments given	1,687,105	10,514	408	382,179	**2,080,206**
Other commitments given	57,297	17,005	—	65,039	**139,341**
Income statement:					
Interest income	260,141	2,627	48	24,994	**287,810**
Interest expenses	(106,855)	(14,656)	(47)	(7,146)	**(128,704)**
Dividend income	4,374	159,775	—	1,283	**165,432**
Net fees and commissions	125,848	11,540	28	2,023	**139,439**
Profit or loss on financial operations	(17,645)	(283)	—	18,865	**937**
Other operating income and expenses	25,410	642	—	14	**26,066**
Other administrative expenses	(462,036)	(729)	—	(3,632)	**(466,397)**
Profit or loss after tax from discontinued operations	468,781	—	—	—	**468,781**

Thousand euro

	2024 (*)				
	Subsidiaries	Associates	Key personnel	Other related parties	Total
Assets:					
Financial assets at amortised cost	7,403,958	47,493	3,967	1,005,049	**8,460,467**
Derivatives held for trading	2,602	207	—	4,960	**7,769**
Other financial assets	1,611,718	34,827	—	—	**1,646,545**
Liabilities:					
Financial liabilities at amortised cost	4,447,382	680,983	5,849	295,862	**5,430,076**
Derivatives held for trading	32,270	—	—	1,613	**33,883**
Other financial liabilities	10,073	—	—	—	**10,073**
Off-balance sheet exposures:					
Financial guarantees given	1,960,197	319	7	22,598	**1,983,121**
Loan commitments given	1,596,359	14,611	373	334,042	**1,945,385**
Other commitments given	60,320	6,491	—	72,745	**139,556**
Income statement:					
Interest income	284,683	4,075	50	24,157	**312,965**
Interest expenses	(85,156)	(17,013)	(86)	(6,411)	**(108,666)**
Dividend income	6,052	97,405	—	—	**103,457**
Net fees and commissions	107,170	11,768	15	5,754	**124,707**
Profit or loss on financial operations	(58,365)	6,761	—	768	**(50,836)**
Other operating income and expenses	21,148	728	—	7	**21,883**
Other administrative expenses	(468,899)	(810)	—	(3,401)	**(473,110)**
Profit or loss after tax from discontinued operations	237,168	—	—	—	**237,168**

(*) See Note 1.4.

Total risk transactions granted by the Bank and consolidated companies to all Directors of the parent company amounted to 696 thousand euros as at 31 December 2025, of which 557 thousand euros corresponded to loans and advances and 139 thousand euros to loan commitments given (782 thousand euros as at 31 December 2024, consisting of 649 thousand euros in loans and advances and 133 thousand euros in loan commitments given). With regard to Senior Management, risk transactions granted by the Bank and consolidated companies amounted to 3,648 thousand euros as at 31 December 2025, of which 3,379 thousand euros corresponded to loans and advances and 269 thousand euros to loan commitments given (3,558 thousand euros as at 31 December 2024, of which 3,318 thousand euros corresponded to loans and advances and 240 thousand euros to loan commitments given). These transactions form part of the ordinary business of the Bank and are carried out under normal market conditions.

With regard to liabilities, these amounted to 4,692 thousand euros for Directors of the parent company (4,088 thousand euros as at 31 December 2024) and 1,759 thousand euros for Senior Management as at 31 December 2025 (1,761 thousand euros as at 31 December 2024).

Note 37 – Remuneration of members of the Board of Directors and Senior Management

The Director Remuneration Policy for the years 2024, 2025 and 2026 was approved by shareholders at the Annual General Meeting of 23 March 2023 and complies with European directives and regulations and with prevailing legislation, particularly Spanish Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions, Royal Decree 84/2015 of 13 February implementing the aforesaid Law and Bank of Spain Circular 2/2016 of 2 February, addressed to credit institutions, on supervision and solvency, which completes the transposition into Spanish law of Directive 2013/36/EU and Regulation (EU) No 575/2013, as well as EBA Guidelines on internal governance (EBA/GL/2021/05) of 2 July 2021, EBA Guidelines (EBA/GL/2021/04) of 2 July 2021 on sound remuneration policies under Directive 2013/36/EU, and Commission Delegated Regulation (EU) 2021/923.

For further details on Directors' remuneration, see the Annual Report on Director Remuneration for 2025. Additionally, for further details on Senior Management remuneration, see the Annual Corporate Governance Report for 2025. These documents are included for reference as part of the Directors' Report.

Remuneration of members of the Board of Directors

Non-Executive Directors

The following table shows, for the years ended 31 December 2025 and 2024, the remuneration paid to Non-Executive Directors for services provided by them in that capacity:

Thousand euro

Non-executive members of the Board of Directors	Director category	Remuneration for Board membership	Remuneration for Board Committee membership	Remuneration for positions held in Group companies	Total 2025	Total 2024
Josep Oliu Creus	Non-Executive Chair	1,634	—	—	1,634	1,625
Pedro Fontana García	Independent Deputy Chair	241	160	—	401	390
Aurora Catá Sala	Independent Director	134	61	—	195	190
Ana Colonques García-Planas (1)	Independent Director	134	90	—	224	123
Luis Deulofeu Fuguet	Independent Director	134	78	30	242	230
María José García Beato	Other External Director	134	70	—	204	195
Mireya Giné Torrens	Independent Director	134	84	30	248	230
Laura González Molero (2)	Independent Director	30	10	—	40	195
María Gloria Hernández García (3)	Independent Director	92	42	—	134	—
George Donald Johnston III	Lead Independent Director	154	94	—	248	244
David Martínez Guzmán (4)	Proprietary Director	121	—	—	121	125
José Manuel Martínez Martínez (5)	Independent Director	—	0	—	—	52
Alicia Reyes Revuelta (6)	Independent Director	30	12	—	42	200
Margarita Salvans Puigbò (7)	Independent Director	81	35	—	116	—
Manuel Valls Morató	Independent Director	134	110	—	244	235
Pedro Viñolas Serra	Independent Director	134	75	—	209	205
Total		**3,321**	**921**	**60**	**4,302**	**4,239**

(1) On 10 April 2024, shareholders at the Annual General Meeting approved her appointment as member of the Board of Directors, in the capacity of Independent Director. She accepted the position on 27 May 2024.

(2) Resigned from her position as Director, effective as from the date of the Annual General Meeting of 2025, which took place on 20 March 2025.

(3) On 20 March 2025, shareholders at the Annual General Meeting approved her appointment as member of the Board of Directors, in the capacity of Independent Director. She accepted the position on 15 May 2025.

(4) Resigned from his position as Director, effective as from 24 November 2025.

(5) Resigned from his position as Director, effective as from the date of the Annual General Meeting of 2024, which took place on 10 April 2024.

(6) Notified her decision not to renew her term of office as a member of the Board of Directors, effective as from the date of the Annual General Meeting of 2025, which took place on 20 March 2025.

(7) On 20 March 2025, shareholders at the Annual General Meeting approved her appointment as member of the Board of Directors, in the capacity of Independent Director. She accepted the position on 3 June 2025.

No contributions were made to meet pension commitments for Non-Executive Directors in 2025 and 2024. The amount of funds accumulated in workplace retirement planning schemes for Non-Executive Directors as at 31 December 2025 was 11,895 thousand euros (9,168 thousand euros as at 31 December 2024).

Executive Directors

Details of the remuneration paid to Executive Directors for the years 2025 and 2024 are set out below:

Thousand euro

Executive members of the Board of Directors	Director category	Fixed components		Variable components		Contribution to workplace retirement planning schemes	Total 2025	Total 2024
		Wage	Remuneration for Board membership	Short-term variable remuneration	Long-term variable remuneration			
César González-Bueno Mayer	Chief Executive Officer	2,036	134	1,101	983	301	4,555	3,913
David Vegara Figueras	Executive Director	727	134	129	160	129	1,279	1,124
Total		**2,763**	**268**	**1,230**	**1,143**	**430**	**5,834**	**5,037**

In accordance with the policy in force approved by shareholders at the Annual General Meeting, the remuneration of Executive Directors for services provided by them in that capacity consists of a fixed remuneration component and a variable remuneration component comprised of two elements:

Variable remuneration

Short-term variable remuneration

The short-term variable remuneration of Executive Directors is determined taking into account the performance in the financial year measured through targets aligned with the risk taken. The Executive Directors have Group targets assigned to them, which include both risk management and control metrics and solvency and capital metrics. They may also have strategic targets with weights assigned to each indicator, and a scale of achievement.

Long-term variable remuneration

The Executive Directors have long-term remuneration, which is granted annually in cycles based on the achievement of annual and multi-year (three-year) targets, with a corresponding reference amount established at the beginning of each cycle. On completion of the first year of the cycle, the remuneration is adjusted during the first quarter of the subsequent year, according to (i) the level of achievement of the short-term variable remuneration targets corresponding to the first cycle, and (ii) any *ex ante* adjustments.

The payment of the adjusted reference amount will depend on the level of achievement of the multi-year targets described in the corresponding Annual Report on Director Remuneration. The amount ultimately paid out will be, at most, the adjusted reference amount, which shall not be increased in any case.

Both short-term and long-term variable remuneration will be subject to the criteria concerning deferral and payment in capital instruments described in the Director Remuneration Policy.

Contribution to workplace retirement planning schemes

The amount of funds accumulated in workplace retirement planning schemes for Executive Directors as at 31 December 2025 was 2,311 thousand euros (1,828 thousand euros as at 31 December 2024).

Remuneration of Senior Management members

Pursuant to applicable regulations, the information set out below includes the remuneration of Senior Management members (excluding members of the Board of Directors) and the Internal Audit Officer. The amounts include the remuneration of members of Senior Management during the period they have held this status.

Thousand euro

	2025	2024
Total remuneration (*)	9,363	9,684
Number of members as at the end of the year	**11**	**10**

(*) Total remuneration in 2025 includes contributions to workplace retirement planning schemes amounting to 1,000 thousand euros (1,050 thousand euros in 2024).

As at the end of 2025 and 2024, no early contract termination payments were made to any member of Senior Management.

The amount of funds accumulated in workplace retirement planning schemes for Senior Management members and for the Internal Audit Officer as at 31 December 2025 was 6,608 thousand euros (6,026 thousand euros as at 31 December 2024).

The members of Senior Management and the Internal Audit Officer of Banco Sabadell as at 31 December 2025, not including Executive Directors on the Board, are the following:

General Managers	Area of responsibility
Gonzalo Barettino Coloma	General Secretariat
Elena Carrera Crespo	Operations & Technology
Sergio Alejandro Palavecino Tomé	Financial
Cristóbal Paredes Camuñas	Corporate & Investment Banking
Carlos Paz Rubio	Risk
Marcos Prat Rojo	Strategy & Efficiency
Sonia Quibus Rodríguez	People & Sustainability
Jorge Rodríguez Maroto	Retail Banking
Carlos Ventura Santamans	Business Banking & Network
Virginia Zafra de Llera	Communication & Corporate Image
Deputy General Manager - Internal Audit Officer	**Area of responsibility**
Nuria Lázaro Rubio	Internal Audit

Details of existing agreements between the company and members of the Board and management staff with regard to severance pay are set out in the Annual Corporate Governance Report, which is included for reference purposes in the Directors' Report.

From 1 January 2025, organisational changes approved at the end of 2024 were implemented, namely the appointment of Marc Armengol Dulcet, Chief Operations and Technology Officer, as Chief Executive Officer of the UK subsidiary TSB, and the appointment of Elena Carrera Crespo as Chief Operations and Technology Officer, taking on his responsibilities. Moreover, the Sustainability division was embedded within the People division, while the Efficiency division became part of the Strategy division.

At its meeting of 30 October 2024, the Board of Directors appointed Sergio Alejandro Palavecino Tomé as Chief Financial Officer and General Manager of Banco Sabadell, subject to obtaining a statement of no objection to his suitability from the European Central Bank and effective as from that time. The Board also approved his inclusion as a member of Banco Sabadell's Management Committee during that same meeting. On 15 January 2025, a statement of no objection to that role was obtained from the European Central Bank.

At its meeting of 23 July 2025, the Board of Directors appointed Virginia Zafra de Llera, Head of Communication & Corporate Image, as General Manager of Banco Sabadell, subject to obtaining a statement of no objection to her suitability from the European Central Bank and effective as from that time. The Board also approved her inclusion as a member of Banco Sabadell's Management Committee during that same meeting. On 8 October 2025, a statement of no objection to that role was obtained from the European Central Bank.

Other information relating to the Board

In accordance with the provisions of Article 229 of Royal Legislative Decree 1/2010 of 2 July, approving the restated text of the Capital Companies Act in relation to the duty to avoid situations of conflict of interest, and without prejudice to the provisions of Article 529 *vicies et seq.* of the aforesaid Act[5], directors have reported to the company that, during 2025, they or parties related to them, as defined in Article 231 of the Capital Companies Act:

- Have not carried out transactions with the company without taking into account usual operations, performed under standard conditions for customers and whose amount is immaterial, understanding such operations to be those that do not need to be reported to give a true and fair view of the company's equity, financial situation and income, or any operations carried out and considered to be "related-party transactions" in accordance with Article 529 *vicies* of the Capital Companies Act, having applied the corresponding approval procedure and reporting requirement, in accordance with Articles 529 *unvicies et seq.* of the aforesaid Capital Companies Act.

[5] Related-party transactions are governed by their own special regime.

- Have not used the name of the company or their position as director to unduly influence the performance of personal transactions.
- Have not made use of corporate assets, including the company's confidential information, for personal purposes.
- Have not taken undue advantage of the company's business opportunities.
- Have not obtained advantages or remuneration from third parties other than the company or its Group in connection with the performance of their duties, with the exception of acts of mere courtesy.
- Have not carried out activities on their own behalf or on behalf of a third party that involve competition with the company, whether on an isolated or potential basis, or that might otherwise place them in permanent conflict with the company's interests.

The Bank has entered into a civil liability insurance policy for 2025 that covers the Institution's directors and senior management staff. The total premium paid was 1,520 thousand euros (1,360 thousand euros in 2024).

Note 38 – Other information

Transactions with significant shareholders

No major transactions with significant shareholders were carried out during 2025 and 2024.

Environmental disclosures

In light of the challenges posed by climate change and in its capacity as a financial institution, Banco Sabadell Group has an important role to play in the transition towards a sustainable economy and in actively pursuing the goals of the Paris Agreement and the 2030 Agenda. To that end, it has developed an Environmental, Social and Governance (ESG) framework for action, in line with the Sustainable Development Goals (SDGs), setting climate action (SDG 13) as one of its business priorities.

Through its Sustainability Policy and its Environmental and Social Risk Framework, Banco Sabadell steers its activities and organisational structure in line with ESG criteria. The integration of these factors is reflected both in decision-making and when meeting the expectations of its stakeholders. This perspective has also been adopted by subsidiaries, including those located abroad, which have incorporated these principles into their own commitments.

As a financial institution, Banco Sabadell plays an essential role in building a more inclusive and low-carbon economy. This involves mobilising resources, identifying emerging technologies, generating new opportunities and developing internal capabilities to embed sustainability into all of its business areas. The Bank also actively manages the ESG risks in its portfolio, minimises their impact and channels funding to key investments to achieve the targets of the Paris Agreement, the European Green Deal and the 2030 Agenda.

Against this backdrop, and in order to expedite the economic and social transformations necessary for sustainable development, since 2022 the Bank has incorporated ESG factors into its strategy, business model and governance arrangements, establishing specific goals and milestones, structured around four strategic pillars:

- Become a top provider of advisory services for sustainable business, supporting customers with a competitive edge as a value lever for creating and acquiring banking business.
- Minimise the impact of ESG risk through proactive management to mitigate potential effects to uphold business profitability.
- Progress as a sustainable institution, driving the transition towards a leading, sustainable organisation, promoting exemplary conduct and strengthening the sense of belonging.
- Achieve market recognition by capitalising on the value added for the benefit of the various stakeholder groups.

Additionally, the Bank continues to make progress in the area of sustainable finance with its ESG Activities Plan, which ensures achievement of the targets stemming from new regulatory requirements. This plan has an impact on strategy, governance, risk management and transparency and is subject to regular monitoring by the Sustainability Committee. Its main lines of action include mobilising resources in sustainable finance, enhancing market disclosures and driving mechanisms that promote sustainable progress in areas such as communications, training and measurement.

Given the activities in which it is engaged, as at 31 December 2025, the Bank does not have any responsibilities, expenses, assets, revenues, provisions or contingencies of an environmental nature that could be deemed significant with respect to its equity, financial position or profit or loss; therefore, no specific disclosures are included in the environmental disclosures document provided for in Order JUS/616/2022 of 30 June, approving the new templates for the submission to the Companies Register of the annual financial statements of institutions required to publish them.

For further details, see the Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report), which forms part of the consolidated Directors' Report.

Relationships with agents

In accordance with Article 21 of Royal Decree 84/2015 of 13 February, implementing Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions, the Bank has not kept any agency contracts in force with agents authorised to operate on a frequent basis with its customers, in the name of or on behalf of the principal, to negotiate or arrange transactions typical of the activity of a credit institution.

Customer Care Service (*Servicio de Atención al Cliente*, or SAC)

The SAC and its head, who is appointed by the Board of Directors, report directly to the Compliance division and are independent of the Bank's business and operational lines. The main function of the SAC is to handle and resolve complaints and claims brought forward by customers and users of the financial services of Banco de Sabadell, S.A. and the entities that adhere to the relevant regulations, where these relate to their interests and legally recognised rights arising from contracts, transparency and customer protection regulations or good financial practices and uses, in accordance with the Banco Sabadell Regulations for the Protection of Customers and Users of Financial Services.

In addition, the SAC can issue recommendations or suggestions derived from the analysis of complaints and claims received by the SAC.

The following entities adhere to the SAC Terms of Reference: Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

In 2025, the Customer Care Service received 63,164 complaints, and 62,966 complaints were handled, with 1,762 claims and complaints pending analysis as at 31 December 2025 (1,564 claims and complaints pending analysis as at 31 December 2024).

Details of complaints received by the SAC in 2025, broken down by type of product or service, are provided here below:

	Complaints	% of total received
Product		
Loans and credit secured with mortgages	17,074	27.0%
Loans and credit not secured with collateral	12,905	20.4%
Demand deposits and payment accounts	24,233	38.4%
Payment instruments and electronic money	3,490	5.5%
Other payment services	3,069	4.9%
Other products/services	1,679	2.7%
Other products	714	1.1%
Total	**63,164**	**100.0%**

Complaints and claims processed by SAC at first instance

During 2025, the SAC received 62,203 complaints and claims, in accordance with the provisions of Order ECO 734/2004 of 11 March and 61,955 have been processed. Of these, 51,218 complaints and claims were accepted and resolved, and 10,737 were refused due to reasons set out in the SAC Terms of Reference.

Of the total number of complaints and claims accepted for processing and resolved by the SAC, 31,286 (61.1%) were resolved in the customer's favour, 19,918 (38.9%) in the Institution's favour and in 14 cases the customer withdrew their complaint.

Of the total number of complaints and claims accepted for processing and resolved by the SAC, 38,431 (75.0%) were processed within a period of 15 working days, 11,823 (23.1%) within a period of less than one month and 964 (1.9%) within a period longer than one month.

Complaints and claims managed by the Ombudsman

Until 31 January 2025, Banco Sabadell employed a Customer Ombudsman, a role held by José Luis Gómez-Dégano y Ceballos-Zúñiga, who was in charge of resolving complaints and claims, at both first and second instance, as well as issues referred by the SAC. The Ombudsman's decisions were binding on the Institution. From that date onwards, the Institution no longer employed this role, with the SAC directly managing claims and complaints in accordance with prevailing regulations.

During 2025, up to 31 January, the SAC received a total of 216 claims and complaints and processed 275.

With respect to claims and complaints resolved by the Ombudsman prior to his departure, 87 complaints were resolved in the customer's favour, 93 were resolved in the Institution's favour, in 1 case the customer withdrew their complaint, and 94 complaints were rejected pursuant to the applicable regulation.

Complaints and claims managed by the Bank of Spain and the CNMV

Under current legislation, customers or users who are dissatisfied with the response received from the SAC may submit their claims and complaints to the Market Conduct and Complaints Department of the Bank of Spain or to the CNMV, subject to the essential prerequisite of having previously addressed their complaint or claim to the Institution.

The SAC received a total of 745 complaints referred by the Bank of Spain and the CNMV up to 31 December 2025. In 2025, taking into account complaints that remained pending at the end of the previous year, 554 were accepted for processing and resolved.

Note 39 – Subsequent events

Since 31 December 2025, there have been no significant events worthy of mention, with the exception of those described below:

As reported through an Other Relevant Information filing dated 5 February 2026, at its meeting on that same date, the Board of Directors, in agreement with César González-Bueno Mayer, approved his replacement as Chief Executive Officer of Banco Sabadell and accepted his resignation as a Director of the Institution, effective as of the upcoming Annual General Meeting. The Board of Directors also approved the appointment of Marc Armengol Dulcet as a new Executive Director with the status of Chief Executive Officer to fill the vacancy that will arise from César González-Bueno Mayer's resignation. With a view to ensuring continuity in the performance of the duties associated with the position of Chief Executive Officer and promoting an orderly transition, the resignation and appointment will take effect at the end of the Bank's upcoming Annual General Meeting, provided that the European Central Bank's fit and proper assessment for the appointment of Marc Armengol Dulcet has been received by that time. If received after the aforementioned General Meeting, the handover will take place on the date on which such fit and proper assessment is received.

Moreover, at the aforementioned meeting of 5 February 2026, the Board of Directors approved the appointment of Carlos Ventura Santamans as Executive Director of this body, with responsibility for the business in Spain, encompassing Business Banking, Retail Banking, Private Banking and the branch network.

Schedule I – Banco Sabadell Group companies

Banco Sabadell Group companies as at 31 December 2025 consolidated by the full consolidation method

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data					Group investment	Contribution to reserves or losses in consolidated companies	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/ (loss)	Dividends paid	Total assets			
Aurica Coinvestments, S.L.	Holding	Barcelona - Spain	—	61.76	50,594	(2,244)	4,715	2,614	53,141	31,247	(12,020)	(1,879)
Banco de Sabadell, S.A.	Credit institution	Sabadell - Spain	—	—	627,960	9,558,321	1,711,813	—	192,528,628	—	14,381,559	1,150,599
Banco Sabadell, S.A., Institución de Banca Múltiple	Credit institution	Mexico City - Mexico	99.99	0.01	785,940	10,151	60,399	—	7,623,728	754,744	82,427	63,842
BanSabadell Factura, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	100.00	—	100	2,163	720	—	3,317	799	1,465	720
BanSabadell Inversió Desenvolupament, S.A.U.	Holding	Sant Cugat del Vallès - Spain	100.00	—	16,975	190,675	45,955	—	255,617	108,828	146,436	3,397
Bansabadell Mediación, Operador De Banca-Seguros Vinculado Del Grupo Banco Sabadell, S.A.	Other regulated companies	Alicante - Spain	—	100.00	301	59	3,886	3,468	49,546	524	(2,404)	4,084
BanSabadell Reassurance, S.A.	Other regulated companies	Luxembourg - Luxembourg	100.00	—	6,600	(83)	(111)	—	6,536	6,600	(83)	(111)
Bitarte, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	6,506	(1,955)	34	—	4,598	9,272	(4,661)	66
BStartup 10, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	1,000	5,575	1,026	—	14,697	1,000	1,457	86
Crisae Private Debt, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	—	100.00	3	741	187	—	1,023	200	544	187
Duncan Holdings 2022-1 Limited (*)	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	9,306	(2,065)
Duncan Holdings 2024-1 Limited (*)	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
Ederra, S.A.	Real estate	Sant Cugat del Vallès - Spain	97.85	—	2,036	34,822	(439)	—	36,622	36,062	292	116
Energíes Renovables Terra Ferma, S.L.	Production of electricity	Barcelona - Spain	—	100.00	6	4,161	(38)	—	11,580	2,784	(79)	(38)
ESUS Energía Renovable, S.L. (*)	Production of electricity	Vigo - Spain	—	100.00	8,000	3,523	(122)	—	98,954	13,115	(2,833)	(1,657)
Fonomed Gestión Telefónica Mediterráneo, S.A.U.	Other ancillary activities	Alicante - Spain	100.00	—	1,232	21,522	583	—	23,958	19,271	3,297	583
Gazteluberri, S.L.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	53	2,467	(716)	—	1,810	47,919	(45,398)	(716)
Gest 21 Inmobiliaria, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	7,810	1,166	(26)	—	8,955	80,516	(46,673)	(16)
Gestión Financiera del Mediterráneo, S.A.U.	Other financial services	Alicante - Spain	100.00	—	13,000	2,600	4,096	4,373	19,839	66,787	(47,726)	634
Guipuzcoano Promoción Empresarial, S.L.	Holding	Sant Cugat del Vallès - Spain	—	100.00	53	3,559	(313)	—	3,301	91,067	(87,456)	(313)
Hobalear, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	60	87	4	—	152	414	87	4
Hondarriberri, S.L.	Holding	Sant Cugat del Vallès - Spain	99.99	0.01	41	9,651	28,868	—	38,563	165,669	97,977	30,192
Hotel Management 6 Gestión Activa, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	135,730	27,969	(767)	—	162,932	136,335	26,480	117
Interstate Property Holdings, LLC.	Holding	Miami - United States	100.00	—	7,293	(1,094)	207	—	6,465	3,804	8,363	207
Inverán Gestión, S.L. in Liquidation	Real estate	Sant Cugat del Vallès - Spain	44.83	55.17	90	(104)	(6)	—	94	45,090	(45,104)	(6)
Inversiones Cotizadas del Mediterráneo, S.L.	Holding	Alicante - Spain	100.00	—	308,000	223,217	6,569	—	898,688	589,523	(58,306)	6,569
Manston Invest, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	33,357	(13,851)	(107)	—	19,554	33,357	(13,851)	(107)
Mariñamendi, S.L.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	62	3,954	(288)	—	3,729	125,203	(121,141)	(333)
Mediterráneo Sabadell, S.L.	Holding	Alicante - Spain	50.00	50.00	85,000	17,950	1,742	—	105,442	510,829	(407,879)	1,742
Paycomet, S.L.U.	Payment institution	Torrelodones - Spain	100.00	—	200	99,902	9,340	—	146,436	103,104	27,997	8,081
Puerto Pacific Vallarta, S.A. de C.V.	Real estate	Mexico City - Mexico	—	100.00	28,947	(16,417)	(35)	—	12,495	29,164	(12,382)	(35)
Ripollet Gestión, S.L.U.	Other financial services	Sant Cugat del Vallès - Spain	100.00	—	20	461	(178)	—	744,584	593	(113)	(178)
Rubí Gestión, S.L.U.	Other financial services	Sant Cugat del Vallès - Spain	100.00	—	3	47	(6)	—	771,305	103	(53)	(6)
Sabadell Consumer Finance, S.A.U.	Credit institution	Sabadell - Spain	100.00	—	35,720	102,768	8,773	—	2,853,378	72,232	71,178	8,773
Sabadell Information Systems Limited	Provision of technology services	London - United Kingdom	—	100.00	12,036	22,059	327	—	34,791	41,296	(7,454)	327

Banco Sabadell Group companies as at 31 December 2025 consolidated by the full consolidation method

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data					Group investment	Contribution to reserves or losses in consolidated companies	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/ (loss)	Dividends paid	Total assets			
Sabadell Digital, S.A.U.	Provision of technology services	Sabadell - Spain	100.00	—	40,243	288,717	31,324	—	1,573,026	269,695	44,585	20,322
Sabadell Innovation Capital, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	1,000	34,555	(138)	—	37,267	1,000	(8,592)	(139)
Sabadell Patrimonio Inmobiliario, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	30,116	786,550	(1,725)	—	816,094	863,895	(47,268)	(1,686)
Sabadell Real Estate Activos, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	100,060	233,993	(546)	—	333,738	500,622	(166,570)	(546)
Sabadell Real Estate Development, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	15,807	117,952	(17,826)	—	779,603	4,748,442	(4,597,634)	(20,833)
Sabadell Real Estate Housing, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	2,073	670	136	—	3,057	23,792	(21,050)	136
Sabadell Securities USA, Inc.	Other financial services	Miami - United States	100.00	—	551	7,235	1,378	—	9,327	551	7,289	1,378
Sabadell Strategic Consulting, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	100.00	—	3	1,149	253	—	2,205	3	1,149	253
Sabadell Venture Capital, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	3	23,000	6,209	—	86,544	3	16,208	3,329
Sinia Capital, S.A. de C.V.	Holding	Mexico City - Mexico	—	100.00	20,830	7,917	2,507	—	45,052	19,891	6,596	3,834
Sinia Renovables, S.A.U.	Trusts, funds and similar financial entities	Sant Cugat del Vallès - Spain	100.00	—	15,000	13,674	(8,676)	—	225,686	15,000	14,287	(5,126)
Sogeviso Servicios Gestión Vivienda Innovación Social, S.L.U.	Real estate	Alicante - Spain	100.00	—	3	9,990	(280)	—	11,027	3	11,586	(280)
Stonington Spain, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	60,729	(12,003)	(141)	—	48,923	60,729	(12,002)	(141)
Tenedora de Inversiones y Participaciones, S.L.	Holding	Alicante - Spain	100.00	—	296,092	(77,429)	1,114	—	220,327	3,109,477	(2,890,814)	1,114
TSB Bank plc (*)	Credit institution	Edinburgh - United Kingdom	—	100.00	90,710	2,286,455	295,249	20,534	51,827,956	2,107,940	317,740	311,221
TSB Banking Group plc (*)	Holding	London - United Kingdom	100.00	—	7,028	2,090,005	30,558	—	3,226,268	2,487,197	(296,635)	6,358
TSB Banking Group plc Employee Share Trust (*)	Other ancillary activities	Saint Helier - Jersey	—	100.00	1	(16,924)	(425)	—	334	—	(17,065)	1
TSB Covered Bonds (Holdings) Limited (*)	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
TSB Covered Bonds (LM) Limited (*)	Other ancillary activities	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
TSB Covered Bonds LLP (*)	Trusts, funds and similar financial entities	London - United Kingdom	—	100.00	1	82	(123)	—	9	—	(75)	(123)
Urquijo Gestión, S.A.U., S.G.I.I.C.	Fund management activities	Madrid - Spain	100.00	—	3,606	9,661	6,811	—	25,774	3,084	10,183	6,811
VeA Rental Homes , S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	5,000	(580)	111	—	5,374	24,000	(19,579)	111
Venture Debt SVC, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	3	—	—	—	5,292	3	—	—
Total								**30,989**		**17,362,778**	**6,295,588**	**1,598,860**

(*) Company classified as a non-current asset held for sale (see Note 1.4).

Banco Sabadell Group companies as at 31 December 2025 accounted for using the equity method (*)

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data (a)					Group investment	Contribution to reserves or losses in consolidated companies (d)	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/(loss) (b)	Dividends paid (c)	Total assets			
Aurica III, Fondo de Capital Riesgo	Trusts, funds and similar financial entities	Barcelona - Spain	—	47.50	30,127	(41,523)	44,823	31,996	32,224	13,758	(6,122)	7,927
Aurica IIIB, S.C.R., S.A.	Trusts, funds and similar financial entities	Barcelona - Spain	—	42.85	1,382	(10,071)	30,229	19,453	21,794	12,520	(7,870)	4,844
BanSabadell Pensiones, E.G.F.P., S.A.	Other regulated companies	Madrid - Spain	50.00	—	7,813	44,728	4,959	—	61,262	40,378	(14,064)	2,479
BanSabadell Seguros Generales, S.A. de Seguros y Reaseguros	Other regulated companies	Madrid - Spain	50.00	—	10,000	55,795	34,575	26,000	303,757	34,000	(297)	17,260
BanSabadell Vida, S.A. de Seguros y Reaseguros	Other regulated companies	Madrid - Spain	50.00	—	43,858	265,455	254,005	130,000	11,537,534	27,106	89,906	134,699
Catalana de Biogás Iberia, S.L.	Technical advice, engineering and management services for property development, construction and operation of projects and installations for the generation or transformation of energy produced from renewable sources	Barcelona - Spain	—	24.90	10	(1,592)	1	—	1	2	(2)	—
Conecta2 Generación Renovable II, S.L.U.	Production of other types of electricity	Sant Cugat del Vallès - Spain	—	49.00	2,961	—	—	—	13,927	1,451	—	—
Doctor Energy Central Services, S.L.	Business and other management consultancy activities	Granollers - Spain	—	21.61	381	(221)	8	—	1,356	116	(67)	(12)
Enerlan Solutions, S.L.	Production of electricity	Leioa - Spain	—	19.00	3	336	(73)	—	507	274	(243)	20
Financiera Iberoamericana, S.A.	Other regulated companies	Havana - Cuba	50.00	—	38,288	12,522	8,696	3,775	97,687	19,144	5,020	4,231
Flex Equipos de Descanso, S.A.	Manufacturing	Getafe - Spain	—	19.16	66,071	23,922	6,299	4,791	340,518	50,930	32,454	4,791
Ingubide, S.L.	Production of electricity	Leioa - Spain	—	19.00	3	164	(83)	—	508	152	(140)	4
Murcia Emprende, S.C.R. de R.S., S.A.	Other financial services	Murcia - Spain	28.70	—	2,557	487	1,124	—	4,231	2,026	(1,130)	300
Parque Eólico Casa Vieja, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Parque Eólico Villaumbrales, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	763	267	(15)	—
Parque Eólico Perales, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Parque Eólico Los Pedrejones, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Portic Barcelona, S.A.	Data processing, hosting and related activities	Barcelona - Spain	25.81	—	291	1,903	185	—	2,532	5	505	104
SBD Creixent, S.A.	Real estate	Sabadell - Spain	23.05	—	5,965	(84)	342	—	6,487	3,524	(2,153)	63
Sydinia, S.L.	Production of electricity	Albacete - Spain	—	50.00	500	(376)	1	—	1	281	(60)	(159)
Total								**216,015**		**206,735**	**95,677**	**176,551**

(*) Companies accounted for using the equity method as the Group does not have control over them but does have significant influence.

(a) Figures for foreign companies translated to euros at the historical exchange rate; amounts in the consolidated income statement translated at the average exchange rate.

(b) Results pending approval at Annual General Meeting of Shareholders and Members.

(c) Includes final dividends from previous year and interim dividends paid to Group.

(d) The heading “Reserves or accumulated losses of investments in joint ventures and associates” on the consolidated balance sheet as at 31 December 2025 also includes -65,353 thousand euros corresponding to Promontoria Challenger I, S.A., an entity classified as a non-current asset held for sale.

The balance of total revenue from associates consolidated by the equity method and individually considered to be non-material amounts to 675,576 thousand euros as at 31 December 2025. The balance of liabilities as at the end of 2025 amounts to 518,677 thousand euros.

Changes in the scope of consolidation in 2025

Additions to the scope of consolidation:

Thousand euro

Name of entity (or line of business) acquired or merged	Category	Effective date of the transaction	Fair value of equity instruments issued for the acquisition		% Voting rights acquired	% Total voting rights	Type of shareholding	Method	Reason
			Acquisition cost	Fair value of equity instruments issued for the acquisition					
Energíes Renovables Terra Ferma, S.L.	Subsidiary	16/12/2025	2,784	—	50.00%	100.00%	Indirect	Full consolidation	a

(a) Acquisition of shareholdings and change in method of consolidation.

Exclusions from the scope of consolidation:

Thousand euro

Name of entity (or line of business) sold, spun off or otherwise disposed of	Category	Effective date of the transaction	% Voting rights disposed of	% Total voting rights following disposal	Profit or loss generated	Type of shareholding	Method	Reason
Desarrollos y Participaciones Inmobiliarias 2006, S.L.U. in Liquidation	Subsidiary	09/01/2025	100.00%	—%	—	Indirect	Full consolidation	a
Sabcapital, S.A de C.V., SOFOM, E.R.	Subsidiary	01/01/2025	100.00%	—%	—	Direct / Indirect	Full consolidation	b
Tasaciones de Bienes Mediterráneo, S.A. in Liquidation	Subsidiary	15/07/2025	100.00%	—%	(18)	Direct	Full consolidation	a
Banco Atlantico (Bahamas) Bank & Trust Ltd. in Liquidation	Subsidiary	11/02/2025	100.00%	—%	—	Direct	Full consolidation	a
Gier Operations 2021, S.L.U. in Liquidation	Subsidiary	03/02/2025	100.00%	—%	—	Direct	Full consolidation	a
Energíes Renovables Terra Ferma, S.L.	Associate	16/12/2025	50.00%	—%	—	Indirect	Equity method	c
Other					2,157			
Total					**2,139**			

(a) Removed from the scope due to dissolution and/or liquidation.

(b) Removed from the scope due to merger by absorption.

(a) Acquisition of shareholdings and change in method of consolidation.

Banco Sabadell Group companies as at 31 December 2024 consolidated by the full consolidation method

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data					Group investment	Contribution to reserves or losses in consolidated companies	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/ (loss)	Dividends paid	Total assets			
Aurica Coinvestments, S.L.	Holding	Barcelona - Spain	—	61.76	50,594	(2,726)	4,715	2,614	52,659	31,247	(15,192)	(1,879)
Banco Atlantico (Bahamas) Bank & Trust Ltd. in Liquidation	Credit institution	Nassau - Bahamas	99.99	0.01	—	142	(142)	—	—	—	—	(142)
Banco de Sabadell, S.A. (*)	Credit institution	Alicante - Spain	—	—	680,028	10,619,973	1,505,815	—	184,332,055	—	13,785,066	1,270,615
Banco Sabadell, S.A., Institución de Banca Múltiple	Credit institution	Mexico City - Mexico	99.99	0.01	635,734	(6,956)	39,706	—	5,985,029	673,037	(39,889)	21,207
BanSabadell Factura, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	100.00	—	100	1,425	738	—	2,695	799	727	738
BanSabadell Inversió Desenvolupament, S.A.U.	Holding	Sant Cugat del Vallès - Spain	100.00	—	16,975	185,352	5,200	—	211,243	108,828	94,999	5,879
Bansabadell Mediación, Operador De Banca-Seguros Vinculado Del Grupo Banco Sabadell, S.A.	Other regulated companies	Alicante - Spain	—	100.00	301	60	3,468	3,110	41,774	524	(2,404)	3,468
BanSabadell Reassurance, S.A.	Other regulated companies	Luxembourg - Luxembourg	100.00	—	3,600	—	(90)	—	3,580	3,600	—	(90)
Bitarte, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	6,506	(2,048)	94	—	4,441	9,272	(4,755)	94
BStartup 10, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	1,000	4,827	717	—	13,653	1,000	493	(265)
Crisae Private Debt, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	—	100.00	3	489	252	—	882	200	292	252
Desarrollos y Participaciones Inmobiliarias 2006, S.L.U. in Liquidation	Real estate	Elche - Spain	—	100.00	—	—	—	—	1,644	—	—	(2,127)
Duncan Holdings 2022-1 Limited	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	4,523	4,783
Duncan Holdings 2024-1 Limited	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
Ederra, S.A.	Real estate	Sant Cugat del Vallès - Spain	97.85	—	2,036	34,012	810	—	36,933	36,062	(541)	833
ESUS Energía Renovable, S.L.	Production of electricity	Vigo - Spain	—	100.00	8,000	4,182	(685)	—	43,918	13,115	(1,598)	(1,235)
Fonomed Gestión Telefónica Mediterráneo, S.A.U.	Other ancillary activities	Alicante - Spain	100.00	—	1,232	21,084	459	—	23,355	19,271	2,773	524
Gazteluberri, S.L.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	53	(20,875)	(686)	—	1,802	23,891	(44,712)	(686)
Gest 21 Inmobiliaria, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	7,810	1,164	(8)	—	8,976	80,516	(46,665)	(8)
Gestión Financiera del Mediterráneo, S.A.U.	Other financial services	Alicante - Spain	100.00	—	13,000	2,600	4,373	6,052	20,087	66,787	(48,083)	1,182
Gier Operations 2021, S.L.U. in Liquidation	Other ancillary activities	Andorra - Andorra	100.00	—	—	16	(16)	—	—	—	—	(16)
Guipuzcoano Promoción Empresarial, S.L.	Holding	Sant Cugat del Vallès - Spain	—	100.00	53	(77,366)	(2,982)	—	5,159	7,160	(84,474)	(2,982)
Hobalear, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	60	85	2	—	148	414	85	2
Hondarriberri, S.L.	Holding	Sant Cugat del Vallès - Spain	99.99	0.01	41	9,052	599	—	19,068	165,669	93,672	4,304
Hotel Management 6 Gestión Activa, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	135,730	28,082	(997)	—	162,816	136,335	27,476	(531)
Interstate Property Holdings, LLC.	Holding	Miami - United States	100.00	—	7,293	(525)	252	—	7,150	3,804	8,111	252
Inverán Gestión, S.L. in Liquidation	Real estate	Sant Cugat del Vallès - Spain	44.83	55.17	90	(96)	(8)	—	42	45,090	(45,096)	(8)
Inversiones Cotizadas del Mediterráneo, S.L.	Holding	Alicante - Spain	100.00	—	308,000	214,897	8,184	—	988,722	589,523	(66,490)	8,184
Manston Invest, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	33,357	(13,783)	(68)	—	19,794	33,357	(13,783)	(68)
Mariñamendi, S.L.	Real estate	Sant Cugat del Vallès - Spain	—	100.00	62	(11,640)	(34)	—	3,842	109,529	(121,108)	(34)
Mediterráneo Sabadell, S.L.	Holding	Alicante - Spain	50.00	50.00	85,000	17,696	254	—	103,063	510,829	(408,133)	254
Paycomet, S.L.U.	Payment institution	Torrelodones - Spain	100.00	—	200	90,604	7,941	—	145,748	103,104	22,983	5,047
Puerto Pacific Vallarta, S.A. de C.V.	Real estate	Mexico City - Mexico	—	100.00	28,947	(16,624)	(44)	—	12,279	29,164	(12,338)	(44)
Ripollet Gestión, S.L.U.	Other financial services	Sant Cugat del Vallès - Spain	100.00	—	20	28	433	—	609,611	593	(546)	433
Rubí Gestión, S.L.U.	Other financial services	Sant Cugat del Vallès - Spain	100.00	—	3	8	(11)	—	518,988	53	(42)	(11)
Sabadell Consumer Finance, S.A.U.	Credit institution	Sabadell - Spain	100.00	—	35,720	100,419	2,349	—	2,454,394	72,232	68,829	2,349

Banco Sabadell Group companies as at 31 December 2024 consolidated by the full consolidation method

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data					Group investment	Contribution to reserves or losses in consolidated companies	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/ (loss)	Dividends paid	Total assets			
Sabadell Information Systems Limited	Provision of technology services	London - United Kingdom	—	100.00	12,036	23,479	362	—	36,179	41,296	(7,743)	289
Sabadell Digital, S.A.U.	Provision of technology services	Sabadell - Spain	100.00	—	40,243	190,801	99,391	—	1,541,892	269,695	(43,832)	86,391
Sabadell Innovation Capital, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	1,000	39,996	7	—	42,616	1,000	(8,598)	7
Sabadell Patrimonio Inmobiliario, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	30,116	789,225	(2,714)	—	817,652	863,895	(44,554)	(2,714)
Sabadell Real Estate Activos, S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	100,060	234,017	(25)	—	334,336	500,622	(166,545)	(25)
Sabadell Real Estate Development, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	15,807	131,841	(14,053)	—	822,125	4,748,442	(4,585,579)	(12,055)
Sabadell Real Estate Housing, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	2,073	682	(12)	—	4,902	23,792	(21,038)	(12)
Sabadell Securities USA, Inc.	Other financial services	Miami - United States	100.00	—	551	7,405	911	—	9,123	551	6,378	911
Sabadell Strategic Consulting, S.L.U.	Other ancillary activities	Sant Cugat del Vallès - Spain	100.00	—	3	890	259	—	2,186	3	890	259
Sabadell Venture Capital, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	3	24,564	(1,378)	—	80,562	3	11,595	1,182
Sabcapital, S.A de C.V., SOFOM, E.R.	Other financial corporations	Mexico City - Mexico	49.00	51.00	127,864	62,548	34,259	—	1,205,596	121,781	66,835	34,282
Sinia Capital, S.A. de C.V.	Holding	Mexico City - Mexico	—	100.00	20,830	2,041	4,284	—	50,342	19,492	2,811	3,785
Sinia Renovables, S.A.U.	Trusts, funds and similar financial entities	Sant Cugat del Vallès - Spain	100.00	—	15,000	12,663	1,827	—	208,328	15,000	11,731	1,790
Sogeviso Servicios Gestión Vivienda Innovación Social, S.L.U.	Real estate	Alicante - Spain	100.00	—	3	10,208	(217)	—	11,112	3	11,102	484
Stonington Spain, S.L.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	60,729	(11,945)	(57)	—	49,119	60,729	(11,945)	(57)
Tasaciones de Bienes Mediterráneo, S.A. in Liquidation	Other ancillary activities	Alicante - Spain	99.88	0.12	1,000	1,504	(1)	—	2,552	5,266	(2,763)	—
Tenedora de Inversiones y Participaciones, S.L.	Holding	Alicante - Spain	100.00	—	296,092	(148,006)	(42,923)	—	288,605	2,995,977	(2,868,514)	(20,172)
TSB Bank plc	Credit institution	Edinburgh - United Kingdom	—	100.00	90,710	2,213,207	236,132	354,477	55,535,233	2,110,033	428,595	245,345
TSB Banking Group plc	Holding	London - United Kingdom	100.00	—	7,028	2,224,146	359,284	140,097	4,045,597	2,527,195	(269,497)	1,096
TSB Banking Group plc Employee Share Trust	Other ancillary activities	Saint Helier - Jersey	—	100.00	1	(18,182)	84	—	321	—	(16,904)	2
TSB Covered Bonds (Holdings) Limited	Holding	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
TSB Covered Bonds (LM) Limited	Other ancillary activities	London - United Kingdom	—	100.00	1	—	—	—	1	—	—	—
TSB Covered Bonds LLP	Trusts, funds and similar financial entities	London - United Kingdom	—	100.00	1	8,263	(99)	—	8,216	—	24	(99)
Urquijo Gestión, S.A.U., S.G.I.I.C.	Fund management activities	Madrid - Spain	100.00	—	3,606	3,322	6,339	—	18,610	3,084	3,844	6,339
VeA Rental Homes , S.A.U.	Real estate	Sant Cugat del Vallès - Spain	100.00	—	5,000	(451)	(129)	—	10,974	24,000	(19,451)	(131)
Venture Debt SVC, S.L.U.	Holding	Sant Cugat del Vallès - Spain	—	100.00	3	—	—	—	5,059	3	—	—
Total								**506,350**		**17,206,867**	**5,631,022**	**1,667,171**

(*) The amount reported in “Contribution to reserves or losses in consolidated companies” and in “Contribution to Group consolidated profit/(loss)” includes contributions by companies that were removed from the scope during 2024 of 0 euros and -465 thousand euros, respectively.

Banco Sabadell Group companies as at 31 December 2024 accounted for using the equity method (*)

Thousand euro

Company name	Line of business	Registered office	% shareholding		Company data (a)					Group investment	Contribution to reserves or losses in consolidated companies (d)	Contribution to Group consolidated profit/(loss)
			Direct	Indirect	Capital	Other equity	Profit/(loss) (b)	Dividends paid (c)	Total assets			
Aurica III, Fondo de Capital Riesgo	Trusts, funds and similar financial entities	Barcelona - Spain	—	47.50	51,130	2,023	1,411	—	54,729	24,318	6,243	9,072
Aurica IIIB, S.C.R., S.A.	Trusts, funds and similar financial entities	Barcelona - Spain	—	42.85	1,382	34,409	947	—	36,849	12,520	6,070	5,513
BanSabadell Pensiones, E.G.F.P., S.A.	Other regulated companies	Madrid - Spain	50.00	—	7,813	38,281	6,357	—	56,190	40,378	(17,243)	3,179
BanSabadell Seguros Generales, S.A. de Seguros y Reaseguros	Other regulated companies	Madrid - Spain	50.00	—	10,000	74,168	32,470	20,450	313,846	34,000	7,412	18,291
BanSabadell Vida, S.A. de Seguros y Reaseguros	Other regulated companies	Madrid - Spain	50.00	—	43,858	302,336	209,524	73,550	9,701,128	27,106	105,185	114,721
Catalana de Biogás Iberia, S.L.	Production of electricity	Barcelona - Spain	—	24.90	10	(864)	1	—	1	2	(2)	—
Conecta2 Generación Renovable II, S.L.U.	Production of other types of electricity	Sant Cugat del Vallès - Spain	—	49.00	2,961	—	—	—	13,521	1,451	—	—
Doctor Energy Central Services, S.L.	Business and other management consultancy activities	Granollers - Spain	—	21.61	381	(36)	(119)	—	1,356	116	(69)	2
Energíes Renovables Terra Ferma, S.L.	Production of electricity	Barcelona - Spain	—	50.00	6	(85)	9	—	3,537	3	(3)	—
Enerlan Solutions, S.L.	Production of electricity	Leioa - Spain	—	19.00	3	147	10	—	753	274	(238)	(6)
Financiera Iberoamericana, S.A.	Other financial corporations	Havana - Cuba	50.00	—	38,288	18,527	9,378	3,405	113,215	19,144	4,709	4,086
Flex Equipos de Descanso, S.A.	Manufacturing	Getafe - Spain	—	19.16	66,071	39,803	5,383	4,791	355,893	50,930	35,329	4,791
Ingubide, S.L.	Production of electricity	Leioa - Spain	—	19.00	3	3	57	—	351	152	(117)	(23)
Murcia Emprende, S.C.R. de R.S., S.A.	Other financial services	Murcia - Spain	28.70	—	2,557	939	(375)	—	3,165	2,026	(1,083)	(47)
Parque Eólico Casa Vieja, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Parque Eólico Villaumbrales, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	763	267	(15)	—
Parque Eólico Perales, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Parque Eólico Los Pedrejones, S.L.	Production of electricity	Ponferrada - Spain	—	50.00	3	500	—	—	633	267	(15)	—
Portic Barcelona, S.A.	Data processing, hosting and related activities	Barcelona - Spain	25.81	—	291	1,887	(203)	—	2,236	5	552	(47)
SBD Creixent, S.A.	Real estate	Sabadell - Spain	23.05	—	5,965	(336)	318	—	6,099	3,524	(2,296)	142
Sydinia, S.L.	Production of electricity	Albacete - Spain	—	50.00	562	(120)	1	—	1	281	(20)	(40)
Total								**102,196**		**217,298**	**144,369**	**159,634**

(*) Companies accounted for using the equity method as the Group does not have control over them but does have significant influence.

(a) Figures for foreign companies translated to euros at the historical exchange rate; amounts in the consolidated income statement translated at the average exchange rate.

(b) Results pending approval at Annual General Meeting of Shareholders and Members.

(c) Includes final dividends from previous year and interim dividends paid to Group.

(d) The heading "Reserves or accumulated losses of investments in joint ventures and associates" on the consolidated balance sheet as at 31 December 2024 also includes -65,353 thousand euros corresponding to Promontoria Challenger I, S.A., an entity classified as a non-current asset held for sale.

The balance of total revenue from associates consolidated by the equity method and individually considered to be non-material amounts to 594,396 thousand euros as at 31 December 2025. The balance of liabilities as at the end of 2024 amounts to 515,474 thousand euros.

Changes in the scope of consolidation in 2024

Additions to the scope of consolidation:

Thousand euro

Name of entity (or line of business) acquired or merged	Category	Effective date of the transaction	Fair value of equity instruments issued for the acquisition		% Voting rights acquired	% Total voting rights	Type of shareholding	Method	Reason
			Acquisition cost	Fair value of equity instruments issued for the acquisition					
BanSabadell Reassurance, S.A.	Subsidiary	15/04/2024	3,600	—	100.00%	100.00%	Direct	Full consolidation	a
Conecta2 Generación Renovable II, S.L.U.	Associate	01/08/2024	1,451	—	49.00%	49.00%	Indirect	Equity method	b
Duncan Holdings 2024-1 Limited	Subsidiary	07/02/2024	—	—	100.00%	100.00%	Indirect	Full consolidation	a

(a) Acquisition of associates.

(b) Added due to acquisition of shares.

Exclusions from the scope of consolidation:

Thousand euro

Name of entity (or line of business) sold, spun off or otherwise disposed of	Category	Effective date of the transaction	% Voting rights disposed of	% Total voting rights following disposal	Profit or loss generated	Type of shareholding	Method	Reason
Plaxic Estelar, S.L.	Associate	03/04/2024	45.01%	— %	—	Indirect	Equity method	a
Hotel Management 6 Holdco, S.L.U.	Subsidiary	23/12/2024	100.00%	— %	(25)	Indirect	Full consolidation	a
Other					1,471			
Total					**1,446**			

(a) Removed from the scope due to dissolution and/or liquidation.

Schedule II – Structured entities - Securitisation funds

Thousand euro

Year	Securitisation funds fully retained on the balance sheet	Originator institution	Total securitised assets as at 31/12/2025	Of which: issued via mortgage transfer certificates (*)	Of which: issued via mortgage participations (*)
2005	TDA CAM 4 F.T.A.	Banco CAM	47,580	8,346	38,728
2005	TDA CAM 5 F.T.A.	Banco CAM	166,110	49,632	115,149
2006	TDA 26-MIXTO, F.T.A.	Banco Guipuzcoano	25,385	927	24,062
2006	TDA CAM 6 F.T.A.	Banco CAM	125,756	54,951	69,320
2006	FTPYME TDA CAM 4 F.T.A.	Banco CAM	37,343	27,232	—
2006	TDA CAM 7 F.T.A.	Banco CAM	201,183	86,391	112,957
2006	CAIXA PENEDES 1 TDA, FTA	BMN- Penedés	64,474	14,494	49,914
2007	TDA 29, F.T.A	Banco Guipuzcoano	36,689	3,793	32,197
2007	TDA CAM 8 F.T.A.	Banco CAM	174,100	48,033	124,246
2007	TDA CAM 9 F.T.A.	Banco CAM	193,848	73,454	119,541
2007	CAIXA PENEDES PYMES 1 TDA, F.T.A.	BMN- Penedés	10,234	9,115	—
2008	CAIXA PENEDES FTGENCAT 1 TDA, FTA	BMN- Penedés	18,108	17,600	—
2009	ICO-FTVPO 1, F.T.H (CP)	BMN- Penedés	290	—	290
2022	SABADELL CONSUMO 2, FT	Banco Sabadell	182,533	—	—
2024	SABADELL CONSUMO 3, FT	Banco Sabadell	503,907	—	—
2025	TDA SABADELL RMBS 5, FT	Banco Sabadell	3,205,703	3,205,586	—
Total			**4,993,243**	**3,599,554**	**686,404**

(*) Corresponds to the allocation at source of loans when mortgage transfer certificates and mortgage participations were issued.

Thousand euro

Year	Securitisation funds fully derecognised from the balance sheet	Originator institution	Total securitised assets as at 31/12/2025	Of which: issued via mortgage transfer certificates (*)	Of which: issued via mortgage participations (*)
2010	FONDO PRIVADO PYMES 1	Banco CAM	210,577	86,833	23,441
2019	SABADELL CONSUMO 1, FT	Banco Sabadell	46,516	—	—
Total			**257,093**	**86,833**	**23,441**

(*) Corresponds to the allocation at source of loans when mortgage transfer certificates and mortgage participations were issued.

Schedule III – Details of outstanding issues and subordinated liabilities

Debt securities issued

The breakdown of the Bank's issues as at 31 December 2025 and 2024 is as follows:

Thousand euro

Issuer	Issue date	Amounts		Interest rate ruling as at 31/12/2025	Maturity/call date	Issue currency	Target of offering
		31/12/2025	31/12/2024				
Banco de Sabadell, S.A.	16/03/2018	—	6,000	MAX(EURIBOR 3M; 0.67%)	17/03/2025	Euro	Retail
Banco de Sabadell, S.A.	14/11/2018	—	2,500	MAX(EURIBOR 3M; 1.5%)	14/11/2025	Euro	Institutional
Banco de Sabadell, S.A.	22/07/2019	—	1,000,000	0.01	22/07/2025	Euro	Retail
Banco de Sabadell, S.A.	27/09/2019	—	500,000	1.13%	27/03/2025	Euro	Institutional
Banco de Sabadell, S.A. (1)	11/09/2020	500,000	500,000	1.13%	11/03/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	16/06/2021	500,000	500,000	0.88%	16/06/2027	Euro	Institutional
Banco de Sabadell, S.A.	29/11/2021	67,000	67,000	MAX(EURIBOR 12M; 0.77%)	30/11/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	24/03/2022	—	750,000	2.63%	24/03/2025	Euro	Institutional
Banco de Sabadell, S.A.	30/03/2022	120,000	120,000	3.15%	30/03/2037	Euro	Institutional
Banco de Sabadell, S.A. (1)	08/09/2022	—	500,000	5.38%	08/09/2025	Euro	Institutional
Banco de Sabadell, S.A.	02/11/2022	750,000	750,000	5.13%	10/11/2027	Euro	Institutional
Banco de Sabadell, S.A. (1)	23/11/2022	75,000	75,000	5.50%	23/11/2031	Euro	Institutional
Banco de Sabadell, S.A. (1)	07/02/2023	750,000	750,000	5.25%	07/02/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	07/06/2023	750,000	750,000	5.00%	07/06/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	08/09/2023	750,000	750,000	5.50%	08/09/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	15/01/2024	750,000	750,000	4.00%	15/01/2029	Euro	Institutional
Banco de Sabadell, S.A. (1)	13/03/2024	500,000	500,000	4.25%	13/09/2029	Euro	Institutional
Banco de Sabadell, S.A. (2)	13/09/2024	515,700	542,705	5.00%	13/10/2029	Pound sterling	Institutional
Banco de Sabadell, S.A. (1)	27/11/2024	500,000	500,000	3.50%	27/05/2030	Euro	Institutional
Banco de Sabadell, S.A. (1)	18/02/2025	500,000	—	3.38%	18/02/2032	Euro	Institutional
Banco de Sabadell, S.A. (1)	10/09/2025	500,000	—	3.38%	10/03/2031	Euro	Institutional
Total straight bonds		**7,527,700**	**9,313,205**				

(1) "Maturity/call date" refers to the first call option.

Thousand euro

Issuer	Issue date	Amounts		Interest rate ruling as at 31/12/2025	Maturity/call date	Issue currency	Target of offering
		31/12/2025	31/12/2024				
Banco de Sabadell, S.A.	03/06/2022	8,900	8,900	MAX(EURIBOR 12M; 2.75%)	03/06/2027	Euro	Institutional
Banco de Sabadell, S.A.	01/08/2022	9,200	9,200	MAX(EURIBOR 12M; 4%)	02/08/2027	Euro	Institutional
Total structured bonds		**18,100**	**18,100**				

Thousand euro

Issuer	Issue date	Amounts		Average interest rate	Maturity/call date	Issue currency	Target of offering
		31/12/2025	31/12/2024	31/12/2025			
Banco de Sabadell, S.A. (1)	07/05/2025	1,157,026	1,126,933	—	Various	Euro	Institutional
Total commercial paper		**1,157,026**	**1,126,933**				

(1) Programme with issuance limit of 7,000,000 thousand euros, which can be extended to 9,000,000 thousand euros, registered with Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR).

Thousand euro

Issuer	Issue date	Amounts 31/12/2025	Amounts 31/12/2024	Interest rate ruling as at 31/12/2025	Maturity/call date	Issue currency	Target of offering
Banco de Sabadell, S.A.	26/04/2017	1,100,000	1,100,000	1.00%	26/04/2027	Euro	Institutional
Banco de Sabadell, S.A.	21/07/2017	—	500,000	0.89%	21/07/2025	Euro	Institutional
Banco de Sabadell, S.A.	21/12/2018	390,000	390,000	1.09%	21/12/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	20/12/2019	—	750,000	EURIBOR 12M + 0.10%	11/06/2025	Euro	Institutional
Banco de Sabadell, S.A.	20/01/2020	1,000,000	1,000,000	0.13%	10/02/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	30/03/2021	—	1,000,000	EURIBOR 12M + 0.02%	23/09/2025	Euro	Institutional
Banco de Sabadell, S.A. (1)	08/06/2021	—	1,000,000	EURIBOR 12M + 0.012%	11/11/2025	Euro	Institutional
Banco de Sabadell, S.A.	08/06/2021	1,000,000	1,000,000	EURIBOR 12M + 0.02%	08/06/2027	Euro	Institutional
Banco de Sabadell, S.A.	21/01/2022	1,500,000	1,500,000	EURIBOR 12M + 0.010%	21/09/2027	Euro	Institutional
Banco de Sabadell, S.A.	30/05/2022	1,000,000	1,000,000	1.75%	30/05/2029	Euro	Institutional
Banco de Sabadell, S.A.	12/12/2022	500,000	500,000	EURIBOR 12M + 0.14%	12/06/2028	Euro	Institutional
Banco de Sabadell, S.A.	21/12/2022	500,000	500,000	EURIBOR 3M + 0.60%	20/12/2030	Euro	Institutional
Banco de Sabadell, S.A.	28/02/2023	1,000,000	1,000,000	3.50%	28/08/2026	Euro	Institutional
Banco de Sabadell, S.A.	21/12/2023	200,000	200,000	EURIBOR 3M + 0.77%	22/12/2031	Euro	Institutional
Banco de Sabadell, S.A.	05/06/2024	1,000,000	1,000,000	3.25%	05/06/2034	Euro	Institutional
Banco de Sabadell, S.A.	17/06/2024	750,000	750,000	EURIBOR 3M + 0.24%	17/06/2029	Euro	Institutional
Banco de Sabadell, S.A.	15/10/2024	750,000	750,000	2.75%	15/04/2030	Euro	Institutional
Banco de Sabadell, S.A.	19/12/2024	1,500,000	1,500,000	2.83%	19/09/2033	Euro	Institutional
Banco de Sabadell, S.A.	28/03/2025	500,000	—	2.40%	28/03/2033	Euro	Institutional
Banco de Sabadell, S.A.	11/06/2025	750,000	—	3.00%	11/03/2034	Euro	Institutional
Banco de Sabadell, S.A.	23/09/2025	1,000,000	—	2.38%	23/09/2030	Euro	Institutional
Banco de Sabadell, S.A.	11/11/2025	1,000,000	—	2.55%	11/08/2031	Euro	Institutional
Subscribed by Group companies		(8,065,000)	(8,065,000)				
Total mortgage covered bonds		**7,375,000**	**7,375,000**				

(1) "Maturity/call date" refers to the call date.

Subordinated liabilities

Subordinated liabilities issued by the Bank as at 31 December 2025 and 2024 are as follows:

Thousand euro

Issuer	Issue date	Amounts 31/12/2025	Amounts 31/12/2024	Interest rate ruling as at 31/12/2025	Maturity/call date	Issue currency	Target of offering
Banco de Sabadell, S.A.	06/05/2016	—	500,000	5.63%	06/05/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	17/01/2020	—	300,000	2.00%	17/01/2025	Euro	Institutional
Banco de Sabadell, S.A. (1)	15/01/2021	500,000	500,000	2.50%	15/01/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	16/02/2023	500,000	500,000	6.00%	16/05/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	27/03/2024	500,000	500,000	5.13%	27/03/2029	Euro	Institutional
Total subordinated bonds		**1,500,000**	**2,300,000**				

(1) "Maturity/call date" refers to the first call option.

Thousand euro

Issuer	Issue date	Amounts 31/12/2025	Amounts 31/12/2024	Interest rate ruling as at 31/12/2025	Maturity/call date	Issue currency	Target of offering
Banco de Sabadell, S.A. (1)	15/03/2021	500,000	500,000	5.75%	15/03/2026	Euro	Institutional
Banco de Sabadell, S.A. (1)	19/11/2021	750,000	750,000	5.00%	19/05/2027	Euro	Institutional
Banco de Sabadell, S.A. (1)	18/01/2023	500,000	500,000	9.38%	18/07/2028	Euro	Institutional
Banco de Sabadell, S.A. (1)	20/5/2025	1,000,000	—	6.500%	20/05/2031	Euro	Institutional
Total preferred securities		**2,750,000**	**1,750,000**				

(1) Perpetual issue. "Maturity/call date" refers to the first call option. The aforesaid subordinated securities and undated securities are perpetual, although they may be converted into newly issued Banco Sabadell shares, if either Banco Sabadell or its consolidated group has a Common Equity Tier 1 (CET1) ratio lower than 5.125%, calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June on prudential requirements for credit institutions and investment firms.

The issues included in subordinated liabilities, for the purposes of credit priority, are ranked below all of the Bank's regular creditors.

Schedule IV – Other risk information

Credit risk exposure

Loans and advances to customers, broken down by activity and type of guarantee

The breakdown of the balance of the heading "Loans and advances – Customers" by activity and type of guarantee, excluding advances not classed as loans, as at 31 December 2025 and 2024, respectively, is as follows:

Thousand euro

2025				Secured loans. Carrying amount based on last available valuation. Loan to value				
	Total	Of which: secured with real estate	Of which: secured with other collateral	Less than or equal to 40%	Over 40% and less than or equal to 60%	Over 60% and less than or equal to 80%	Over 80% and less than or equal to 100%	Over 100%
General governments	**9,770,261**	**19,209**	**440,302**	**44,818**	**4,112**	**764**	**—**	**409,817**
Other financial corporations and individual entrepreneurs (financial business activity)	**2,496,243**	**302,432**	**382,454**	**449,069**	**154,615**	**34,778**	**2,810**	**43,614**
Non-financial corporations and individual entrepreneurs (non-financial business activity)	**58,315,434**	**9,383,179**	**5,463,926**	**5,634,085**	**4,157,384**	**1,646,538**	**1,993,919**	**1,415,179**
Construction and real estate development (including land)	2,272,843	990,114	124,844	405,909	490,790	95,974	43,515	78,770
Civil engineering construction	1,107,448	21,935	122,988	120,794	6,005	2,305	1,186	14,633
Other purposes	54,935,143	8,371,130	5,216,094	5,107,382	3,660,589	1,548,259	1,949,218	1,321,776
Large enterprises	33,518,805	2,089,540	2,139,509	1,367,159	911,623	418,828	1,134,898	396,541
SMEs and individual entrepreneurs	21,416,338	6,281,590	3,076,585	3,740,223	2,748,966	1,129,431	814,320	925,235
Other households	**45,390,189**	**40,197,659**	**556,187**	**8,617,091**	**11,608,768**	**17,185,505**	**2,019,092**	**1,323,390**
Home loans	39,679,548	39,280,258	161,275	7,890,119	11,325,721	17,027,856	1,951,312	1,246,525
Consumer loans	3,012,729	25,195	82,516	29,681	21,616	19,859	20,977	15,578
Other purposes	2,697,912	892,206	312,396	697,291	261,431	137,790	46,803	61,287
Total	**115,972,127**	**49,902,479**	**6,842,869**	**14,745,063**	**15,924,879**	**18,867,585**	**4,015,821**	**3,192,000**
MEMORANDUM ITEM								
Refinancing, refinanced and restructured transactions	**1,778,117**	**811,583**	**87,455**	**368,240**	**229,930**	**172,972**	**52,543**	**75,353**

Thousand euro

2024				Secured loans. Carrying amount based on last available valuation. Loan to value				
	Total	Of which: secured with real estate	Of which: secured with other collateral	Less than or equal to 40%	Over 40% and less than or equal to 60%	Over 60% and less than or equal to 80%	Over 80% and less than or equal to 100%	Over 100%
General governments	**9,031,291**	**21,346**	**391,961**	**16,131**	**5,990**	**—**	**813**	**390,373**
Other financial corporations and individual entrepreneurs (financial business activity)	**3,395,273**	**236,367**	**430,033**	**449,526**	**96,726**	**75,147**	**9,223**	**35,778**
Non-financial corporations and individual entrepreneurs (non-financial business activity)	**57,301,649**	**9,443,914**	**5,319,266**	**6,612,140**	**3,854,934**	**1,566,333**	**1,458,655**	**1,271,118**
Construction and real estate development (including land)	2,462,004	1,091,527	120,731	469,434	447,846	126,396	53,437	115,145
Civil engineering construction	1,222,898	23,767	142,003	140,707	8,869	2,371	5,206	8,617
Other purposes	53,616,747	8,328,620	5,056,532	6,001,999	3,398,219	1,437,566	1,400,012	1,147,356
Large enterprises	31,807,151	2,029,492	2,474,381	2,153,921	703,967	311,262	944,817	389,906
SMEs and individual entrepreneurs	21,809,596	6,299,128	2,582,151	3,848,078	2,694,252	1,126,304	455,195	757,450
Other households	**42,662,466**	**38,020,609**	**640,600**	**8,252,536**	**11,000,498**	**15,344,456**	**2,394,815**	**1,668,904**
Home loans	37,208,678	36,913,944	200,851	7,451,124	10,634,673	15,140,542	2,312,593	1,575,863
Consumer loans	2,681,059	30,713	92,428	31,095	29,107	30,912	10,653	21,374
Other purposes	2,772,729	1,075,952	347,321	770,317	336,718	173,002	71,569	71,667
Total	**112,390,679**	**47,722,236**	**6,781,860**	**15,330,333**	**14,958,148**	**16,985,936**	**3,863,506**	**3,366,173**
MEMORANDUM ITEM								
Refinancing, refinanced and restructured transactions	**2,454,450**	**1,245,822**	**147,165**	**587,434**	**330,562**	**253,268**	**110,348**	**111,375**

Forbearance

The outstanding balance of refinancing and restructuring transactions as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025						
	Credit institutions	General governments	Other financial corporations and individual entrepreneurs (financial business activity)	Non-financial corporations and individual entrepreneurs (non-financial business activity)	*Of which: lending for construction and real estate development (including land)*	Other households	Total
Total							
Not secured with collateral							
Number of transactions	93	9	217	23,362	*670*	8,412	**32,093**
Gross carrying amount	41,591	4,032	18,486	1,148,383	*42,963*	79,832	**1,292,324**
Secured with collateral							
Number of transactions	—	1	2	3,712	*200*	6,403	**10,118**
Gross carrying amount	—	21	36	701,397	*38,133*	419,410	**1,120,864**
Impairment allowances	22,996	23	11,327	457,891	*32,901*	124,239	**616,476**
Of which, non-performing loans							
Not secured with collateral							
Number of transactions	93	2	22	15,417	*451*	5,505	**21,039**
Gross carrying amount	41,591	129	16,772	625,716	*35,947*	37,625	**721,833**
Secured with collateral							
Number of transactions	—	1	2	2,283	*136*	3,369	**5,655**
Gross carrying amount	—	21	36	363,082	*21,907*	291,918	**655,057**
Impairment allowances	22,996	23	11,220	422,659	*31,145*	115,006	**571,904**
Total							
Number of transactions	93	10	219	27,074	*870*	14,815	**42,211**
Gross amount	41,591	4,053	18,522	1,849,780	*81,096*	499,242	**2,413,188**
Impairment allowances	22,996	23	11,327	457,891	*32,901*	124,239	**616,476**
Additional information: lending included under non-current assets and disposal groups classified as held for sale	**—**	**—**	**—**	**242**	**—**	**—**	**242**

Thousand euro

	2024						
	Credit institutions	General governments	Other financial corporations and individual entrepreneurs (financial business activity)	Non-financial corporations and individual entrepreneurs (non-financial business activity)	*Of which: lending for construction and real estate development (including land)*	Other households	Total
Total							
Not secured with collateral							
Number of transactions	8	10	126	27,627	*823*	9,505	**37,276**
Gross carrying amount	2	4,923	14,304	1,436,025	*51,220*	78,834	**1,534,088**
Secured with collateral							
Number of transactions	—	1	4	4,488	*231*	7,423	**11,916**
Gross carrying amount	—	49	45	1,143,132	*56,398*	528,247	**1,671,473**
Impairment allowances	—	34	11,844	572,672	*41,993*	166,561	**751,111**
Of which, non-performing loans							
Not secured with collateral							
Number of transactions	8	1	21	19,394	*603*	5,841	**25,265**
Gross carrying amount	2	165	13,164	867,920	*41,597*	52,062	**933,313**
Secured with collateral							
Number of transactions	—	—	2	2,689	*161*	3,835	**6,526**
Gross carrying amount	—	—	44	477,377	*38,527*	352,761	**830,182**
Impairment allowances	—	34	11,826	529,581	*40,780*	155,058	**696,499**
Total							
Number of transactions	8	11	130	32,115	*1,054*	16,928	**49,192**
Gross amount	2	4,972	14,349	2,579,157	*107,618*	607,081	**3,205,561**
Impairment allowances	—	34	11,844	572,672	*41,993*	166,561	**751,111**
Additional information: lending included under non-current assets and disposal groups classified as held for sale	**—**	**—**	**—**	**262**	**—**	**—**	**262**

The value of the guarantees received to ensure collection associated with refinancing and restructuring transactions, broken down into collateral and other guarantees, as at 31 December 2025 and 2024, is as follows:

Thousand euro

Guarantees received	2025	2024
Value of collateral	880,244	1,369,159
Of which: securing stage 3 loans	*433,833*	*555,747*
Value of other guarantees	754,997	815,075
Of which: securing stage 3 loans	*268,554*	*379,959*
Total value of guarantees received	**1,635,241**	**2,184,234**

Movements in the balance of refinancing and restructuring transactions during 2025 and 2024 are as follows:

Thousand euro

	2025	2024
Opening balance	**3,205,561**	**4,219,898**
(+) Forbearance (refinancing and restructuring) in the period	470,358	500,424
Memorandum item: impact recognised on the income statement for the period	*138,745*	*80,903*
(-) Debt repayments	(270,758)	(365,931)
(-) Foreclosures	(4,438)	(3,713)
(-) Derecognised from the balance sheet (reclassified as write-offs)	(81,828)	(64,936)
(+)/(-) Other changes (*)	(905,707)	(1,080,181)
Year-end balance	**2,413,188**	**3,205,561**

(*) Includes transactions no longer classified as refinancing, refinanced or restructured, as they meet the requirements for reclassification as stage 1, the cure period having been completed.

The table below shows the value of transactions which, after refinancing or restructuring, were classified as stage 3 exposures during 2025 and 2024:

Thousand euro

	2025	2024
General governments	**78**	**—**
Other legal entities and individual entrepreneurs	**44,640**	**128,577**
Of which: lending for construction and real estate development	*2,327*	*1,890*
Other natural persons	**14,020**	**34,326**
Total	**58,738**	**162,903**

The average Probability of Default (PD) on current refinancing and restructuring transactions broken down by activity as at 31 December 2025 and 2024 is as follows:

%

	2025	2024
General governments (*)		**—**
Other legal entities and individual entrepreneurs	**14**	**13**
Of which: lending for construction and real estate development	*17*	*17*
Other natural persons	**13**	**14**

(*) Authorisation has not been granted for the use of internal models in the calculation of capital requirements.

Concentration risk

Geographical exposure

Global

The breakdown of risk concentration, by activity and at a global level, as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025				
	Total	Spain	Rest of European Union	Americas	Rest of the world
Central banks and credit institutions	**33,069,066**	**14,704,252**	**13,429,924**	**3,607,365**	**1,327,525**
General governments	**38,644,874**	**28,142,627**	**8,577,995**	**1,922,056**	**2,196**
Central government	28,281,591	18,086,842	8,271,295	1,921,854	1,600
Other	10,363,283	10,055,785	306,700	202	596
Other financial corporations and individual entrepreneurs	**4,151,107**	**3,417,459**	**163,582**	**510,043**	**60,023**
Non-financial corporations and individual entrepreneurs	**63,178,672**	**50,220,753**	**4,459,129**	**6,620,195**	**1,878,595**
Construction and real estate development	2,860,081	2,787,550	26,720	39,781	6,030
Civil engineering construction	1,172,885	758,374	100,357	227,517	86,637
Other purposes	59,145,706	46,674,829	4,332,052	6,352,897	1,785,928
Large enterprises	37,167,290	25,359,231	3,875,501	6,281,772	1,650,786
SMEs and individual entrepreneurs	21,978,416	21,315,598	456,551	71,125	135,142
Other households	**45,480,571**	**41,510,061**	**1,780,798**	**690,004**	**1,499,708**
Home loans	39,679,548	36,003,496	1,764,607	431,809	1,479,636
Consumer loans	3,012,738	2,990,619	5,079	9,701	7,339
Other purposes	2,788,285	2,515,946	11,112	248,494	12,733
Total	**184,524,290**	**137,995,152**	**28,411,428**	**13,349,663**	**4,768,047**

Thousand euro

	2024				
	Total	Spain	Rest of European Union	Americas	Rest of the world
Central banks and credit institutions	**33,301,880**	**15,833,910**	**12,195,068**	**2,761,021**	**2,511,881**
General governments	**33,048,432**	**25,586,756**	**5,784,776**	**1,676,087**	**813**
Central government	23,743,487	16,635,274	5,431,495	1,675,915	803
Other	9,304,945	8,951,482	353,281	172	10
Other financial corporations and individual entrepreneurs	**8,678,273**	**3,085,828**	**104,519**	**1,445,858**	**4,042,068**
Non-financial corporations and individual entrepreneurs	**62,128,920**	**49,594,774**	**4,200,715**	**6,738,069**	**1,595,362**
Construction and real estate development	3,117,674	3,007,514	49,468	46,434	14,258
Civil engineering construction	1,303,478	812,719	85,105	317,067	88,587
Other purposes	57,707,768	45,774,541	4,066,142	6,374,568	1,492,517
Large enterprises	35,322,364	24,210,692	3,540,489	6,288,521	1,282,662
SMEs and individual entrepreneurs	22,385,404	21,563,849	525,653	86,047	209,855
Other households	**42,758,412**	**39,086,765**	**1,519,916**	**644,433**	**1,507,298**
Home loans	37,208,678	33,851,421	1,502,521	370,515	1,484,221
Consumer loans	2,681,059	2,655,577	6,292	10,199	8,991
Other purposes	2,868,675	2,579,767	11,103	263,719	14,086
Total	**179,915,917**	**133,188,033**	**23,804,994**	**13,265,468**	**9,657,422**

By autonomous community

The breakdown of risk concentration, by activity and at the level of Spanish autonomous communities, as at 31 December 2025 and 2024 is as follows:

Thousand euro

	2025									
		Autonomous communities								
	Total	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla y Leon	Catalonia
Central banks and credit institutions	**14,704,252**	**1,444**	**3,869**	**—**	**—**	**—**	**775,253**	**—**	**—**	**2,026,278**
General governments	**28,142,627**	**842,726**	**161,100**	**428,637**	**226,376**	**726,455**	**3,349**	**126,815**	**1,206,643**	**1,136,564**
Central government	18,086,842	—	—	—	—	—	—	—	—	—
Other	10,055,785	842,726	161,100	428,637	226,376	726,455	3,349	126,815	1,206,643	1,136,564
Other financial corporations and individual entrepreneurs	**3,417,459**	**1,316**	**14,348**	**1,688**	**1,022**	**800**	**156**	**235**	**2,496**	**220,726**
Non-financial corporations and individual entrepreneurs	**50,220,753**	**2,141,727**	**983,930**	**1,122,099**	**1,467,303**	**1,635,981**	**169,208**	**678,315**	**978,405**	**16,475,839**
Construction and real estate development	2,787,550	98,714	26,842	23,256	66,166	15,582	10,253	17,231	15,842	1,516,536
Civil engineering construction	758,374	27,004	34,435	15,093	5,448	3,191	1,974	6,581	13,186	128,671
Other purposes	46,674,829	2,016,009	922,653	1,083,750	1,395,689	1,617,208	156,981	654,503	949,377	14,830,632
Large enterprises	25,359,231	692,243	435,508	308,990	613,079	542,510	75,713	251,975	266,975	8,601,031
SMEs and individual entrepreneurs	21,315,598	1,323,766	487,145	774,760	782,610	1,074,698	81,268	402,528	682,402	6,229,601
Other households	**41,510,061**	**2,743,514**	**612,224**	**1,124,575**	**1,622,188**	**588,423**	**131,262**	**531,973**	**757,786**	**16,167,828**
Home loans	36,003,496	2,431,324	529,183	888,748	1,434,228	503,230	116,274	458,068	639,843	14,289,696
Consumer loans	2,990,619	183,510	42,351	110,671	104,378	57,515	8,171	45,267	65,280	1,019,906
Other purposes	2,515,946	128,680	40,690	125,156	83,582	27,678	6,817	28,638	52,663	858,226
Total	**137,995,152**	**5,730,727**	**1,775,471**	**2,676,999**	**3,316,889**	**2,951,659**	**1,079,228**	**1,337,338**	**2,945,330**	**36,027,235**

Thousand euro

	2025								
	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**—**	**13,654**	**11,597,768**	**—**	**—**	**22,728**	**263,258**	**—**	**—**
General governments	**157,136**	**850,856**	**2,592,080**	**95,077**	**216,551**	**539,918**	**728,730**	**16,772**	**—**
Central government	—	—	—	—	—	—	—	—	—
Other	157,136	850,856	2,592,080	95,077	216,551	539,918	728,730	16,772	—
Other financial corporations and individual entrepreneurs	**15,934**	**3,124**	**2,062,698**	**17,888**	**4,688**	**1,028,804**	**23,262**	**18,262**	**12**
Non-financial corporations and individual entrepreneurs	**93,723**	**2,108,801**	**14,454,424**	**962,596**	**386,763**	**4,128,373**	**2,279,294**	**138,772**	**15,200**
Construction and real estate development	353	60,805	762,569	21,212	3,791	98,992	40,109	9,117	180
Civil engineering construction	1,947	26,361	376,749	11,923	1,114	68,717	35,341	441	198
Other purposes	91,423	2,021,635	13,315,106	929,461	381,858	3,960,664	2,203,844	129,214	14,822
Large enterprises	20,712	835,618	8,867,812	337,616	200,194	1,829,683	1,433,678	43,846	2,048
SMEs and individual entrepreneurs	70,711	1,186,017	4,447,294	591,845	181,664	2,130,981	770,166	85,368	12,774
Other households	**136,979**	**1,057,733**	**5,952,825**	**2,151,244**	**164,972**	**6,172,598**	**1,419,952**	**74,337**	**99,648**
Home loans	121,475	897,904	5,337,404	1,740,099	140,378	5,021,164	1,298,582	62,632	93,264
Consumer loans	8,814	83,166	279,906	237,657	9,036	666,834	57,387	6,468	4,302
Other purposes	6,690	76,663	335,515	173,488	15,558	484,600	63,983	5,237	2,082
Total	**403,772**	**4,034,168**	**36,659,795**	**3,226,805**	**772,974**	**11,892,421**	**4,714,496**	**248,143**	**114,860**

Thousand euro

	2024									
		Autonomous communities								
	Total	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla y Leon	Catalonia
Central banks and credit institutions	**15,833,910**	**6,516**	**—**	**—**	**—**	**—**	**655,272**	**—**	**—**	**2,000,871**
General governments	**25,586,756**	**838,013**	**200,973**	**435,044**	**281,625**	**623,209**	**3,798**	**104,287**	**1,165,056**	**753,196**
Central government	16,635,274									
Other	8,951,482	838,013	200,973	435,044	281,625	623,209	3,798	104,287	1,165,056	753,196
Other financial corporations and individual entrepreneurs	**3,085,828**	**2,742**	**7,021**	**1,545**	**1,075**	**658**	**188**	**416**	**2,995**	**200,796**
Non-financial corporations and individual entrepreneurs	**49,594,774**	**2,204,174**	**962,055**	**1,204,512**	**1,984,778**	**1,384,480**	**155,089**	**706,115**	**1,067,832**	**16,021,120**
Construction and real estate development	3,007,514	91,110	29,656	32,521	64,018	17,467	9,378	16,854	20,141	1,614,074
Civil engineering construction	812,719	26,752	25,486	19,449	5,900	4,588	2,209	9,292	12,429	137,436
Other purposes	45,774,541	2,086,312	906,913	1,152,542	1,914,860	1,362,425	143,502	679,969	1,035,262	14,269,610
Large enterprises	24,078,512	698,419	417,909	368,582	1,135,442	532,509	57,666	267,938	274,585	7,745,589
SMEs and individual entrepreneurs	21,696,029	1,387,893	489,004	783,960	779,418	829,916	85,836	412,031	760,677	6,524,021
Other households	**39,086,765**	**2,606,850**	**579,557**	**1,124,631**	**1,516,633**	**536,843**	**119,666**	**493,674**	**734,006**	**15,142,431**
Home loans	33,851,421	2,317,230	496,337	886,685	1,348,439	461,963	106,027	426,206	618,610	13,336,805
Consumer loans	2,655,577	154,893	36,607	105,897	92,551	48,152	6,445	38,237	59,202	909,395
Other purposes	2,579,767	134,727	46,613	132,049	75,643	26,728	7,194	29,231	56,194	896,231
Total	**133,188,033**	**5,658,295**	**1,749,606**	**2,765,732**	**3,784,111**	**2,545,190**	**934,013**	**1,304,492**	**2,969,889**	**34,118,414**

Thousand euro

	2024								
	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**—**	**6,631**	**12,127,717**	**1**	**14,981**	**96,921**	**925,000**	**—**	**—**
General governments	**25,081**	**886,219**	**2,448,628**	**55,463**	**241,643**	**140,279**	**714,693**	**20,524**	**13,751**
Central government	—	—	—	—	—	—	—	—	—
Other	25,081	886,219	2,448,628	55,463	241,643	140,279	714,693	20,524	13,751
Other financial corporations and individual entrepreneurs	**18,774**	**2,636**	**1,699,467**	**3,097**	**3,157**	**1,101,952**	**19,897**	**19,399**	**13**
Non-financial corporations and individual entrepreneurs	**100,024**	**1,894,382**	**13,883,716**	**1,033,770**	**418,776**	**4,177,895**	**2,232,506**	**147,223**	**16,328**
Construction and real estate development	1,926	63,741	828,630	24,847	5,689	123,205	53,774	9,408	1,075
Civil engineering construction	2,760	34,267	423,452	11,124	1,954	62,791	31,605	648	578
Other purposes	95,338	1,796,374	12,631,634	997,799	411,133	3,991,899	2,147,127	137,167	14,675
Large enterprises	18,834	537,405	8,392,204	354,124	196,897	1,767,395	1,272,896	40,031	87
SMEs and individual entrepreneurs	76,504	1,258,969	4,239,430	643,675	214,236	2,224,504	874,231	97,136	14,588
Other households	**131,912**	**977,527**	**5,346,604**	**2,090,723**	**161,226**	**6,008,427**	**1,354,064**	**69,915**	**92,076**
Home loans	116,884	820,754	4,761,166	1,705,960	135,119	4,934,905	1,233,985	58,747	85,599
Consumer loans	7,451	73,155	248,036	211,791	8,912	590,169	54,984	5,975	3,725
Other purposes	7,577	83,618	337,402	172,972	17,195	483,353	65,095	5,193	2,752
Total	**275,791**	**3,767,395**	**35,506,132**	**3,183,054**	**839,783**	**11,525,474**	**5,246,160**	**257,061**	**122,168**

Sectoral concentration

The breakdown of loans and advances to non-financial corporations, by activity sector, as at 31 December 2025 and 2024, is shown below:

Thousand euro

	2025	
	Gross carrying amount	Allowances
Agriculture, forestry and fishing	774,579	(36,516)
Mining and quarrying	246,670	(6,450)
Manufacturing	8,707,048	(235,074)
Electricity, gas, steam and air conditioning supply	4,764,204	(38,503)
Water supply	424,594	(3,038)
Construction	4,098,489	(126,188)
Wholesale and retail trade	7,439,836	(265,164)
Transportation and storage	3,412,683	(55,956)
Accommodation and food service activities	3,270,673	(92,244)
Information and communication	4,104,950	(39,235)
Financial and insurance activities	6,721,173	(66,093)
Real estate activities	5,968,466	(86,185)
Professional, scientific and technical activities	2,175,973	(90,453)
Administrative and support service activities	2,345,107	(32,900)
Public administration and defence, compulsory social security	654,564	(264)
Education	258,357	(8,639)
Human health services and social work activities	1,071,534	(19,165)
Arts, entertainment and recreation	415,025	(15,674)
Other service activities	366,973	(67,820)
Total	**57,220,898**	**(1,285,561)**

Thousand euro

	2024	
	Gross carrying amount	Allowances
Agriculture, forestry and fishing	794,745	(36,419)
Mining and quarrying	500,566	(7,990)
Manufacturing	8,716,475	(223,219)
Electricity, gas, steam and air conditioning supply	4,219,532	(58,638)
Water supply	327,799	(4,242)
Construction	4,470,551	(163,023)
Wholesale and retail trade	7,803,089	(272,011)
Transportation and storage	3,694,492	(52,625)
Accommodation and food service activities	3,270,624	(104,898)
Information and communication	3,559,037	(38,076)
Financial and insurance activities	6,222,664	(43,158)
Real estate activities	5,596,097	(105,124)
Professional, scientific and technical activities	2,108,967	(81,933)
Administrative and support service activities	1,946,712	(38,041)
Public administration and defence, compulsory social security	591,768	(243)
Education	258,736	(10,044)
Human health services and social work activities	1,104,500	(17,399)
Arts, entertainment and recreation	396,551	(17,000)
Other service activities	460,305	(181,414)
Total	**56,043,210**	**(1,455,497)**

Sovereign risk exposure

Sovereign risk exposures, broken down by type of financial instrument as at 31 December 2025 and 2024, are as follows:

Thousand euro

2025											
	Sovereign debt securities						Derivatives				
Sovereign risk exposure by country (*)	Financial assets held for trading	Financial liabilities held for trading - Short positions	Mandatorily at fair value through profit or loss	Measured at fair value through other comprehensive income	Financial assets at amortised cost	Loans and advances to customers (**)	With positive fair value	With negative fair value	Total	Other off-balance sheet exposures (***)	%
Spain	109,571	349	—	1,756,462	16,234,075	11,134,117	1,322	(6,575)	29,229,321	—	73.6%
Italy	563,893	125	—	264,927	4,500,996	—	—	—	5,329,941	—	13.4%
United States	—	—	—	—	—	202	—	—	202	—	0.0%
United Kingdom	—	—	—	—	—	2	—	—	2	—	0.0%
Portugal	—	31	—	—	653,975	58,227	—	—	712,233	—	1.8%
Mexico	—	—	—	109,011	—	—	—	—	109,011	—	0.3%
Rest of the world	457,809	70	—	1,558,323	2,334,208	756	—	—	4,351,167	—	11.0%
Total	**1,131,273**	**575**	**—**	**3,688,723**	**23,723,254**	**11,193,304**	**1,322**	**(6,575)**	**39,731,877**	**—**	**100.0%**

(*) Sovereign risk positions shown in accordance with EBA criteria.

(**) Includes undrawn balances of credit transactions and other contingent risks (1,126 million euros as at 31 December 2025).

(***) Relates to commitments for cash purchases and sales of financial assets.

Thousand euro

2024											
	Sovereign debt securities						Derivatives				
Sovereign risk exposure by country (*)	Financial assets held for trading	Financial liabilities held for trading - Short positions	Mandatorily at fair value through profit or loss	Measured at fair value through other comprehensive income	Financial assets at amortised cost	Loans and advances to customers (**)	With positive fair value	With negative fair value	Total	Other off-balance sheet exposures (***)	%
Spain	85,870	34,320	—	2,187,214	14,288,768	10,025,226	1,839	(4,702)	26,618,535	—	78.0%
Italy	359,729	4,144	—	209,921	3,954,297	—	—	—	4,528,091	—	13.3%
United States	—	—	—	1,239,443	329,671	171	—	—	1,569,285	—	4.6%
United Kingdom	—	—	—	—	—	3	—	—	3	—	0.0%
Portugal	19,597	12,293	—	—	654,431	49,594	—	—	735,915	—	2.2%
Mexico		—	—	103,336	—	—	—	—	103,336	—	0.3%
Rest of the world	167,439	22,562	—	72,847	297,663	3,619	—	—	564,130	—	1.7%
Total	**632,635**	**73,319**	**—**	**3,812,761**	**19,524,830**	**10,078,613**	**1,839**	**(4,702)**	**34,119,295**	**—**	**100.0%**

(*) Sovereign risk positions shown in accordance with EBA criteria.

(**) Includes undrawn balances of credit transactions and other contingent risks (1,022 million euros as at 31 December 2024).

(***) Relates to commitments for cash purchases and sales of financial assets.

Exposure to construction and real estate development sector

Details of lending for construction and real estate development and the relevant allowances are set out below. The lending items shown have been classified according to their intended purpose, rather than by the debtor's CNAE code. This means, for example, that if a debtor is (a) a real estate company, but uses the financing for a purpose other than construction or real estate development, it is not included in this table; alternatively, if the debtor is (b) a company whose primary activity is not construction or real estate, but where the loan is used for the financing of properties intended for real estate development, it is included in the table:

Thousand euro

	2025		
	Gross carrying amount	Surplus above value of collateral	Impairment allowances (*)
Lending for construction and real estate development (including land) (business in Spain)	**1,724,932**	**455,846**	**64,945**
Of which: stage 3 exposures	*90,809*	*57,927*	*55,824*

Thousand euro

	2024		
	Gross carrying amount	Surplus above value of collateral	Impairment allowances (*)
Lending for construction and real estate development (including land) (business in Spain)	**1,897,768**	**522,656**	**97,189**
Of which: stage 3 exposures	*141,069*	*73,503*	*84,406*

(*) Allowances for the exposure for which the Bank retains the credit risk. Does not include allowances for exposures with transferred risk.

Thousand euro

Gross carrying amount *Memorandum item*	2025	2024
Write-offs (*)	29,910	32,708

(*) Refers to lending for construction and real estate development reclassified as write-offs during the year.

Thousand euro

Memorandum item	2025	2024
Loans to customers, excluding general governments (business in Spain) (carrying amount)	94,888,537	92,269,807
Total assets (total business) (carrying amount)	192,528,628	184,332,055
Allowances and provisions for exposures classified as stage 2 or stage 1 (total operations)	516,921	550,096

The breakdown of lending for construction and real estate development for transactions registered by credit institutions (business in Spain) is as follows:

Thousand euro

	Gross carrying amount 2025	Gross carrying amount 2024
Not secured with real estate	**618,911**	**938,013**
Secured with real estate	**1,106,020**	**959,756**
Buildings and other completed works	584,385	486,728
Housing	379,092	361,307
Other	205,293	125,421
Buildings and other works in progress	443,044	428,128
Housing	429,281	402,043
Other	13,762	26,085
Land	78,592	44,900
Consolidated urban land	77,928	43,953
Other land	664	947
Total	**1,724,932**	**1,897,769**

Guarantees received associated with lending for construction and real estate development are shown below, for both years:

Thousand euro

Guarantees received	2025	2024
Value of collateral	1,110,965	1,197,740
Of which: securing stage 3 loans	*19,866*	*29,778*
Value of other guarantees	190,857	234,055
Of which: securing stage 3 loans	*12,468*	*20,981*
Total value of guarantees received	**1,301,822**	**1,431,795**

The breakdown of loans to households for home purchase for transactions recorded by credit institutions (business in Spain) is as follows:

Thousand euro

	2025	
	Gross carrying amount	*Of which: stage 3 exposures*
Loans for home purchase	**38,669,487**	***580,410***
Not secured with real estate	1,002,682	*7,911*
Secured with real estate	37,666,805	*572,499*

Thousand euro

	2024	
	Gross carrying amount	*Of which: stage 3 exposures*
Loans for home purchase	**36,451,232**	***714,913***
Not secured with real estate	639,299	*66,527*
Secured with real estate	35,811,933	*648,386*

The tables below show home equity loans granted to households for home purchase broken down by the loan-to-value ratio (ratio of total risk to amount of last available property appraisal) of transactions recorded by credit institutions (business in Spain):

Thousand euro

	2025	
	Gross amount	*Of which: stage 3 exposures*
LTV ranges	**37,666,805**	***572,499***
LTV ≤ 40%	*6,905,539*	*125,776*
40% < LTV ≤ 60%	*10,299,295*	*151,434*
60% < LTV ≤ 80%	*15,294,683*	*133,531*
80% < LTV ≤ 100%	*3,827,632*	*81,371*
LTV > 100%	*1,339,656*	*80,387*

Thousand euro

	2024	
	Gross amount	*Of which: stage 3 exposures*
LTV ranges	**35,811,933**	***648,386***
LTV ≤ 40%	7,051,192	*105,209*
40% < LTV ≤ 60%	10,374,648	*136,490*
60% < LTV ≤ 80%	14,582,356	*160,386*
80% < LTV ≤ 100%	2,322,281	*112,534*
LTV > 100%	1,481,456	*133,767*

The table below gives details of assets foreclosed or received in lieu of debt owed to the Bank, for transactions recorded by credit institutions within Spain as at 31 December 2025 and 2024:

Thousand euro

	2025	
	Gross carrying amount	Allowances
Real estate assets acquired through lending for construction and real estate development	**144,635**	**33,467**
Completed buildings	130,934	26,767
Housing	84,732	16,858
Other	46,202	9,909
Buildings under construction	568	288
Housing	316	131
Other	252	157
Land	13,133	6,412
Developed land	5,444	2,054
Other land	7,689	4,358
Real estate assets acquired through mortgage lending to households for home purchase	**349,842**	**81,639**
Other real estate assets foreclosed or received in lieu of debt	**10,095**	**3,263**
Capital instruments foreclosed or received in lieu of debt	**—**	**—**
Capital instruments of institutions holding assets foreclosed or received in lieu of debt	**8,766,798**	**7,974,621**
Financing to institutions holding assets foreclosed or received in lieu of debt	**653,859**	**—**
Total	**9,925,229**	**8,092,990**

Thousand euro

	2024	
	Gross carrying amount	Allowances
Real estate assets acquired through lending for construction and real estate development	**165,082**	**38,908**
Completed buildings	150,887	32,997
Housing	97,975	21,062
Other	52,912	11,935
Buildings under construction	708	361
Housing	457	206
Other	251.127	155.208
Land	13,487	5,549
Developed land	5,840	2,071
Other land	7,647	3,478
Real estate assets acquired through mortgage lending to households for home purchase	**414,328**	**109,086**
Other real estate assets foreclosed or received in lieu of debt	**13,259**	**3,648**
Capital instruments foreclosed or received in lieu of debt	**—**	**—**
Capital instruments of institutions holding assets foreclosed or received in lieu of debt	**8,653,299**	**7,986,483**
Financing to institutions holding assets foreclosed or received in lieu of debt	**681,738**	**—**
Total	**9,927,705**	**8,138,125**

Schedule V – Detailed standalone income statement - Business in Spain for the 2025 and 2024 financial years (Statement FI 2.E)

Thousand euro

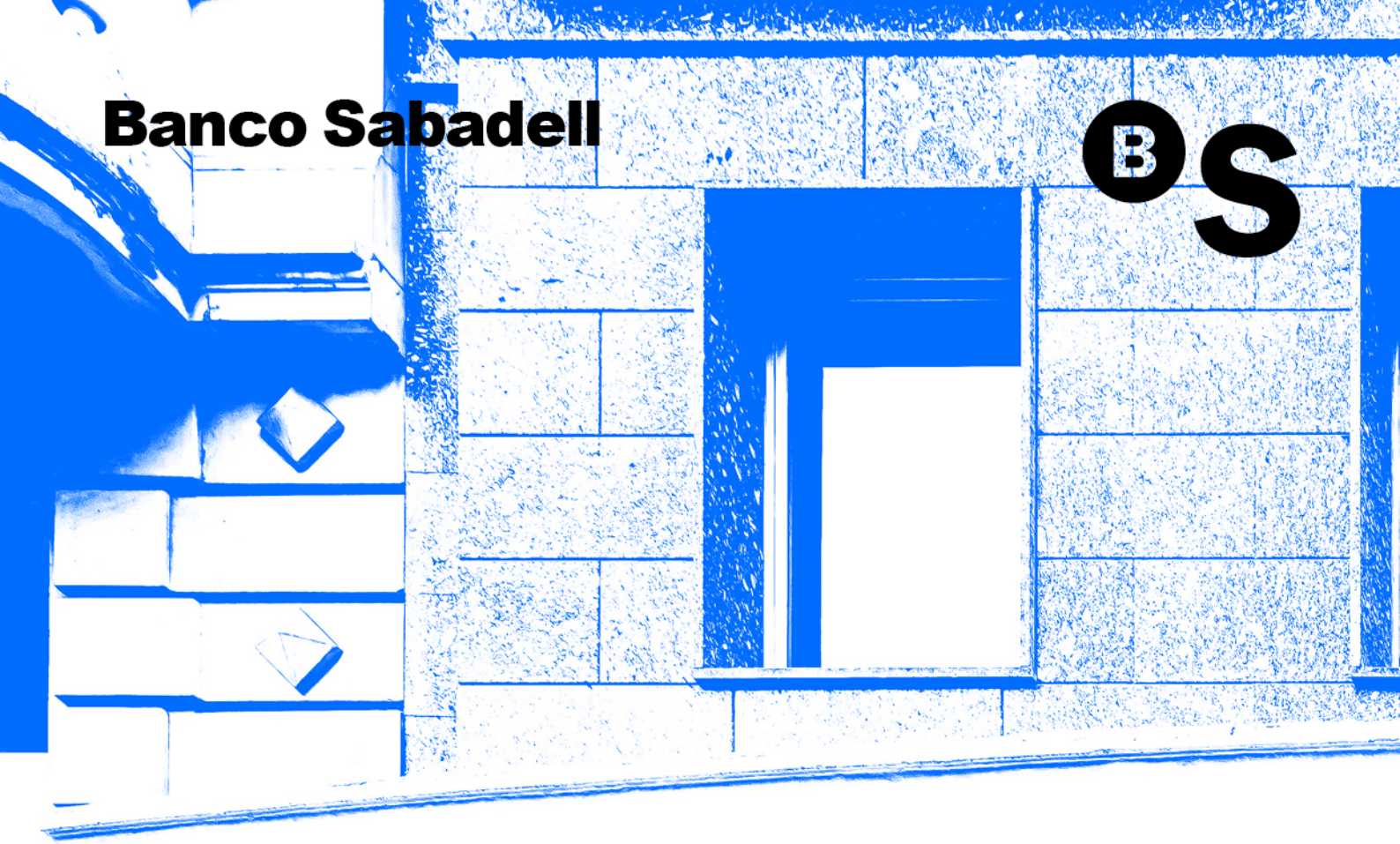
	2025	2024 (*)
Profit or loss for the year	**1,537,446**	**1,304,769**
Profit or loss after tax from continuing operations	**1,119,738**	**1,104,084**
Profit or loss before tax from continuing operations	**1,749,837**	**1,626,988**
Total operating income, net	**4,186,174**	**4,252,993**
Interest income	5,262,349	6,126,126
Financial assets held for trading	36,669	19,582
Non-trading financial assets mandatorily at fair value through profit or loss	3,726	5,781
Financial assets designated at fair value through profit or loss	—	—
Financial assets at fair value through other comprehensive income	73,797	61,597
Financial assets at amortised cost	4,887,693	5,674,855
Derivatives - Hedge accounting, interest rate risk	253,319	358,848
Other assets	6,173	4,310
Interest income on liabilities	972	1,153
Interest expenses	(2,236,220)	(2,853,644)
Financial liabilities held for trading	—	(1)
Financial liabilities designated at fair value through profit or loss	—	—
Financial liabilities at amortised cost	(1,997,376)	(2,394,123)
Derivatives - Hedge accounting, interest rate risk	(238,631)	(459,091)
Other liabilities	—	(170)
Interest expenses on assets	(213)	(259)
Expenses on share capital repayable on demand	—	—
Dividend income	168,425	105,303
Financial assets held for trading	1,283	—
Non-trading financial assets mandatorily at fair value through profit or loss	—	—
Financial assets at fair value through other comprehensive income	2,993	1,846
Investments in subsidiaries, joint ventures and associates accounted for using the equity method	164,149	103,457
Fee and commission income	1,213,609	1,187,333
Fee and commission expenses	(119,389)	(104,464)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	39,270	10,999
Financial assets at fair value through other comprehensive income	6,958	6,442
Financial assets at amortised cost	42,641	5,443
Financial liabilities at amortised cost	(10,329)	(886)
Other	—	—
Gains or losses on financial assets and liabilities held for trading, net	607,690	(336,476)
Gains or losses on trading financial assets and liabilities, net	—	—
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	3,302	12,715
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	—	—
Gains or losses on non-trading financial assets and liabilities, net	—	—
Gains or losses from hedge accounting, net	(11,023)	2,034
Exchange differences [gain or loss], net	(682,209)	320,998
Gains or losses on derecognition of investments in subsidiaries, joint ventures and associates, net	—	—
Gains or losses on derecognition of non-financial assets, net	(10,869)	(903)
Other operating income	49,659	62,033
Other operating expenses	(98,420)	(279,061)

(*) See Note 1.4.

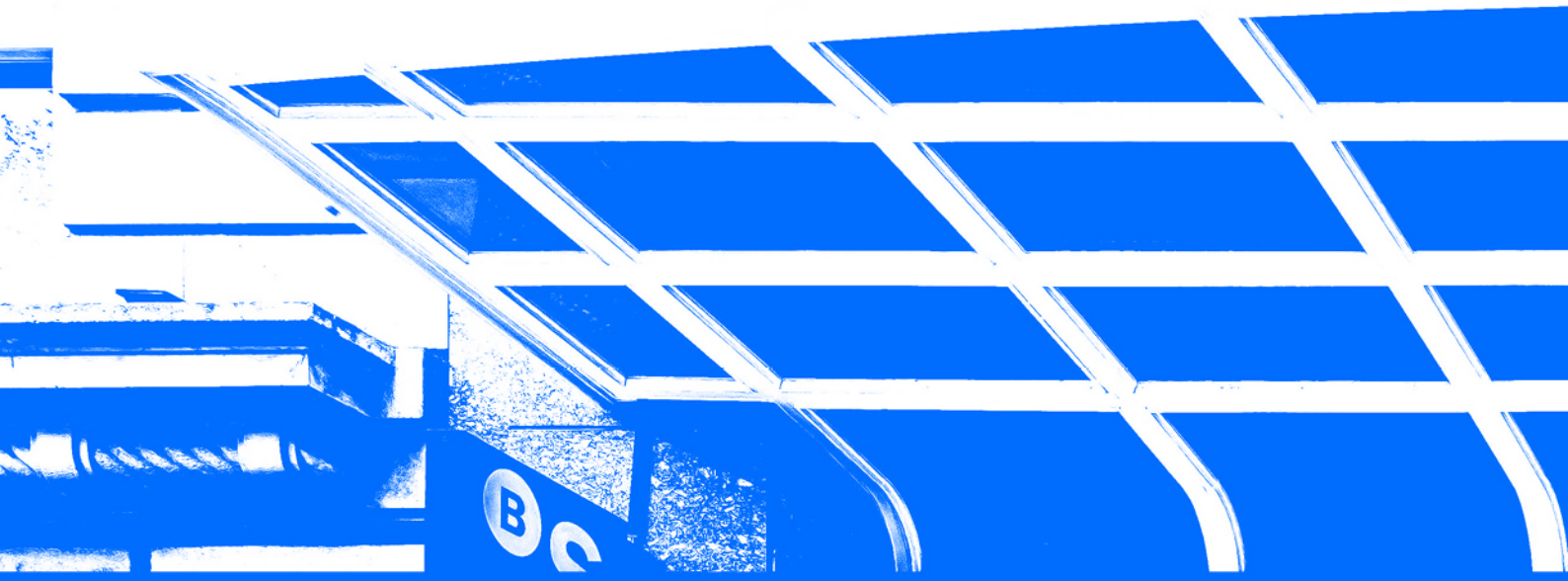
	2025	2024 (*)
Administrative expenses	(1,943,093)	(1,906,203)
Staff expenses	(1,067,315)	(1,012,392)
Other administrative expenses	(875,778)	(893,811)
Cash contributions to resolution funds and deposit guarantee schemes (*)	(7,235)	(6,216)
Depreciation and amortisation	(130,278)	(140,802)
Property, plant and equipment	(127,902)	(137,696)
Investment properties	(716)	(1,500)
Goodwill	(1,368)	(1,368)
Other intangible assets	(292)	(238)
Modification gains or losses, net	—	—
Financial assets at fair value through other comprehensive income	—	—
Financial assets at amortised cost	—	—
Provisions or reversal of provisions	21,133	(49,249)
Payment commitments to resolution funds and deposit guarantee schemes	—	—
Commitments and guarantees given	61,636	19,540
Other provisions	(40,503)	(68,789)
Increases or decreases of the fund for general banking risks, net	—	—
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(384,139)	(468,655)
Financial assets at fair value through other comprehensive income	(456)	235
Financial assets at amortised cost	(383,683)	(468,890)
Impairment or reversal of impairment on investments in subsidiaries, joint ventures and associates	20,413	(9,541)
Impairment or reversal of impairment on non-financial assets	(19,189)	(31,237)
Property, plant and equipment	(20,759)	(32,032)
Investment properties	1,570	795
Goodwill	—	—
Other intangible assets	—	—
Other	—	—
Negative goodwill recognised in profit or loss	—	—
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	—	—
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	6,051	(14,102)
Tax expense or income related to profit from continuing operations	(630,099)	(522,904)
Extraordinary profit or loss, after tax	—	—
Extraordinary profit or loss, before tax	—	—
Tax expense or income related to extraordinary profit or loss	—	—
Profit or loss after tax from discontinued operations	417,708	200,685
Profit or loss before tax from discontinued operations	449,259	229,654
Tax expense or income related to discontinued operations	(31,551)	(28,969)
Attributable to minority interest [non-controlling interests]	—	—
Attributable to owners of the parent	1,537,446	1,304,769

(*) See Note 1.4.

Banco Sabadell

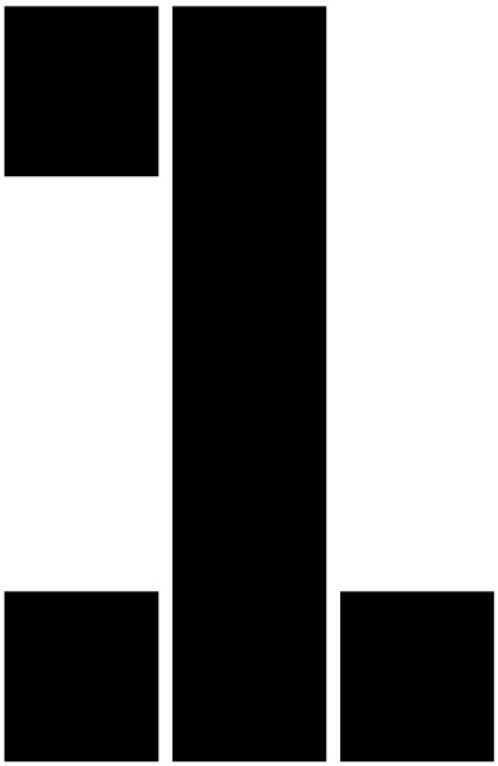


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Banco Sabadell Group

Banco de Sabadell, S.A. (hereinafter also referred to as Banco Sabadell, the Bank, the Company, or the Institution), with registered office[1] in Sabadell, Plaça de Sant Roc, 20, engages in banking business and is subject to the standards and regulations governing banking institutions operating in Spain. It has been subject to prudential supervision on a consolidated basis by the European Central Bank (ECB) since November 2014.

The Bank is the parent company of a group of entities whose activity it controls directly and indirectly and which comprise, together with the Bank, Banco Sabadell Group. Banco Sabadell is formed of different financial institutions, brands, subsidiaries and investees that cover all aspects of financial business. It operates mainly in Spain, the United Kingdom and Mexico.



[1] At its meeting held on 22 January 2025, the Board of Directors of Banco Sabadell resolved to amend Article 2 of the Articles of Association to establish the registered office in Sabadell, at Plaça de Sant Roc, no. 20. The registered office was previously located in Alicante, at Avenida Óscar Esplá, 37.

In 2025, the Group's organisation was structured around the following businesses:

- Banking Business Spain groups together the Retail Banking, Business Banking and Corporate Banking business units, with Retail Banking and Business Banking managed under the same branch network:
  - Retail Banking: offers financial products and services to individuals for personal use. These include investment products and medium- and long-term finance, such as consumer loans, mortgages, leasing and rental services, as well as other short-term finance. Funds come mainly from customers' term and demand deposits, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and various kinds of insurance products.
  - Business Banking: offers financial products and services to companies and self-employed persons. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers custom structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from customers' term and demand deposits and mutual funds. The main services also include collection and payment methods, such as cards and Point-of-Sale (PoS) terminals, as well as import and export services. This business unit further includes Private Banking, which offers personalised expert advice, backed by specialised and high-value product capabilities for customers.
  - Corporate Banking: through its presence in Spain and in a further 11 countries, it offers financial and advisory solutions to large Spanish and international corporations and financial institutions. It structures its activity around two pillars, the first of which is the customer. It aims to serve its customers who are natural persons to meet the full range of their financial needs. This pillar is determined by the nature of those customers and includes large corporations classed under the Corporate Banking umbrella, financial institutions, Private Banking clients in the United States and the venture capital business carried out through BSCapital. The second pillar is specialised business, which encompasses the activities of Structured Finance, Treasury, Investment Banking, and Trading, Custody & Research. Its goal is to advise, design and execute custom operations that anticipate the specific financial needs of its customers, be they companies or individuals, with its scope of activity ranging from large corporations to smaller companies and customers, insofar as its solutions are the best way to meet their increasingly complex financial needs.
- Banking Business UK: the TSB franchise covers business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.
- Banking Business Mexico: offers banking and financial services for Corporate Banking, Commercial Banking and Retail Banking.

As described in Note 2, following receipt of a binding offer from Banco Santander to acquire TSB, the Board of Directors of Banco Sabadell, at its meeting of 1 July 2025, agreed to submit the offer for approval at an Extraordinary General Meeting at which, on 6 August 2025, shareholders approved the sale of all shares representing the share capital of TSB to Banco Santander. The closing of the transaction, which is expected to take place during the second quarter of 2026, is subject to obtaining regulatory authorisations from the competent authorities.

Banco Sabadell is the parent undertaking of a group of companies that, as at 31 December 2025, numbered a total of 79. Of these, aside from the parent company, 57 are considered subsidiaries and 21 are considered associates (as at 31 December 2024, there were 84 companies: the parent company, 61 subsidiaries and 22 associates).





1.1 Mission, values and business model

Mission and values

Banco Sabadell helps people and businesses bring their projects to life, anticipating their needs and helping them make the best economic decisions. It does this through environmentally and socially responsible management.

This is Banco Sabadell's *raison d'être*: to help its customers make the best economic decisions so that they may see their personal and/or business projects take shape. To that end, it gives customers the benefit of the opportunities offered by big data, digital capabilities and the expertise of its specialists.

The Bank and those who form part of it share the values that help to accomplish this mission, however, wherever and whenever that may be.

Banco Sabadell accomplishes its mission while staying true to its values:

— Commitment and Non-Conformism, values that define its way of being.
— Professionalism and Effectiveness, values that define its way of working.
— Empathy and Openness, values that define its way of interacting.

Business model, main objectives achieved and actions taken

The Institution's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on criteria related to profitability, sustainability, efficiency and quality of service, together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests.

The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty by adopting an initiative-based and proactive approach to the relationship through the various channels that the customers of the Bank have at their disposal. The Bank offers a comprehensive range of products and services, qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

The organic growth seen in recent years has brought the Bank's domestic market share to 8% in loans and 7% in deposits. Banco Sabadell also has a good market share in other products, such as financing granted to non-financial corporations at 9%, mutual funds at 5% and PoS turnover at 16%.

With regard to international business, Banco Sabadell has always been a benchmark. This has not changed in 2025 and Banco Sabadell continues to be present in strategic areas, supporting companies in their international activity. It should be noted that, as indicated previously, the sale of the British subsidiary TSB was approved on 6 August 2025. This is a transaction that benefits the Institution and its shareholders as it makes it possible to return excess capital and focus on Sabadell's development in the Spanish market. The transaction is expected to close in the second quarter of 2026.

With these developments, the Group has become one of the largest institutions in Spain's financial system, having multiplied its customer base six-fold since 2008, all whilst safeguarding its solvency and liquidity.

Trump's return to the United States' presidency has shaped the course of events on a global scale in 2025. One of the key aspects to draw attention has been the tariff war, which has led to substantially higher tariffs imposed by the United States on the rest of the world. Beyond trade, the Trump administration's agenda has also led to institutional changes, both internally (greater influence over autonomous agencies) and externally (loss of support for multilateral agreements and/or institutions). In addition, the state of the public finances continued to be a cause for concern, not only in the United States but also in countries such as France and the United Kingdom. In the geopolitical arena, Trump did not achieve his goal of quickly bringing the conflict in Ukraine to an end, while instability remained the keynote in the Middle East, albeit with a limited impact on oil prices. Despite the prevailing geostrategic confrontation and fiscal vulnerabilities, economic growth remained resilient, buoyed by cuts to official interest rates and by the widespread deployment of artificial intelligence. In relation to the financial markets, 2025 was once again a very positive year, particularly for risk assets. Lastly, the Spanish economy has continued to record strong economic growth of around 3% year-on-year. The growth of the economy has been driven by domestic demand, with good performance recorded in both household consumption and investment. Consumption was supported by the favourable evolution of the labour market and significant migration flows, while investment benefited from the rollout of the NGEU funds.

In this respect, in year-on-year terms, the Bank's results are in line with the annual targets. It is worth noting the reduced cost of risk, the active and growing commercial momentum, and the contained increase in costs.

On the other hand, the tender offer announced by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for all shares issued by Banco Sabadell was authorised by the CNMV on 5 September 2025. Following the end of the acceptance period, on 16 October 2025 the CNMV announced that the tender offer had failed after a sufficient number of Banco Sabadell shareholders chose not to accept it, thereby rendering the offer null and void (for further details, see Note 1.5 to the 2025 consolidated annual financial statements).

Additionally, Banco Sabadell and Nexi. S.p.A. terminated the strategic agreement signed by both parties on 27 February 2023, thereby extinguishing the commitments undertaken by the parties (for further details, see Note 2 to the 2025 consolidated annual financial statements).

Banco Sabadell conducts its business in an ethical and responsible manner, gearing its commitment to society in a way that ensures its activities have a positive impact on people and the environment. Each and every person in the organisation plays their part in applying the principles and policies of corporate social responsibility, ensuring high-quality and transparent customer service.

In addition to complying with the applicable regulations and standards, Banco Sabadell has a set of policies, internal rules and codes of conduct that guarantee ethical and responsible behaviour at all levels of the organisation and in all Group activities.

1.2 Strategic Plan 2025-2027

On 24 July 2025, Banco Sabadell unveiled its Strategic Plan 2025-2027, outlining the Group's strategic direction and providing an outlook on its key financial figures.

The new plan concentrates on the Group's activity in Spain, taking advantage of its good macroeconomic outlooks, with a clear focus on growth, whilst preserving risk quality and maintaining ample capacity to generate capital, thus enabling an attractive return for shareholders.

Looking ahead to 2027, Banco Sabadell expects a return of 16% and shareholder remuneration of 6.45 billion euros over the period 2025-2027. To achieve this, the Bank expects the growth of its commercial activity in Spain to outpace the market in most business segments, whilst improving its risk profile, increasing revenues and maintaining efficient cost management.

A domestic Spanish bank, where decisive execution drives growth, capital generation and attractive shareholder remuneration.

Focus on Spain

Following the sale of TSB, Banco Sabadell will focus its strategy on Spain – a predictable and stable market with one of the most positive macroeconomic outlooks in the European Union in the coming years:

- Private debt to Gross Domestic Product (GDP), which is below the Eurozone average, is at its lowest level in the last 20 years and is expected to remain at that level.
- Economic unemployment is at its lowest level since 2008, maintaining a good outlook going forward.
- The expected average annual growth of Spanish GDP for the period 2026-2028 (1.8%) exceeds that of the Eurozone (1.3%).
- Inflation in the Spanish economy (2.2%) will remain in line with that of the European Union (2.1%) over the period 2026-2026.

With regard to growth of lending in Spain, the Plan anticipates compound annual growth of more than 4% in household loans and around 4% in business loans over its time horizon. For deposits, a positive performance is also expected, with an annual growth rate of around 4%.

Focus on growth

Since 2021, Banco Sabadell has been carrying out an in-depth transformation process, paving the way for the future growth of the Institution.

The transformation undertaken up to now has focused on three key areas:

- In risks, the focus has been on transforming risk models and processes across all credit portfolios, as well as increasing sectoral specialisation.

— In pricing, the transformation has concentrated on increasing price segmentation based on customers' risk profile and their price sensitivity.
— In processes, emphasis has been placed on (i) redesigning the customer journey, with particular focus on the customer experience and on improving the conversion ratio, (ii) improving the Bank-customer relationship model (for example, by deploying specialists in mortgages, insurance and savings & investment products, and by improving the value proposition for Private Banking and SMEs), and (iii) developing the necessary capacity to make a qualitative leap in digitalisation.

This transformation has placed the Bank in a good position to accelerate its future growth, both in terms of credit volume, whilst preserving risk quality, and in terms of fee income and the customer base, with the goal of increasing the size of the franchise:

— Credit (single-digit average annual growth between 2024 and 2027): with most of the transformation process completed, credit volume growth will accelerate between 2025 and 2027, with expectations of an increase above the market average in the business segment, well above the market average in consumer credit and in line with the market average in mortgages. Alongside the growth in credit volume, risk quality has improved significantly in recent years and is expected to continue to grow stronger (cost of risk of around 40 basis points is estimated in 2027).
— Fees and commissions (single-digit average annual growth between 2024 and 2027): future growth will be driven, roughly 70%, by the transformation of the three key business lines that generate fee income: savings & investment, insurance, and payment services.
— Customer base (gross acquisition of retail customers between 2025 and 2027 is expected to be 15% higher compared to the period from 2022 to 2024): the transformation carried out between 2021 and 2024 has allowed the development of new direct banking capabilities, with the aim of focusing on digital customer acquisition going forward, without relinquishing branch-based customer acquisition.

Technology, people and performance metrics are key elements that will support the future growth of the business. This growth has already materialised in the results for 2025.

Track record

Banco Sabadell has built a solid track record of execution since 2021, having met the targets initially set for each year. This trend was maintained in 2025, with the results obtained for the year being in line with guidance.

Shareholder remuneration

Following the trend demonstrated in recent years, Banco Sabadell expects to continue growing recurrently and sustainably.

Over the time horizon of the Plan, profitability as measured by ROTE is expected to reach 16% in 2027, generating an annual average of 175 basis points of capital (pre-dividend accrual). All this, combined with the extraordinary dividend stemming from the sale of TSB, will allow a distribution to shareholders in the amount of 6.45 billion euros in the period 2025-2027, which equates to around 40% of the Bank's stock market value[2].

[2] Closing share price on 17 February 2026 (€3.196).

Sabadell has a strong commitment to shareholder remuneration.

The guidance set out in the Group's Strategic Plan was reflected in the income statement for this year as follows:

Net interest income has been maintained albeit under pressure, amounting to 4,837 million euros at the Group level and 3,604 million euros excluding TSB in 2025, in line with the year-end target of 3,600 million euros ex-TSB. This evolution reflects the impact of the narrowing customer spread, which, excluding TSB, fell from 3.3% to 2.9% in the year, partly offset by larger loan and deposit volumes, as well as a lower cost of wholesale funding. At TSB, net interest income has made a steady recovery, ending the year with a high single-digit increase, as expected, mainly due to the contribution of structural balance sheet hedging.

Fees and commissions increased by 2.0% in the year at the Group level and by 3.6% excluding TSB, mainly as a result of higher asset management and insurance fees. This means that this line item has grown at levels close to the year-end target of mid-single-digit growth excluding TSB.

With regard to costs, the year-on-year increase at the Group level was 0.5%, as a result of higher staff expenses, which were partially offset by other general administrative expenses. Excluding TSB, this line item increased by 2.5%, mainly due to higher staff expenses. Total costs excluding TSB have evolved in line with the year-end target of a low single-digit increase, despite the share-based extraordinary remuneration paid to all employees related to the end of the takeover bid, and a reclassification related to the termination of the agreement on the sale of the merchant acquiring business, which impacted the depreciation line. Both of these impacts were recorded in the last quarter of the year.

With a total cost of risk of 31 basis points, equivalent to 546 million euros of provisions and impairments in 2025 at the Group level and 37 basis points ex-TSB, the year-end target of 40 basis points ex-TSB has been met, thanks to a diversified balance sheet, risk management actions and the positive evolution of asset quality.

In addition, the profitability reported for 2025, measured in terms of Return On Tangible Equity (ROTE), was 14.3%, close to the targeted ROTE of 14.5%, which improved (from 14%) in the second quarter of the year, when targets were set in the Strategic Plan 2025-2027. In addition, it is expected that in 2026 the resilience of the Group's income statement will allow it to attain recurrent profitability, excluding TSB and its impacts, of 14.5%, measured in terms of tangible equity.

Lastly, in relation to shareholder remuneration, on 5 February 2026, the Board of Directors of Banco Sabadell raised shareholder remuneration against earnings for 2025 to 1.5 billion euros, consisting of a 60% payout plus a distribution of 435 million euros of excess capital above the fully-loaded CET1 ratio of 13% applying the regulatory implementation timeline of the output floor on a consolidated basis.

1.3 Banco Sabadell share performance

The Bank's share capital as at 31 December 2025 amounted to 627,959,716.50 euros, represented by 5,023,677,732 registered shares with a par value of 0.125 euros each (as at 31 December 2024, it amounted to 680,027,680.875 euros, represented by 5,440,221,447 registered shares, each with a par value of 0.125 euros).

The agenda of the United States administration shaped the economic and financial environment in 2025. Specifically, in the area of international trade, the US raised tariffs, which were subsequently eased by trade agreements. On the other hand, the sustainability of the public finances continued to provoke concern in the United States and in some European economies, such as France. At the geopolitical level, there was continued instability generated by the conflicts in Ukraine and the Middle East. Nevertheless, the economy and the financial markets demonstrated resilience thanks to the thrust of artificial intelligence, expectations of rate cuts and a raft of solid corporate earnings.

Spain stood out among the main Eurozone countries once again and saw strong economic growth of around 3% year-on-year. Once again, Spain's economic growth was higher than the consensus had expected at the beginning of the year. The economy was underpinned by, among other things, migration flows and the NGEU funds. Lastly, Spain has been relatively well protected from the US tariffs due to its limited trade exposure with that country. Labour market data has also been positive, with employment at record highs and unemployment at its lowest rate since 2008.

With regard to the central banks, the year was marked by the ongoing normalisation of monetary policy, although progress was uneven across regions. The main monetary authorities implemented cuts to their benchmark interest rates, in a context of inflation closer to or around the monetary policy targets and slowing economic growth. In the Eurozone, the ECB reduced the deposit facility rate to 2.00% and, subsequently, maintained a prudent stance in relation to further adjustments. The Federal Reserve's rate cuts were more restrained (down to 3.50-3.75%) in a context of moderated job creation and upward pressure on inflation as a result of the new tariffs. In the United Kingdom, the Bank of England continued with incremental cuts to the base rate, bringing it down to 3.75%. In the bond markets, geopolitical tensions and, in particular, the announcement of 'Liberation Day', brought on increased volatility affecting yield curves. Nevertheless, with the exception of this episode, interest rates have been quite stable over the course of the year, with long-dated bonds trading at historically high levels.

The countercyclical capital buffer (CCyB) of 0.5%, set by the Bank of Spain, was applied as from October 2025 with plans to raise it to 1% from October 2026 if the cyclical systemic risks persist.

All in all, profitability in the banking sector has been solid over the year, exceeding the cost of capital demanded by the market, thanks to sustained profits in an interest rate environment favourable to financial intermediation, despite the gradual monetary normalisation.

As regards Banco Sabadell's share price performance, it has kept the good tone of recent years, with a dividend-adjusted revaluation of +96% in the year. On a like-for-like basis, the market revaluation was above the European banking industry benchmark (STOXX Europe 600 Banks), which rose by +67%, and also above general indices such as EURO STOXX 50 and IBEX 35, which cumulatively increased by +14% and +49%, respectively, over the year.

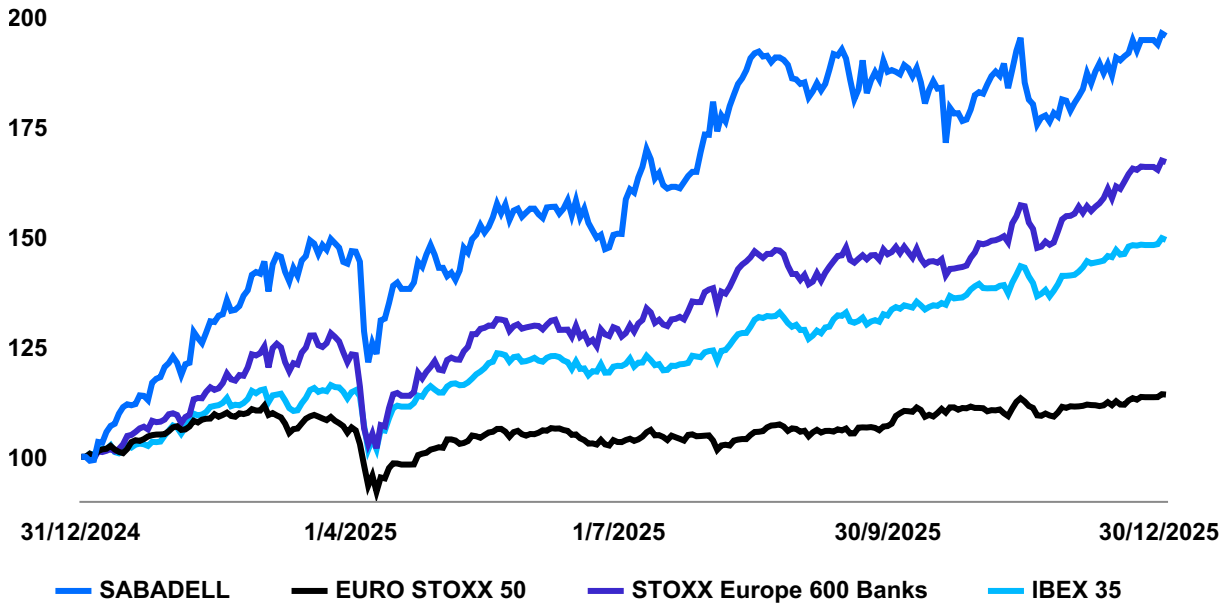


In this respect, the factors pertaining to the economic and financial environment mentioned above significantly influenced the share price performance. Similarly, in relation to Banco Sabadell's idiosyncratic factors, certain influencing elements worth noting include, on one hand, the Institution's improved financial position and profit estimates, validated in July during the presentation of the new Strategic Plan 2025-27, and, on the other hand, the events surrounding the takeover bid put forward by Banco Bilbao Vizcaya Argentaria, S.A. and the outcome of that bid, which ultimately served to reinforce the Institution's standalone strategy.

As at the end of 2025, the average target price among equity analysts covering Banco Sabadell was 3.7 euros, all with Buy or Hold recommendations on the stock.

Banco Sabadell's market capitalisation stood at around 16,818 million euros as at year-end, with a Price/Tangible Book Value (P/TBV) ratio of 1.40x.

Over the year, the main rating agencies also improved their credit ratings for Banco Sabadell.



	Million	Million euro	Euro	Million euro	Euro
	Average number of shares (*)	Profit attributed to the Group	Profit attributed to the Group, per share	Own funds	Book value per share
2022 (**)	5,594	889	0.140	13,635	2.43
2023	5,401	1,332	0.225	14,344	2.65
2024	5,376	1,827	0.322	15,389	2.87
2025	5,152	1,775	0.316	14,631	2.93

(*) The average number of shares is shown net of the treasury stock position.

(**) The data corresponding to 2022 was restated to take into account the entry into force of IFRS 17 (see Note 1.4 to the consolidated annual financial statements for 2023).

Share performance

Below are a number of indicators of the Bank's share performance:

	2025	2024	Year-on-year change (%)
Shareholders and trading			
Number of shares outstanding (million) (*)	4,998	5,361	(6.8)
Average daily trading (million euro)	45	38	16.7
Share price (euro)			
Opening	1.877	1.113	—
High	3.482	2.050	—
Low	1.795	1.105	—
Closing	3.365	1.877	—
Market capitalisation (million euro)	16,818	10,063	—
Market ratios			
Earnings Per Share (EPS) (euro)	0.32	0.32	—
Book value per share (euro)	2.93	2.87	—
P/TBV (price/tangible book value per share)	1.40	0.78	—
Price/Earnings ratio (share price/EPS)	10.64	5.84	—

(*) Total number of shares minus final treasury stock position (including shares in buyback programmes, where applicable).

Shareholder remuneration in the amount of 1.5 billion euros against earnings for 2025.

The Bank's shareholder remuneration commitment, in accordance with its Articles of Association, is proposed by the Board of Directors and submitted to shareholders for approval every year at the Annual General Meeting. In addition, Banco Sabadell has a Shareholder Remuneration Policy that lays down the principles that determine the shareholder remuneration framework.

The percentage of profits to be paid out as remuneration to shareholders, that is, the Group's payout, was set at 60% of net profit attributed to the Group.

In addition, the Banco Sabadell Shareholder Remuneration Policy makes provision for the possible distribution of excess capital above a minimum threshold predetermined by the Board of Directors. Currently, regulatory capital above the threshold of 13%[3] can be considered excess capital and can therefore be paid out as remuneration to shareholders, in the absence of any alternative use for that capital.

On 10 April 2024, shareholders at the Annual General Meeting approved a share buyback programme in the amount of 340 million euros, as part of shareholder remuneration against earnings for 2023. This programme, which had been temporarily suspended at the request of the CNMV due to the publication of the announcement of the tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A., was reactivated on 31 March 2025 following approval by shareholders at the Annual General Meeting and was completed on 8 May 2025, having

[3] Fully-loaded CET1, applying the output floor's regulatory implementation timeline.

reached the maximum pecuniary amount outstanding of 247 million euros envisaged in the Buyback Programme.

Following completion of the aforesaid reactivated share buyback programme, and in accordance with the approval by shareholders at the Annual General Meeting of 20 March 2025, another share buyback programme was launched on 9 May 2025 in the amount of 755 million euros, which was completed on 1 August 2025.

At Board meetings held on 29 May 2025 and 5 August 2025, the Board of Directors of Banco Sabadell agreed, pursuant to the authorisation received from the European Central Bank, to carry out reductions in the share capital of Banco Sabadell by redeeming all of the treasury shares acquired under the aforementioned share buyback programmes. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by shareholders during the aforesaid Annual General Meeting of 20 March 2025. The resulting share capital stood at 627,959,716.50 euros represented by 5,023,677,732 registered shares with a par value of 0.125 euros each.

At a meeting held on 1 July 2025, the Board of Directors of Banco Sabadell agreed to submit a proposal for consideration by shareholders at an Extraordinary General Meeting concerning the payment of an extraordinary cash dividend of 50 euro cents (gross) per share, conditional on closing the sale of TSB. This dividend distribution proposal was submitted to shareholders at the Extraordinary General Meeting of 6 August 2025, with a favourable result.

At its meeting of 23 July 2025, in compliance with the Group's shareholder remuneration policy and in the context of the update of the Strategic Plan 2025-2027, which was published on 24 July 2025, Banco Sabadell's Board of Directors agreed to distribute an interim cash dividend against 2025 earnings in the amount of 7 euro cents (gross) per share, which was paid on 29 August.

Additionally, at the aforesaid meeting of 23 July 2025, the Board of Directors also produced a preliminary estimate of potential total shareholder remuneration for the period 2025-2027 in the amount of 6.3 billion euros, including the extraordinary dividend from the sale of TSB, bringing the estimated remuneration for 2025 to 1.3 billion euros.

At its meeting of 30 September 2025, based on the positive trend of the business, earnings and capital generation, the Board of Directors updated its estimate of total shareholder remuneration for the period 2025-2027 to 6.45 billion euros, setting shareholder remuneration for 2025 at 1.45 billion euros. In addition, at that same meeting, the Board of Directors approved a second interim cash dividend for 2025 of 7 euro cents (gross) per share, which was paid on 29 December 2025.

At the meeting held on 5 February 2026 and in accordance with Banco Sabadell's shareholder remuneration policy, the Board of Directors of Banco Sabadell, after obtaining prior authorisation from the European Central Bank, agreed to set up two share buyback programmes to repurchase treasury shares for their subsequent redemption, up to a maximum aggregate amount of 800 million euros. To that end, the Board of Directors approved the allocation of a maximum of 435 million euros to the first share buyback programme, equivalent to excess capital above the fully-loaded CET1 ratio of 13% applying the regulatory implementation timeline of the output floor on a consolidated basis. Furthermore, the Board of Directors decided to allocate a maximum of 365 million euros to the second share buyback programme, equivalent to the difference between 60% of the net profit attributed to the Group for 2025 (the payout ratio at the top end of the range established in the shareholder remuneration policy) and the cash dividends paid out of 2025 earnings.

Credit ratings

In 2025, the four agencies that assessed Banco Sabadell's credit quality were S&P Global Ratings, Moody's Ratings, Fitch Ratings and Morningstar DBRS.

On 27 March, S&P Global Ratings upgraded Banco Sabadell's long-term issuer credit rating to A- from BBB+, with a stable outlook. The rating upgrade was the result of Sabadell's improved credit profile, which the agency sees as commensurate with its peers, as well as easing industry risks in the Spanish banking system. The short-term rating was kept at A-2. Later, on 11 August, the agency affirmed the Bank's rating following the approval of the sale of TSB Banking Group plc. Lastly, on 16 December, the agency upgraded the outlook from *stable* to *positive*, affirming the issuer's long-term and short-term credit ratings of A- and A-2, respectively. The upgraded outlook reflects the possibility that S&P Global Ratings could raise Banco Sabadell's ratings if it manages to build up and sustain a buffer of bail-inable subordinated instruments large enough (i.e. more than 6%) to provide enhanced protection to senior debtholders in a resolution scenario.

On 3 October, Moody's Ratings upgraded Banco Sabadell's long-term deposit rating to A3 from Baa1 and its senior unsecured debt rating to Baa1 from Baa2, with a stable outlook in both ratings. It also upgraded the rating of the Bank's mortgage covered bonds to Aaa from Aa1. These upgrades reflect the Bank's improved solvency, supported by the continuous enhancement of its asset quality and the improved profitability. The short-term rating was kept at P-2. On 18 November, Moody's Ratings affirmed those ratings, following the publication of its new methodology.

On 10 January, Fitch Ratings upgraded Banco Sabadell's long-term rating to BBB+ from BBB and maintained the stable outlook. The upgrade was driven by the strengthening of the Bank's asset quality, profitability and capitalisation, as well as the improved assessment of the operating environment for Spanish banks. The short-term rating was kept at F2. In addition, on 9 May, the agency placed Banco Sabadell on rating watch positive, subsequently reversing it on 27 October after the unsuccessful takeover bid put forward by BBVA, affirming the long- and short-term ratings on that same date and assigning them both a stable outlook.

On 18 February, Morningstar DBRS affirmed Banco Sabadell's long-term issuer rating at A (low) with a stable outlook, highlighting the Institution's improved profitability and its significant reduction of non-performing loans. The agency also expects that the Bank will continue to report solid profitability despite the lower interest rate environment, largely supported by the lending volume growth and the materialisation of cost savings implemented in TSB. The short-term rating remained at R-1 (low).

During 2025, Banco Sabadell has been in continuous contact with the four rating agencies. In its meetings with analysts from those agencies, aspects such as progress with results, capital, liquidity, risks, credit quality, and management of NPAs were discussed and debated.

The table below details the current ratings and the most recent date of publication of an update or affirmation of those ratings.

	Long-term	Short-term	Outlook	Last updated
S&P Global Ratings	A-	A-2	Positive	16/12/2025
Moody's Ratings	Baa1	P-2	Stable	18/11/2025
Fitch Ratings	BBB+	F2	Stable	27/10/2025
Morningstar DBRS	A (low)	R-1 (low)	Stable	18/02/2025



1.4 Corporate governance

Banco Sabadell has a solid corporate governance structure that ensures effective and prudent management of the Bank, in which it prioritises ethical, sound and transparent governance, taking into account the interests of shareholders, customers, employees and the general public in the geographies in which it operates.

The internal governance framework, which gives details, among other aspects, about its shareholding structure, the governing bodies, the Group's structure, the composition and operation of corporate governance, the internal control functions, key governance matters, the risk management framework, the internal procedure for the approval of credit transactions granted to directors and their related parties and the Group's policies, is published on the corporate website: www.grupbancsabadell.com (see section "Corporate Governance and Remuneration Policy – Internal Governance Framework").

As required by Article 540 of the Spanish Capital Companies Act, Banco Sabadell Group has prepared the Annual Corporate Governance Report for the year 2025, which, in accordance with Article 49 of the Spanish Commercial Code, forms part of the Directors' Report for 2025. It includes a section on the extent to which the Bank follows recommendations on corporate governance currently in existence in Spain.

As it has done on previous occasions, Banco Sabadell has opted to prepare the Annual Corporate Governance Report in free PDF format, in accordance with CNMV Circular 2/2018 of 12 June, in order to explain and publicise, with maximum transparency, the main aspects contained therein.



Annual General Meeting 2025

The Bank's main governing body is the Annual General Meeting, in which shareholders decide on matters attributed to the Meeting by law, the Articles of Association (available on the corporate website under "Corporate Governance and Remuneration Policy – Articles of Association") and its own Regulation, as well as any business decisions that the Board of Directors considers to be of vital importance for the Bank's future and corporate interests.

The Annual General Meeting has approved its own Regulation, which sets out the principles and basic rules of action (see corporate website under "Shareholders' General Meeting – Regulations of the Shareholders' Meeting"), safeguarding the rights of shareholders and transparency of information.

At the Annual General Meeting, shareholders may cast one vote for every thousand shares that they own or represent. The Policy for communication and contact with shareholders, institutional investors and proxy advisors, approved by the Board of Directors and compliant with the Good Governance Code of Listed Companies of June 2020, aims to promote the transparency of public information and build trust while safeguarding, at all times, the legitimate interests of institutional investors, shareholders and proxy advisors and of all other stakeholders of Banco Sabadell.

The Bank has maintained the highest standards of transparency and participation to improve and promote the participation of shareholders at both the Ordinary Annual General Meeting of 20 March 2025 and at the two Extraordinary General Meetings held on 6 August 2025, so that they were able to attend these events not only in person but also, (as made possible by the Bank since 2022), remotely through a live broadcast, as well as being able to vote on motions on the agenda and speak during question time. To that end, the Bank reiterated that it has set up electronic channels through Banco Sabadell's websites (corporate website and BSOnline) and its mobile app (BSMovil) so that shareholders can delegate and cast their vote in advance of the General Meetings.

Those channels are embedded on the Bank's website and they provide a fast and straightforward experience to customers who are shareholders and to shareholders in general, in addition to making interactions easier.

The 2025 Annual General Meeting, convened on 6 February 2025, took place on 20 March 2025, on second call.

At the Annual General Meeting held on 20 March 2025, shareholders approved all items on the agenda, among them the annual financial statements and the corporate management of the financial year 2024 and, in relation to appointments, they approved the re-election to the Board of César González-Bueno Mayer Wittgenstein, in the capacity of Executive Director, and of Manuel Valls Morató, in the capacity of Independent Director. On 6 February 2025, Laura González Molero tendered her resignation as an Independent Director of Banco Sabadell, effective from the date of the Annual General Meeting. On that same date, Alicia Reyes Revuelta communicated her decision not to stand for re-election as an Independent Director of Banco Sabadell due to her professional commitments, thus resigning from the position with effect from the date of the next Annual General Meeting. To fill these vacancies, during the aforesaid Annual General Meeting, at the proposal of the Board Appointments and Corporate Governance Committee, shareholders agreed to appoint María Gloria Hernández García and Margarita Salvans Puigbò as Independent Directors. They joined the Board for the first time at the Board meetings held on 29 May 2025 and 26 June 2025, respectively, having received the corresponding regulatory authorisations.

In light of the analysis of best practices observed in the market when defining the amount, format, frequency and recurrence of shareholder remuneration, the Board of Directors submitted a new Banco Sabadell Shareholder Remuneration Policy to the 2025 Annual General Meeting for consideration by shareholders, obtaining 99.86% votes in favour.

At the aforesaid Annual General Meeting shareholders approved, under point 5 of the agenda and with 99.18% votes in favour, the reactivation of the share buyback programme (originally approved by the Board of Directors in accordance with point 4 of the agenda for the Annual General Meeting of 10 April 2024 and subsequently temporarily suspended on 13 May 2024, at the request of the CNMV received on that same date in light of the publication of the prior announcement of the voluntary tender offer put forward by BBVA for the acquisition of Banco Sabadell shares representing its total share capital), along with the consequent reduction in share capital by the par value of treasury shares that could be acquired by the Institution under the aforesaid reactivated share buyback programme for a maximum pecuniary amount of 247 million euros.

Shareholders at the Annual General Meeting also approved, under point 6 of the agenda and with 99.11% votes in favour, the establishment of a new share buyback programme with the consequent reduction in share capital by the par value of treasury shares that could be acquired by the Institution under said share buyback programme for a maximum pecuniary amount of 755 million euros. Both share buyback programmes were fully executed, as were the respective capital reductions through the redemption of the treasury shares acquired under those programmes. For more information on the terms and timeframes of the above programmes, please see Notes 2 and 21 to the 2025 annual financial statements.

The Banco Sabadell Annual General Meeting has once again been certified as a ‘Sustainable Event’, having satisfactorily met the sustainability criteria for certification and having passed the preliminary assessment process and the in-person audit conducted by Eventsost, a comprehensive sustainability certification platform for events. The certification is based on the event sustainability standards considered in the Eventsost certification scheme for sustainable events, and on alignment with the Sustainable Development Goals of the UN’s 2030 Agenda applied to event production.

In addition, an external consultant verified the procedures established for preparing and holding the 2025 Annual General Meeting.

The external consultant carried out an individual analysis of each of the phases into which the review was divided (phase I: pre-Meeting, phase II: Meeting, and phase III: post-Meeting), concluding that, from a technical, procedural and legal point of view, all requirements, internal procedures and applicable regulations had been complied with in the three phases analysed.

Extraordinary General Meetings

At its meeting of 3 July 2025, under the provisions of the Articles of Association and the Regulation of the General Meeting of Shareholders, the Board of Directors of Banco Sabadell approved the convening of two Extraordinary General Meetings on 6 August 2025, at second call, the first held at 10am and the second at 1pm.

At the first of the aforesaid General Meetings, shareholders were asked to vote on whether to authorise the disposal of the entire share capital of Banco Sabadell's subsidiary TSB Banking Group plc and other equity instruments and securities issued by the latter. At the second General Meeting, shareholders were asked to vote on whether to approve an extraordinary cash dividend of 50 euro cents (gross) per share charged against unrestricted voluntary reserves, subject to the sale of TSB Banking Group plc and payable on the last business day of the month following the receipt of the sale price. Both items were approved by a very large majority of shareholders: 99.578% voted in favour of the disposal of TSB Banking Group plc and 99.656% voted to approve the extraordinary dividend.

At both General Meetings, as occurred at the Annual General Meeting of 20 March 2025, it was agreed that voting and representation could be carried out and delegated, respectively, remotely prior to the General Meeting.

The Board of Directors also agreed to put the necessary systems and procedures in place to enable shareholders and their proxies to attend using electronic means that allow real-time connection with the venue where the General Meeting is held, and to enable them to participate and vote using the systems and procedures put in place for that purpose.

The two Extraordinary General Meetings were also certified as 'Sustainable Events', in accordance with the same aforementioned sustainability standards and criteria applicable to the 2025 Annual General Meeting, and successfully passed the assessment and in-person audit conducted by Eventsost.

Information regarding the 2025 General Meetings is published on the corporate website: www.grupbancsabadell.com (see section "Shareholders and Investors - Shareholders' General Meeting").

Composition of the Board of Directors

With the exception of matters reserved to the Annual General Meeting, Banco Sabadell's Board of Directors is the most senior decision-making body of the Company and its consolidated Group, as it is responsible, under the law and the Articles of Association, for the management and representation of the Bank. The Board of Directors acts mainly as an instrument of supervision and control, delegating the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined and transparent rules of governance, in particular to the Articles of Association and the Regulation of the Board of Directors (available on the corporate website under "Corporate Governance and Remuneration Policy – Regulation of the Board of Directors"), and it conforms to best practices in the area of corporate governance.

As at 31 December 2025, the Board of Directors was formed of 14 members: its Chairman (in the capacity of Other External Director), ten Independent Directors, two Executive Directors and one Other External Director. The composition of the Board keeps an adequate balance between the different director categories that comprise it.

The Board of Directors has a diverse and efficient composition. It is of the appropriate size to perform its duties effectively by drawing on a depth and diversity of opinions, enabling it to operate with a good level of quality and effectiveness and in a participatory way. Its members are suitably diverse in terms of skill sets, professional background, origin and gender, and they have extensive experience in banking, finance, anti-money laundering & counter-terrorist financing, digital transformation & IT, insurance, risk & auditing, in regulatory affairs and the law, in academia, human resources & consultancy, responsible business practices & sustainability, as well as in international business. The Board's Matrix of Competences and Diversity can be consulted on the website in Banco Sabadell's Internal Governance Framework (see corporate website section "Corporate governance and Remuneration Policy – Internal Governance Framework").

Banco Sabadell has had this competences and diversity matrix in place since 2019, which is reviewed annually by the Board of Directors, following a favourable report from the Board Appointments and Corporate Governance Committee, and which was last reviewed on 27 March 2025, as a result of the most recent Board appointments of María Gloria Hernández García and Margarita Salvans Puigbò.

As at 2025 year-end, there were six female Directors, including five female Independent Directors out of a total of ten Independent Directors and one female Other External Director. As of 2024, women represented 40% of the Board of Directors, based on a total of 15 Board members. Based on the current Board composition, which comprises a total of 14 members, female representation has risen to 43% and women account for 50% of Independent Directors, thereby complying with the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures, and doing so ahead of the timeframes established in Organic Law 2/2024 of 1 August on equal representation and the balanced presence of women and men.
As indicated above, at the Annual General Meeting of 20 March 2025, shareholders agreed to appoint two female Independent Directors to replace two other departing female Independent Directors, Laura González Molero and Alicia Reyes Revuelta, who ceased to be members of the Board with effect from the date of the Annual General Meeting.

The incorporation of María Gloria Hernández García and Margarita Salvans Puigbò has increased and reinforced the diversity of knowledge and financial experience on the Board. María Gloria Hernández García has an outstanding profile as an economist with executive experience and as an

Board of Directors

31 December 2025

Chairman
Josep Oliu Creus

Deputy Chairman
Pedro Fontana García

Chief Executive Officer
César González-Bueno Mayer

Female directors
Aurora Catá Sala
Ana Colonques García-Planas
María José García Beato
Mireya Giné Torrens
María Gloria Hernández García
Margarita Salvans Puigbò

Male directors
Lluís Deulofeu Fuguet
Manuel Valls Morató
Pedro Viñolas Serra

Lead Independent Director
George Donald Johnston III

Director-General Manager
David Vegara Figueras

Non-Director Secretary
Miquel Roca i Junyent

Non-Director Deputy Secretary
Gonzalo Barettino Coloma

Independent Director with knowledge of the financial sector, capital markets, retail and corporate banking, in addition to her experience in planning and strategy, risk management and control, accounting and auditing, and in corporate governance and sustainability. For her part, Independent Director Margarita Salvans Puigbò has an excellent financial profile with executive and business experience; her financial sector knowledge and experience encompasses retail banking, planning and strategy, risk management and control, and accounting. The new Directors have full capacity to apply their knowledge and skill to the banking business. All of that, combined with the multi-disciplinary and executive capabilities of the new female Directors, has helped to consolidate the collective suitability of the Board of Directors and to maintain its collective ability to challenge the Bank's executives and to perform its overarching supervisory and control functions.

On 27 November 2025, an Other Relevant Information filing addressed to the CNMV was published, indicating that David Martínez Guzmán, Proprietary Director of Banco Sabadell, had tendered his resignation as a member of the Board of Directors by means of a letter addressed to the Chairman, which was conveyed to all members of the Board of Directors at their meeting of the same date. In the letter, Mr Martínez Guzmán states that during these 12 years of tenure on the Board, he has witnessed a transformation of the Bank and expresses his deep gratitude for the resounding success achieved by both the Chairman and the competent teams who have worked for the Bank.

The Banco Sabadell Director Selection Policy of 25 February 2016 (last amended on 12 November 2025) establishes the principles and criteria that should be taken into account in selection processes and also, therefore, in the initial fit and proper assessment and ongoing assessments of the members of the Board of Directors, as well as in the re-election of members of the management body in order to ensure their smooth succession, the continuity of the Board of Directors and the suitability of all its members.

The process for selecting candidates to sit on the Board of Directors and for re-electing existing Directors is governed, among other things, by the diversity principle, fostering the diversity of the Board of Directors in order to promote a diverse pool of members, and ensuring that a broad set of qualities and competences is engaged when recruiting members, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board of Directors.

The Board of Directors should ensure that the procedures for selecting its members apply the diversity principle and favour diversity in relation to aspects such as age, gender, disability, geographical provenance and educational and professional background, as well as any other aspects deemed appropriate to ensure the suitability and diversity of its pool of members. Furthermore, it should ensure that such procedures are free from implicit bias that may entail any degree of discrimination and, in particular, that they facilitate the selection of female directors in the number required to achieve a balanced composition of women and men, in compliance with the percentages set forth in Organic Law 2/2024, of 1 August, on equal representation and balanced presence of women and men.

At its meeting of 12 November 2025 following a favourable report from the Board Appointments and Corporate Governance Committee, the Board of Directors approved a new plan for the renewal of the Bank's Board of Directors, which establishes the foundations and principles to plan appropriately for the renewal of mandates and the succession of the Bank's directors. The new plan covers the period from 2026 to 2029. The previous plan, which covered the period from 2021 to 2024, approved in September 2021, was extended by one year, pursuant to the provision set out in the plan itself.

The Board of Directors has a Lead Independent Director who, in accordance with the Articles of Association, may ask the Board of Directors to call a meeting, request the inclusion of new items on the agenda, coordinate and convene Non-Executive Directors, voice the opinions of External Directors and lead, where applicable, the regular appraisal of the Chairman of the Board of Directors. The Lead Independent Director also coordinates the Succession Plan for the Chairman and Chief Executive Officer, approved in 2016 and revised in January 2025, while compliance therewith is verified each year by the Board Appointments and Corporate Governance Committee, and most recently in January 2026. In practice, the Lead Independent Director also leads meetings with investors and proxy advisors.

To ensure better and more diligent performance of its general supervisory duties, the Board of Directors undertakes to directly perform the responsibilities provided by law. These include:

— those deriving from generally applicable rules on corporate governance;
— approving the Company's general strategies;
— appointing and, where necessary, removing directors of subsidiaries;
— identifying the Company's main risks and implementing and monitoring the appropriate internal control and reporting systems;
— drawing up policies on the disclosure of information and communication with shareholders, markets and the general public;
— setting policy on treasury stock in accordance with any guidelines laid down at the Annual General Meeting;
— approving the Annual Corporate Governance Report;
— authorising the Company's transactions with directors and significant shareholders that may lead to conflicts of interest; and
— generally deciding on business or financial transactions that are of particular importance for the Company.

Board Committees

In accordance with the Articles of Association, the Board of Directors has set up the following Board Committees:

— The Board Strategy and Sustainability Committee.
— The Delegated Credit Committee.
— The Board Audit and Control Committee.
— The Board Appointments and Corporate Governance Committee.
— The Board Remuneration Committee.
— The Board Risk Committee.

The organisation and structure of the Board Committees are set out in the Articles of Association, in the Regulation of the Board of Directors and in the respective Regulations of the Board Committees, which set forth rules for their composition, operation and responsibilities (see corporate website section "Corporate Governance and Remuneration Policy – Regulations of the Committees"), and also develop and supplement the rules of operation and basic functions set forth in the Articles of Association and in the Regulation of the Board of Directors.

The Board Committees have sufficient resources to perform their duties and they may seek external professional advice and information on any aspect of the Institution, having unrestricted access both to Senior Management and Group executives and to all information and documentation, of any kind, held by the Institution on matters within their remit.

With regard to the change in the composition of Board committees, on 20 March 2025, Laura González Molero ceased her role as part of the Board Audit and Control Committee and of the Board Remuneration Committee as a result of her resignation from the position of Director, and Alicia Reyes Revuelta ceased her role as part of the Delegated Credit Committee and of the Board Risk Committee.

At its meeting of 28 April 2025, the Board of Directors agreed, following a report from the Board Appointments and Corporate Governance Committee, to change the composition of the Board Committees. Mireya Giné Torrens was appointed a voting member of the Delegated Credit Committee and ceased her role as part of the Board Appointments and Corporate Governance Committee; Ana Colonques García-Planas was appointed a voting member of the Board Appointments and Corporate Governance Committee; and Pedro Viñolas Serra was appointed a voting member of the Board Appointments and Corporate Governance Committee.

In the interests of the continuous improvement of the Institution's corporate governance, following the incorporation in the Board of Directors of María Gloria Hernández García as Independent Director and pursuant to the assessment carried out by the Board Appointments and Corporate Governance Committee to analyse the composition of the Board Committees, at its meeting of 29 May 2025 the Board of Directors, agreed to appoint María Gloria Hernández García as voting member of the Board Audit and Control Committee and voting member of the Board Risk Committee, in view of her skills and experience in accounting and auditing and in risk management and control. On the same date, Pedro Viñolas Serra ceased his role as part of the Board Audit and Control Committee.

At the Board meeting held on 26 June 2025, following the incorporation of Margarita Salvans Puigbò as an Independent Director, she was appointed a voting member of the Board Audit and Control Committee and voting member of the Board Remuneration Committee, in view of her skills and experience in accounting & auditing, human resources, culture, talent and remuneration.

The Board Appointments and Corporate Governance Committee also appreciated the valuable contribution of business experience of both Directors on these Board Committees. With these appointments a high percentage of women, as the under-represented sex, has been maintained on the Board Committees, and the age diversity of those occupying roles has been reinforced.

The composition and number of meetings of these Board Committees as at 31 December 2025 are shown in the table below:

Composition of the Board Committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments and Corporate Governance	Remuneration	Risk
Chair	Josep Oliu Creus	Pedro Fontana García	Manuel Valls Morató	Pedro Fontana García	Mireya Giné Torrens	George Donald Johnston III
Voting member	Lluís Deulofeu Fuguet	Lluís Deulofeu Fuguet	Ana Colonques García-Planas	Aurora Catá Sala	Ana Colonques García-Planas	Aurora Catá Sala
Voting member	Pedro Fontana García	Mireya Giné Torrens	María Gloria Hernández García	Ana Colonques García-Planas	Margarita Salvans Puigbò	María Gloria Hernández García
Voting member	María José García Beato	César González-Bueno Mayer	Margarita Salvans Puigbò	María José García Beato		Manuel Valls Morató
Voting member	César González-Bueno Mayer (*)	Pedro Viñolas Serra		Pedro Viñolas Serra		
Voting member	George Donald Johnston III					
Secretary Non-voting member	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Gonzalo Barettino Coloma
Meetings in 2025	**14**	**38**	**13**	**16**	**11**	**16**

(*) Member for matters of strategy only.

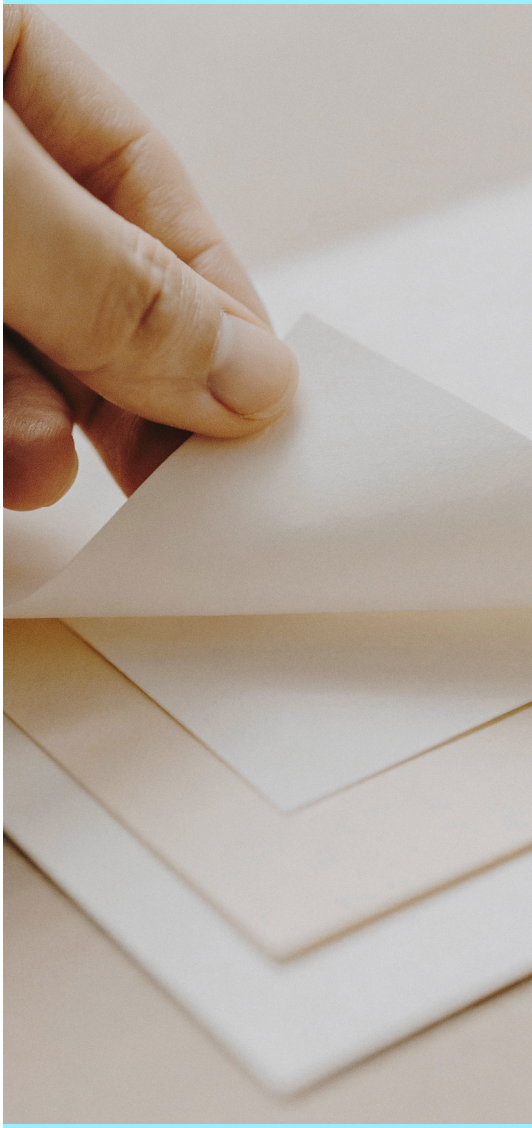


Board Strategy and Sustainability Committee

The Board Strategy and Sustainability Committee was set up in 2021 and is formed of five Directors: three Independent, one Other External and its Chair (in the capacity of Other External Director), who is the Chairman of the Board of Directors. On matters of strategy, the Chief Executive Officer takes part in the meetings, with rights to speak and vote, meaning that on such matters this Board Committee has six members.

With regard to strategy, the Board Committee's main responsibilities are to evaluate and propose strategies to the Board of Directors for the Company's business growth, development, diversification and/or transformation, and to report to and advise the Board of Directors on matters related to the Company's long-term strategy, identifying new opportunities to create value and bringing corporate strategy proposals to the Board's attention in relation to new investment or divestment opportunities, financial transactions with a material accounting impact, and significant technological transformations. It is also responsible for studying and putting forward recommendations and improvements to the strategic plans and their updates which may be brought before the Board at any time, and for issuing and submitting a report to the Board on an annual basis containing the proposals, assessments, studies and work carried out during the year.

With regard to sustainability, the Board Committee has the following responsibilities: review the Institution's sustainability and environmental policies; report to the Board of Directors on potential modifications and regular updates of the sustainability strategy; review the definition and amendment of the policies on diversity and inclusion, human rights, equal opportunities and work-life balance and periodically evaluate the level of compliance therewith; review the Bank's strategy for social action and its sponsorship and patronage plans; review and give status reports on the Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report), prior to its review and related reporting by the Board Audit and Control Committee and before its subsequent submission to the Board of Directors; and receive information related to reports, documents or communications from external supervisory bodies with regard to the responsibilities of this Board Committee.



Delegated Credit Committee

The Delegated Credit Committee is formed of five Directors: one Executive and four Independent (one of whom is its Chair). Its main duties are to analyse and, where appropriate, approve credit operations, in accordance with the assumptions and limits established by express delegation of the Board of Directors, and to prepare reports on matters within its area of activity that may be required of it by the Board of Directors. Furthermore, it shall have all the responsibilities ascribed to it by law, the Articles of Association and the Regulation of the Board of Directors.

Board Audit and Control Committee

The Board Audit and Control Committee is formed of four Independent Directors, its Chair being an audit expert. It aims to oversee the effectiveness of the Bank's internal control, internal audit and risk management systems, supervise the process for preparing and disclosing regulated financial information, report on the Bank's annual accounts and interim financial statements, manage relations with statutory auditors, and ensure that appropriate measures are taken in the event of any improper conduct or methods. It also ensures that the measures, policies and strategies defined by the Board of Directors are duly implemented.



Board Appointments and Corporate Governance Committee

The Board Appointments and Corporate Governance Committee is formed of four Independent Directors (one of whom is its Chair) and one Other External Director. Its main duties are to exercise vigilance to ensure a compliant qualitative composition of the Board of Directors, evaluating the suitability and necessary skills and experience of the members of the Board of Directors; escalate proposals for the appointment of Independent Directors and report on proposals for the appointment of the remaining Directors; report on proposals for the appointment and removal of senior executives and members of the Identified Staff; report on the basic terms of the contracts of Executive Directors and senior executives; and examine and organise the succession of the Bank's Chairman of the Board and Chief Executive Officer and, where appropriate, put forward proposals to the Board so that the aforesaid succession may take place in an orderly and planned manner. It should also establish a goal for representation of the under-represented sex on the Board of Directors and develop guidance on how to achieve that goal.

In matters related to corporate governance, it is responsible for informing the Board of Directors of the Company's corporate policies and internal regulations, unless they fall within the remit of other Board Committees; supervising compliance with the Company's corporate governance rules, except for those that fall within the remit of other Board Committees; submitting the Annual Corporate Governance Report to the Board of Directors for its approval and annual publication; supervising, within its sphere of competence, the Company's communications with shareholders and investors, proxy advisors and other stakeholders and reporting to the Board of Directors on these communications; and any other actions that may be necessary to ensure good corporate governance in all of the Company's activities.

Board Remuneration Committee

The Board Remuneration Committee is formed of three Independent Directors. Its main responsibilities are to put forward proposals to the Board of Directors on the remuneration policy for Directors and General Managers, as well as on individual remuneration and other contractual terms of Executive Directors, and to ensure compliance therewith. Additionally, it provides information for the Annual Report on Director Remuneration and reviews the general principles concerning remuneration and the remuneration schemes applicable to all employees, ensuring transparency in remuneration matters.

Board Risk Committee

The Board Risk Committee is formed of four Independent Directors. Its main responsibilities are to supervise and ensure that all risks of the Institution and its consolidated Group are appropriately taken, controlled and managed, and to report to the full Board on the performance of its duties, in accordance with the law, the Articles of Association, the Regulation of the Board of Directors and that of the Board Committee itself.

Chairmanship of the Bank

Article 55 of the Articles of Association stipulates that the Chairman shall perform his duties as a Non-Executive Director. The Chairman is the most senior representative of the Bank and has the rights and obligations inherent in that representation. The Chairman, through the performance of his duties, is ultimately responsible for the effective operation of the Board of Directors and, as such, he represents the Bank in all matters and signs on its behalf, convenes and chairs meetings of the Board of Directors, sets the meeting agenda, leads discussions and deliberations during Board meetings and ensures the fulfilment of the resolutions adopted by the Board of Directors.

Chief Executive Officer

Pursuant to Article 56 of the Articles of Association, the Chief Executive Officer is ultimately responsible for managing and directing the business and will be the Bank's representative in the absence of the Chairman. The Board of Directors shall also delegate to the Chief Executive Officer, on a permanent basis, all the powers that it sees fit from among those that may be legally delegated.



Control units

The Internal Audit unit and the Risk Control & Regulation unit have access and report directly to the Board of Directors and its Committees, specifically, to the Board Audit and Control Committee and the Board Risk Committee, respectively.

The Bank publishes the Annual Corporate Governance Report (which includes detailed information on the Bank's corporate governance arrangements), the Annual Report on Director Remuneration and the Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report), which form part of this Directors' Report, on the website of the Spanish National Securities Market Commission (CNMV) and on Banco Sabadell's corporate website **www.grupbancsabadell.com**.



1.5 Customers

The customer experience at Banco Sabadell has grown for the third consecutive year in Retail Banking and across all segments in Business Banking.

2025 has been a year of many challenges for the Spanish banking industry, which was faced with an unprecedented socio-political environment that has generated high financial volatility. The return of protectionist policies in the United States and the persistent conflict in Eastern Europe have altered supply chains, raising import costs and therefore affecting investor confidence.

In 2025, Spanish banks faced a scenario in which interest rate cuts reinvigorated the economy and consequently improved the cost of credit for most banking products. In this context, Banco Sabadell has succeeded in providing the Spanish economy with credit capacity, having increased consumer credit by 16% and mortgage lending by 17% in the year. In addition, card turnover and PoS turnover increased by 6% and 2%, respectively, thereby consolidating the Bank's position in payment services.

Year after year, Banco Sabadell remains committed to integrating the values that define its brand, such as professionalism and empathy, into customer relationships, either directly through each of its contact channels or by adapting its products to its customers' needs.

Banco Sabadell has improved its Net Promoter Score (NPS) for the third consecutive year in Retail Banking and in Business Banking where it grew across all segments, improving its position in the SME ranking.

Banco Sabadell has made the customer experience a subject tackled at each of the company's strategic forums, incorporating it in the design of both the products and the services offered to customers. The objective is clear: to offer products and services that can be adapted to customers' needs, combining a wide range of products for each type of customer with an omni-channel experience spanning physical and digital channels.

Knowing customers at every stage of their relationship with Banco Sabadell is crucial, which is why new methodologies have been developed using artificial intelligence, allowing the Bank to listen to what customers are saying, to measure and determine the main reasons for customer satisfaction and dissatisfaction, and to ascertain how near or far it is from meeting customers' expectations. The ultimate goal is to implement courses of action that make it possible not only to improve customers' experience but to also try to surpass their expectations.

These methodologies enable processes to be transformed and adapted to customers' needs, thereby improving their experience.

Measuring customer experience

Understanding the behaviours and needs of customers through their opinions is key for Banco Sabadell.

Measuring customer experience involves understanding the market, consumers and customers, using a number of different qualitative and quantitative analytical methodologies to that end.

Qualitative analysis

In order to better understand the environment and the customers within it, different qualitative studies and research projects are undertaken using different methodologies. The aims pursued include:

— Listening carefully, actively and constantly to what customers have to say, so as to ascertain how they experience their relationship with the Bank at different touchpoints.
— Understanding the concerns, worries and attitudes of consumers and their current and future needs.
— Identifying the more emotional and less obvious side of consumer decision-making.
— Defining *ad hoc* value propositions for each type of customer.

A variety of techniques are used, ranging from conventional in-depth interviews and segment-specific focus groups to more innovative methodologies based on behavioural economics and the detection of the deepest emotions and motivations of consumers. Currently, various artificial intelligence tools help to address customer opinion from a broader perspective, allowing real-time analysis of their opinions on products and services and, therefore, enabling a very rapid response capacity as these tools help to identify customer needs. This makes it possible to respond to potential problems and, at the same time, helps to identify relevant solutions, enabling the Bank to offer products and services that meet customers' current expectations.

Quantitative analysis

Banco Sabadell also analyses the experience of its customers through quantitative studies. Some of these are more closely related to the traditional concept of customer satisfaction, while others incorporate more emotional aspects of customers, to make the organisation more aware of the importance of considering customers in its decision-making, so as to make meaningful improvements.

1. Net Promoter Score (NPS)

The NPS, considered to be the benchmark indicator in the market used to measure customer experience, allows Banco Sabadell to be compared against its peers and even against companies in other sectors, both nationally and internationally.

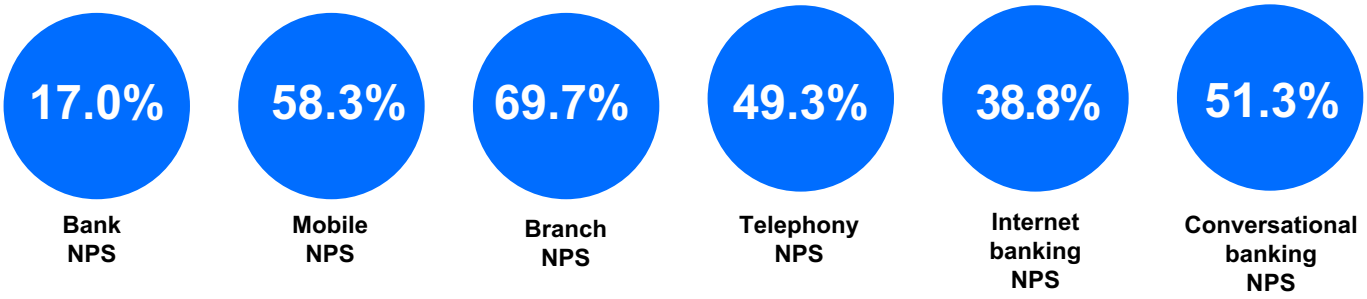
Banco Sabadell Spain's position in the ranking



Source: Accenture benchmarking of major Spanish financial institutions (2025 data).

In light of the digital transformation, the measurement of customer satisfaction in digital channels has become more important. In this respect, it is worth noting the NPS for the telephony channel, which increased to 31% (an increase of 12 percentage points compared to 2024).

TSB data



Source: TSB internal NPS tracking studies. The measurement methodology has been changed from a 13-week rolling score in 2024 to weekly measurement with an annual cumulative score in 2025.

The results obtained during 2025 confirm that Banco Sabadell is on the right track.

Stemming from the focus on always offering the best possible experience to each customer group, one of the Bank's objectives is to continuously improve its NPS, both in terms of Key Performance Indicators (KPIs) and in terms of its position compared to other banks.

2. Satisfaction surveys

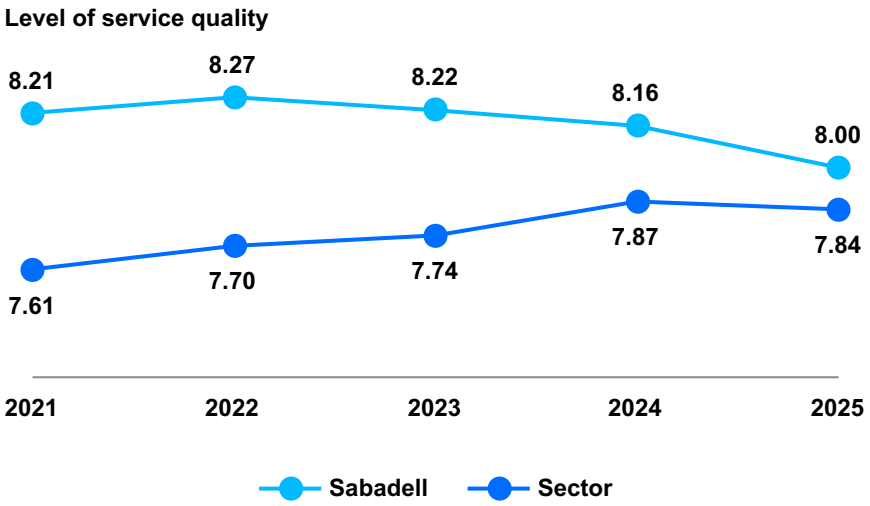
The overall customer experience measurement and management model of Banco Sabadell Spain is based on different indicators obtained from more than 1 million surveys and at more than 20 touchpoints. The results of the various surveys allow it to ascertain the level of satisfaction of its customers and to identify areas where specific processes and contact channels could be improved. For each of these surveys and studies, the Bank sets itself improvement targets and continuously monitors progress.

In a multichannel environment, the surveys related to specialised customer service, both in branches and in the digital sphere, are becoming increasingly relevant. For Banco Sabadell, the use of digital channels is a moment of truth, so it has focused its efforts on measuring customer satisfaction and the improvement of the customer experience with, among other things, online banking for individuals (BSOnline Particulares) and for businesses (BSOnline Empresas), as well as the mobile app. The excellent results of the internal NPS survey are particularly noteworthy, with the NPS in the retail segment improving by 5 percentage points.

3. Branch quality surveys

In addition to analysing customer perceptions, Banco Sabadell also carries out objective studies using approaches such as the mystery shopping technique, where an independent consultant poses as a buyer to assess the quality of service and the commercial approach to potential customers followed by the sales team.

EQUOS RCB (Stiga) is the market benchmark survey that evaluates the quality of service offered by Spanish financial institutions through the mystery shopping technique. Banco Sabadell ranks among the leading players and continues to stand out in terms of quality with respect to the sector.



Customer Care Service (*Servicio de Atención al Cliente*, or SAC)

The Customer Care Service of Banco de Sabadell, S.A. conforms to the provisions of Ministry of the Economy Order 734/2004 of 11 March, the guidelines issued by the European Banking Authority (EBA) and the European Securities Market Authority (ESMA), and the Banco Sabadell regulation for the protection of customers and users of financial services. The most recent update of that regulation was verified by the Bank of Spain on 14 April 2025.

In accordance with its Terms of Reference, Banco Sabadell's SAC handles and resolves complaints and claims received from customers and users of Banco Sabadell's financial services and those of the institutions associated with it: Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

In addition, the SAC can issue recommendations or suggestions derived from the analysis of complaints and claims received by the SAC.

In order to ensure its decision-making autonomy, the SAC is independent of the Bank's operational and business lines and it has the necessary resources to deal appropriately with complaints and claims, under the principles of transparency, independence, effectiveness, coordination, speed and security. The SAC also has sufficient authority to access all the necessary information and documentation in order to analyse each case, and the operational and business units are obliged to cooperate diligently in this regard. Banco Sabadell's regulation on the protection of customers and users of financial services ensures compliance with the above-mentioned requirements.

In 2025, 63,164 complaints and claims were received: 62,203 processed in the first instance by the SAC, 216 through the Customer Ombudsman (which, since 31 January 2025, is no longer designated by the Institution), 712 through the Bank of Spain and 33 through the CNMV. This year, 62,966 complaints were managed, of which 51,953 complaints were accepted for processing and resolved, 10,834 complaints were not accepted for processing as they did not meet the requirements set out in the Terms of Reference, and 179 complaints were pending resolution by the regulator.

See Note 38 to the annual financial statements for further details.

Multichannel strategy

During 2025, Banco Sabadell has consolidated its multichannel strategy, mainly thanks to the development of new capabilities in digital and remote channels, while various actions have been taken to improve the current digital customer onboarding process. This has cemented Banco Sabadell's position as one of the lead players in terms of onboarding at the domestic level, in a highly competitive environment.

All of this has made it possible to meet the targets for newly onboarded customers set by the Group at the start of the year.

In parallel, customer-focused actions have been intensified, encouraging early account activation to fast-track their engagement with the Institution. These actions are very much focused on covering the customer's needs in the early stages of their relationship with the Bank, by offering them assistance from the very beginning, whether digitally or remotely.

In addition, commercial actions aimed at attracting direct salary deposits and activation of the Bizum payment system were launched, which have substantially increased the proportion of domiciled salaries among newly acquired customers, as well as the number of customers using Bizum.

This was supported by the consolidation of several teams that provide support and advise customers in matters that may require greater specialisation and expertise, thus enabling customers to make the best decisions in personal finance matters.

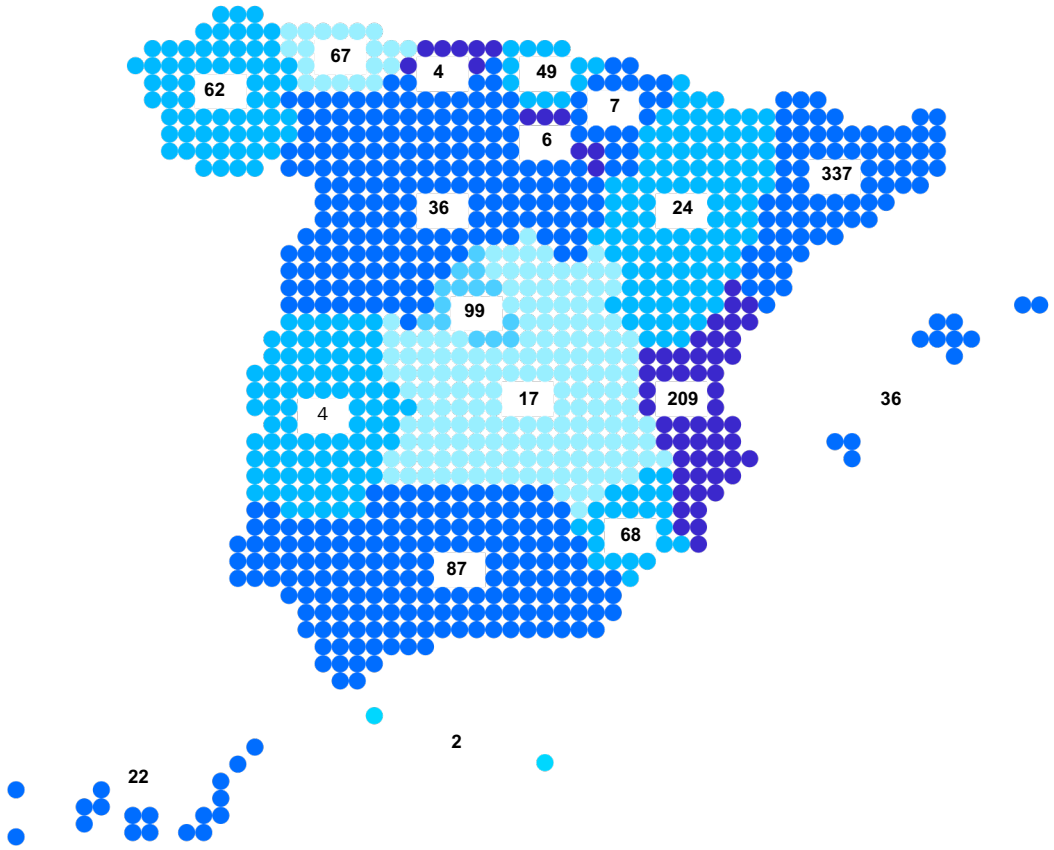
Branch network

The Group ended 2025 with a network of 1,336 branches, representing a reduction of 14 branches with respect to 31 December 2024.

Of the total number of branches and offices in Spain of Banco Sabadell and its Group, 841 operate under the Sabadell brand (including 26 Business Banking branches and 2 Corporate Banking branches), 62 operate as SabadellGallego (3 Business Banking branches), 61 as SabadellGuipuzcoano (5 Business Banking branches), 85 as SabadellHerrero in Asturias and León (3 Business Banking branches), 80 operate as Solbank, 7 as SabadellUrquijo, and 200 branches make up the international branch network, including 175 corresponding to TSB and 12 to Mexico.

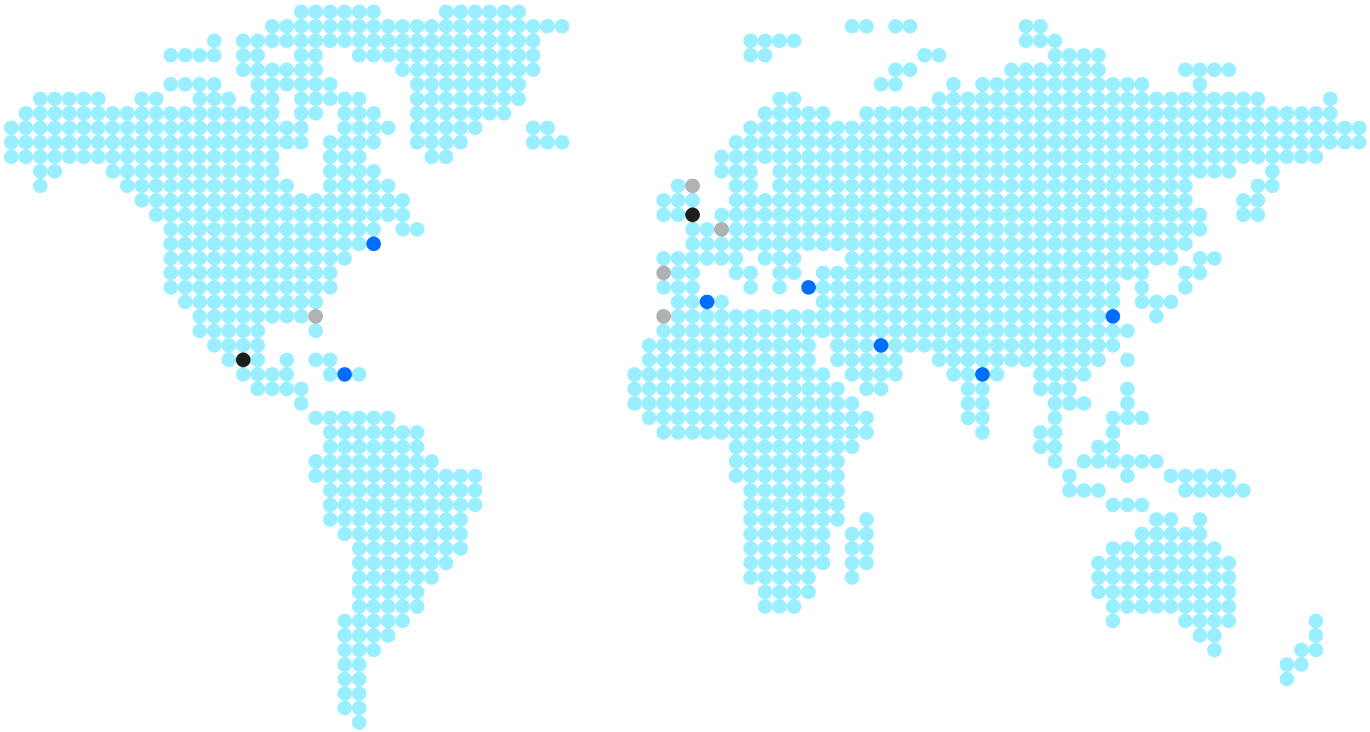


Number of branches and offices, by autonomous community



Andalusia	87
Aragon	24
Asturias	67
Balearic Islands	36
Canary Islands	22
Cantabria	4
Castilla-La Mancha	17
Castilla y Leon	36
Catalonia	337
Valencia	209
Extremadura	4
Galicia	62
La Rioja	6
Madrid	99
Murcia	68
Navarra	7
Basque Country	49
Ceuta and Melilla	2

Banco Sabadell in the world



Subsidiaries and investees
Mexico City (Mexico)
London (UK)

Branches
Miami (USA)
Paris (France)
Casablanca (Morocco)
Lisbon (Portugal)
London (UK)

Representative offices
Algiers (Algeria)
Beijing (China)
Shanghai (China)
Dubai (UAE)
New York (USA)
New Delhi (India)
Santo Domingo (Dom. Rep.)
Istanbul (Turkey)

ATM network

Banco Sabadell ended the year with a fleet of 2,346 ATMs in Spain, of which 1,736 are in-branch and 610 are out-of-branch. Compared to 2024, the number of ATMs has decreased by 0.2%, mainly due to branch closures.

In terms of ATM transactions carried out in 2025, the downward trend observed during the previous year continued, with approximately 66 million transactions carried out with a value of 22 billion euros, which is a decrease of approximately 9.3% in the total number of transactions and a drop of 5% in the value of those transactions.

Deposits and withdrawals were the most commonly used types of transactions and, in both cases, there was a slight decrease compared to the previous year.

The main goals for 2025 were to improve the overall availability of the fleet, modernise the technology by upgrading around 580 ATMs and by developing software adapted to the European Accessibility Act (Law 11/2023 on the transposition of EU Directives, which transposed Directive 2019/882), enhance the customer experience and review the appearance and cleanliness of ATMs.

Companies Hub (*Hub Empresa*)

Companies Hub is Banco Sabadell's business networking centre, an initiative aimed at customer and non-customer businesses alike, which seeks to offer them high-value content and connections to help them deal with the challenges they may face, now and in the future, and to explore opportunities for their business ventures.

This platform reinforces Banco Sabadell's position as the financial institution that best understands the challenges of transformation faced by businesses today, and as the financial partner that is best equipped to support them in their business journey.

The Companies Hub comprises:

— A digital environment with activities organised by the Bank's experts and external professionals. In 2025, 117 activities took place (41 webinars, 63 in-person events live-streamed from the Companies Hub in Valencia, and 13 in-person events streamed from other regions), in which over 18,000 professionals took part. The recordings also had more than 28,000 post-event viewings.

— An important physical space for companies in the heart of Valencia, with workspaces for business meetings. In 2025, 210 events took place there (the key events that were live-streamed, as mentioned above, plus other collaborative events and instances where the space was leased out to business entities), in which more than 11,000 people took part in face-to-face encounters and were able to enjoy some excellent networking opportunities. In addition, customer businesses made 1,026 reservations of meeting rooms at the Hub (with 3,972 participants using them).

2025 saw consolidation of the strategy of holding face-to-face Companies Hub events in other territories, with a total of 13 sessions taking place: 6 in Madrid, 6 in Barcelona and 1 in Oviedo.

In terms of communications, 15 articles and press items and 62 short videos for social media were produced, generating 312 news items in the media, including 290 online and 22 in the print media, reaching a wide audience in the press and on social media.

A new space on the Companies Hub website has been created, incorporating information about awards and events held as part of the Banco Sabadell Company of the Year Awards (*Premios Empresa del Año*). These award ceremonies are held annually throughout the territory and are supported through dissemination in the press media by *Prensa Ibérica*.

All of the activities are designed based on the key thematic areas agreed on by the Editorial Committee which meets at the start of the year. This year, the "Inspiring stories" (*Historias inspiradoras*) cycle of conferences was particularly interesting, with the participation of Taxus Medio Ambiente, Veritas, Logifruit and Port Hotels.

New topic-based series of sessions have been launched, including one on Business Financing, one on the Family Business and another on Franchises, which add to the established ongoing series on Artificial Intelligence, Internationalisation, and Sustainability in the Business.

Additionally, non-series sessions have been organised to address current topics, such as the macroeconomic and geopolitical environment, ICO MRR credit lines, and new developments in electronic invoicing. Meetings have also been held to focus on specific sectors, such as tourism and the third sector.

The overall number of participants this year was 29,579 (58,205 if video views and events available to companies via the internet are added). Professionals from the Bank have participated as speakers at 66% of these events.

Participants at these events continue to rate the activities very highly, with an average overall rating of 9.21 out of 10 (3,559 surveys answered).

Direct Branch

Telephone helpline

In 2025, efforts were focused on ensuring that the telephone service is accessible and on the customer experience offered, pursuing two key goals: firstly, to resolve issues on the first call, and secondly, to obtain the customer's recommendation of the customer care service.

This year, 3.36 million calls were received, of which 3.18 million were handled, indicating a Service Level Agreement (SLA) fulfilment rate of 95%.

In terms of the perceived customer experience, actions were taken to improve the First Call Resolution (FCR) indicator, as a result of which the resolution rate at year-end was 83%, having improved by two percentage points compared to the previous year.

With regard to customer recommendations of the telephone service, these have remained at very good levels over the year, ending with an annual cumulative percentage of 60% (CXI), seven percentage points higher than the previous year.



Text-based customer care

Banco Sabadell is active on five social media channels: X, Facebook, LinkedIn, YouTube and Instagram, with 20 different profiles at the national level, positioning itself as one of the financial institutions with the best digital reputations in the sector.

One of the most prominent KPIs in global social media ranking reports is the SLA fulfilment rate, which reached 99% in 2025.

Another text-based customer care service that Banco Sabadell offers is its web chat service, which this year recorded increased usage of 27% in the number of chats and 14% in the number of customers compared to 2024. This is further proof of the growing importance of this service as the

preferred channel of interaction among our digital customers, a group whose number continues to steadily grow with each passing year.

Some of the most notable improvements introduced in the chat channel include the simplification of processes, quality responses, personalised attention and the incorporation of new chatbot autonomy features, to avoid having to divert customers to other channels such as the telephony channel or their local branch. All these actions have resulted in an improved query resolution rate (100% increase compared to 2024) and an improved NPS (10 percentage points increase compared to 2024). The resolution capacity is expected to continue improving throughout 2026.

Business customer care and direct channels

Following the segmentation of the telephony channel, carried out in October 2024, which differentiated customer care for retail and business banking customers, in 2025, the customer care unit for self-employed persons, small businesses and SMEs (*Atención a Autónomos, Negocios y Pymes*, or ANA) was consolidated as the specialist unit in this segment. The volume of calls received levelled out at an average of 77,000 calls per month, with enquiries related to files and reverse factoring services being the most frequently asked questions (43%), followed by requests for help with BSOnline (18%).

The Customer Care Level (*Nivel De Atención*, or NDA) is one of the service's main KPIs, reaching 94% in 2025, having increased by 2 percentage points compared to 2024. One of the priorities in 2025 was to improve the NPS of the telephony channel. In this respect, the Bank successfully positioned itself among the top players compared to its peers and was ranked in first place by self-employed customers in the first two editions of the survey. This improvement is also reflected in internal indicators: the Customer Experience Index (CXI) increased by more than 20 percentage points compared to 2024 and the resolution of queries improved by 8 percentage points, reducing the number of referrals to branches. These outcomes are a direct result of various initiatives implemented over the year, the most notable among them being:

- Application of the development, listening, growth and opportunity (*Desarrollo, Escucha, Crecimiento y Oportunidad*, or DECO) programme.
- An intensive and product-specialised training plan, aimed at segment specialisation.
- Increased autonomy and improvements in processes, which have led to greater management efficiency.

The Customer Care Space, launched in November 2024, was consolidated in 2025 as the written-format channel for self-employed customers, small businesses, SMEs and corporates (841,000 customers) with around 500,000 visits. From January, the monthly volume of tickets grew from 1,800 to 14,000 and remained stable throughout the year, with issue resolution in excess of 96%.

In the preferential services (SAP for Private Banking and SAPE for companies with turnover of more than 2 million euros), activity increased by 59% and 15%, respectively, in 2025 compared with 2024. The Customer Care Level (NDA) reached 94% for SAPE services and 95% for SAP services in 2025. The NPS improved by more than 14 percentage points among companies with turnover of 2-10 million euros (2nd place in the sector) and by more than 11 percentage points among companies with turnover above 10 million euros (3rd place). These improvements are reflected in the CXI, which is above 61% in both services.



The growth in call volumes is due to:

— Segmentation of telephone activity by customer target, which means that calls from customers in the Private Banking, Wealth Management, SMEs and Large Corporates segments are now managed by preferential teams, thereby freeing up the branches from service tasks.
— The promotion and dissemination of the service by branches and units, thanks to the team's high level of expertise and resolution capacity, particularly in time-critical and high-value cases.
— Another significant factor was the redirection of calls from bankers' mobile phones to SAP, in order to free bankers from operational or service tasks.

In SAPE services, aside from the telephone channel, the following services are managed:

— The digital support mailbox, which provides support and assistance to companies with queries regarding their online operations and procedures or with incidental issues relating to files, with 100% SLA achieved in the resolution of issues within a maximum of 72 hours.
— Email support for Corporate Banking customers.
— Support provided to business operations centres regarding customer requests for assistance with online banking or file management.

Direct channels

This service manages files via four communication channels: Editran, SFTP, EBICS and Swiftnet. These channels make it possible to perform secure and standardised operations, optimising customer management time without need for direct access to electronic banking. The rules and processes are automatically sent in a protected environment, in compliance with security and confidentiality requirements.

The KPIs for this service are excellent, in terms of both query resolution (95%) and customer care (99%).

In 2025, more than 20 improvement projects were put in place, including automated contract fulfilment, which has enabled a significant reduction of time spent on in-branch management.

Digital transformation and customer experience

The digitalisation of consumer habits continues to transform the banking sector. Interactions that previously took place in-branch are increasingly moving over to digital channels. Banco Sabadell is committed to offering its customers an end-to-end experience: fast and secure digital solutions for day-to-day banking and face-to-face customer care at important times. In recent years, the Group has reinforced its technological infrastructure and created Sabadell Digital, combining talent and capabilities to accelerate technological transformation and the implementation of artificial intelligence. On the strength of this, some key developments were consolidated in 2025, including:

— Digital onboarding: now accounts for more than 53% of retail customer acquisition.
— Digital customers: the number of customers active on digital channels in the last three months reached 68% of the total retail customer base. In addition, around half of the retail customer base have their banking needs met using the digital customer service model.
— Digital loans: approximately 90% of loans to retail customers are arranged via remote channels, maintaining the rate and efficacy achieved in the previous year.

These initiatives reinforce the Group's strategy of offering a more flexible, secure and customer-focused service, contributing to efficiency and the creation of sustainable value.

Sabadell Digital

Sabadell Digital has been consolidated as a key asset in Banco Sabadell Group's technological strategy, combining specialised human resources with the intangible assets that underpin the Bank's digital transformation. Its mission is to develop advanced technological solutions to accelerate digitalisation and guarantee competitiveness in an increasingly demanding financial environment.

Sabadell Digital's contribution hinges on three key strategic pillars. Firstly, the management of technological talent, which ensures the attraction and retention of highly specialised profiles, whilst promoting innovation through a culture and conditions geared towards digital development. Secondly, the provision of technological services across the entire Group, pooling technological capabilities and ensuring efficiency and scalability in the delivery of solutions. Lastly, the management of technological assets, optimising their use and ensuring their alignment with strategic objectives.

Since its creation in 2023, Sabadell Digital has driven forward initiatives to strengthen its talent base and technological capacities. In 2025, developments included the hiring of critical profiles for innovation and the consolidation of an operating model that reinforces the Group's technological resilience and flexibility, thus contributing decisively to the digital transformation and the creation of sustainable value.

Main deliveries in 2025

Digital onboarding

In 2025, Banco Sabadell reinforced its digital customer acquisition strategy through the development of its online onboarding process, consolidating it as a key pillar underpinning commercial efficiency and the customer experience. The main improvements introduced include:

— Incorporation of the self-employed customer segment, enabling online account and loan applications and digital operations for this customer group.
— Activation of the companies profile directly from the website and from the app, integrating retail and business banking operations in a single digital access point.
— Preparation for the onboarding of credit cards, scheduled for rollout in the first half of 2026, thus broadening the scope of the digital process.

Thus, Banco Sabadell is consolidating the digital channel as a strategic lever to increase efficiency, reduce operating costs and improve the value proposition, contributing to the Group's competitiveness and its sustainable growth.

Transformation of the mortgage model

Another decisive step was taken in 2025 in the digitalisation of the mortgage lending business, reinforcing the Group's value proposition in a segment that is key to its profitability. The strategy focused on two critical areas: improving the customer experience and optimising operational efficiency. To that end, the mortgage processing service has been redesigned with new agreements that incorporate more demanding service levels and additional obligations, ensuring higher quality and

proactive continuous improvement, underpinned by advanced technological capabilities and sectoral best practice.

In addition, a mortgage management tool was rolled out, designed to enhance the specialised team's productivity and increase its conversion rate, reducing wait times and operating costs. In parallel, preparation began for integration of the mortgage application process with BSOnline and with the new mobile app, which will make it possible to offer an omni-channel experience that is more fluid and closely aligned with customers' digital expectations.

These initiatives allow the Group to digitalise critical processes, improve efficiency and strengthen its competitiveness in mortgage products, with a direct impact on the sustainability of growth and future profitability.

Digital loans

Digital loans are one of the main pillars of the sales model transformation in the retail banking customer segment.

In recent years, the Bank has made huge efforts to turn digital channels into the main source of consumer loan sales.

In 2025, retail loans taken out using remote channels represented 90% of total loans taken out.

This year, the Bank continued to improve the process to increase conversions:

— Optimising the pre-approved loan application process to increase the conversion rate through an improved customer experience.
— Improving the reactive lending stream, simplifying the process and improving the design.

Service programme

The aim of the service programme is to offer customers the best experience, allowing them to perform banking operations wherever and whenever needed, thereby reinforcing the efficiency and resilience of the operating model. The transformation carried out in 2025 has had a significant impact on the optimisation of processes and on the improvement of the digital experience.

Previous years' efforts to free up capacity in the branch network continue, to allow greater focus on higher value-added operations. Similarly, calls to Direct Branch have been reduced by 12%, thanks to the broader scope of digital self-service functionalities and the incorporation of intelligent tools that facilitate the resolution of queries in real time. The operating model has been bolstered with improvements to customers' day-to-day operations, including functionalities such as the new semantic search feature and improvements in the identification of purchases via geolocation, which increase transparency and enhance customers' control over their finances.

The digital experience has also developed to maintain positive results. The Banco Sabadell app has incorporated improvements that have boosted customer satisfaction, reflected in the sustained NPS indicator, with average scores of 50%. These actions consolidate the Group's strategy of offering a more flexible, secure and customer-focused service, contributing to efficiency and the creation of sustainable value.

Marketing tools in digital processes

Content personalisation on the digital channels has been consolidated as a key element for improving the conversion rate and increasing the volume of digital sales. In 2025, Banco Sabadell further developed the integration of marketing tools on its digital platforms, especially in the Banco Sabadell app, with the aim of offering products and services

tailored to the profile and needs of each customer. This development allows content to be segmented by target group and optimises the customer experience, boosting commercial efficiency and user satisfaction.

The Group has also boosted the use of these capabilities for the continuous improvement of commercial and service-led processes, reinforcing research methodologies such as A/B testing and personalisation tools that enable changes in usability and navigation to be validated before they go live. This approach reduces timeframes and costs, ensuring that the improvements implemented bring real value to the customer and contribute to the profitability of the business. With these improvements, Banco Sabadell consolidates a strategy that combines technology and marketing to maximise digital conversion and strengthen its competitive position.

Evolution of the design system: Galatea

The evolution of the Galatea design system was a key component of the digital transformation strategy in 2025. This structure allows design criteria and experience to be unified across all of the digital channels, ensuring consistency, scalability and speed in the development of new functionalities. During the year, Galatea was applied in critical processes such as applications for pre-approved loans and the optimisation of reactive lending streams, reducing process friction and improving usability.

This evolution reinforces the Group's capacity to accelerate the delivery of digital solutions, improve the customer experience and reduce development costs, consolidating a technological base that supports future growth and competitiveness in an increasingly digital environment.

File management

File management is an essential element in the day-to-day management of companies and it forms a critical point in the Group's digitalisation strategy. Improvements were carried out in 2025 with the aim of optimising the customer experience and enhancing file management efficiency, both in BSOnline and in BSMovil. These improvements have made it possible to simplify queries and file generation, reducing issues and increasing the speed and flow of digital operations.

The development of these capabilities reinforces the strategic objective of boosting transactionality through digital channels in the business banking segment, reducing dependency on manual processes and improving traceability and security. By doing so, Banco Sabadell moves towards a more scalable and efficient business model, which contributes to its competitiveness and to the creation of value for customers and shareholders.

Customer Care Space

In 2025, the Customer Care Space has become a key channel to improve digital interactions between the Bank and its customers in the self-employed, small businesses and SMEs & corporates segments. This space enables secure and fluid communication, integrating functionalities that facilitate the management of commercial relationships in digital environments. Through BSOnline, BSMovil and WhatsApp, customers can chat with the customer care teams, exchange documentation, find their branch or relationship manager's contact details, and request appointments without having to make a trip.

The development of the Customer Care Space reflects the Group's strategy of offering an omnichannel experience that combines efficiency and proximity, reducing process friction and improving commercial productivity. This model contributes to strengthening the value proposition for business customers, whilst optimising operating costs and increasing the Bank's capacity to provide personalised customer assistance in an increasingly digital environment.

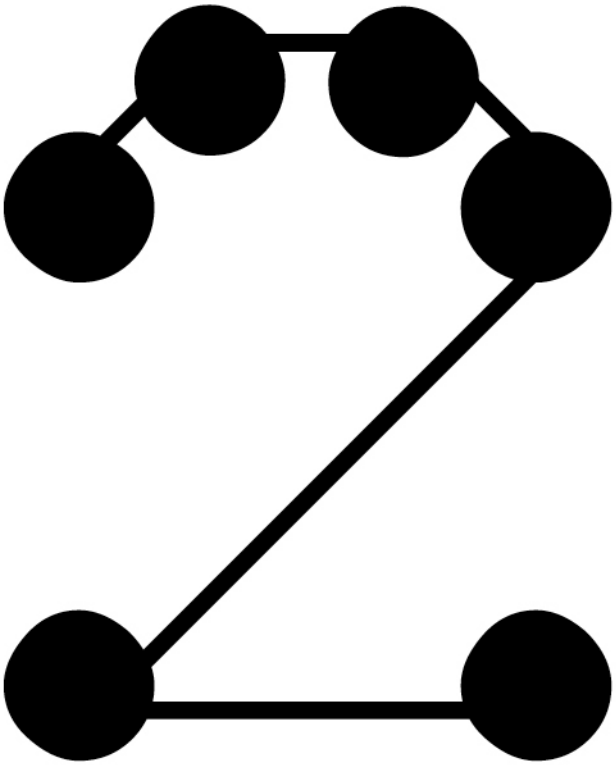
Digital applications and services for business banking customers

This year, Banco Sabadell has consolidated the digitalisation of loan applications and services for companies, self-employed professionals and small businesses, extending remote access to key products such as business financing, corporate cards, factoring, reverse factoring, and savings and investment solutions. This development allows customers to manage their banking business independently and securely, reducing dependence on face-to-face channels and improving the Bank's operating efficiency. In this way, an omnichannel experience is offered that combines speed and personalised interactions, boosting the Bank's competitiveness and profitability in the business segment.




Sabadell
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Economic, sectoral and regulatory environment

2.1 Economic and financial environment

The Trump administration's agenda was a major factor behind the main events that took place in the economic and financial environment during 2025.

In 2025, the economic and regulatory agenda of the US administration went a considerable way in shaping the global environment. In terms of trade, the United States significantly raised its effective tariffs imposed on the rest of the world. Tariff pressures eased somewhat after bilateral agreements were signed with various regions.

On the institutional plane, the decisions made by the United States pointed towards a reconfiguration of the rules of the game, with more government interference in traditionally independent bodies and, externally, with less support for multilateral agreements and institutions.

In the financial markets, this framework raised occasional doubts about the role of US government bonds as a safe haven asset and of the US dollar as the world's primary reserve currency. At the same time, the sustainability of the public finances continued to be a cause for concern, not only in the United States, but also in certain European economies such as France.

On the geopolitical front, instability persisted, with the conflicts in Ukraine and the Middle East no closer to being resolved. In addition, the publication of the new United States National Security Strategy in December revealed the country's desire to have more influence in the Western hemisphere.

Despite this backdrop, economic activity and the markets showed remarkable resilience. Contributing factors included the boost associated with the deployment of artificial intelligence, expectations of interest rate cuts, as well as sound corporate earnings, all of which helped risk assets to perform well.

The Spanish economy continued to post robust growth of 2.8% per annum, amply outperforming the wider Eurozone. This performance was underpinned by population growth, low exposure to US tariffs, progress made in rolling out NGEU funds, and the pass-through of lower interest rates to households and firms.

Political and geopolitical environment

Geopolitical instability continued to rise in 2025, although its direct impact on economic activity and the financial markets was limited. The main sources of tension were the Middle East, Ukraine, and relations between China and Taiwan, whilst the United States exerted more influence in the Western hemisphere.

In the Middle East, Israel launched direct and sweeping attacks on Iranian nuclear installations, with support from the United States. The episode caused an initial rebound in oil prices, which was quickly corrected once it became clear that Iran's response was one of moderation. This conflict, combined with weakened pro-Iranian militia in the region, reduced Iran's geopolitical influence. In the meantime, Israel continued to attack Gaza, increasing its military occupation of the Strip and gaining further control of the West Bank. Although Trump and the Israeli Prime Minister agreed on a peace plan for Gaza, its implementation soon stalled, with no definitive cease-fire and with no agreements with Hamas. Israel's gains in the region sounded alarm bells for states in the Persian Gulf, above all because it caused them to question whether the United States will be able to continue guaranteeing their security. Against this backdrop, Saudi Arabia signed a mutual defence pact with nuclear-armed Pakistan as a preventive measure.

Geopolitical instability was still very much present in 2025, with the conflicts in Ukraine and the Middle East no closer to being resolved.

In Ukraine, the US administration failed to make any significant progress to resolve the conflict. Russia intensified its attacks to levels not seen since the start of the war, while Ukraine built up its capacity to damage critical Russian infrastructures. Russia's struggles to make front-line gains and the country's depleted economy resulted in more intensive use of hybrid warfare tactics, including cyberattacks and drone incursions in Europe, which increased the risk to the security of Europe and NATO.

In response, NATO agreed to increase its defence spending target from 2% to 5% of GDP within the next ten years. The European Union, for its part, came closer to defining a common defence strategy to make it easier to fund and implement strategic investments. The United States imposed new sanctions on Russia's energy sector and introduced additional tariffs on India, as this country is one of the biggest buyers of Russian oil.

Aside from these conflicts, there were also ongoing tensions between China and Taiwan, with multiple military drills launched around the island and measures designed to exert economic pressure. At the end of the year, the US administration also took military action against Venezuela, allegedly to combat drug trafficking.

In terms of domestic policy, the United States took measures that raised concerns about the country's institutional quality and the separation of powers, and which affected universities, the media and the judiciary. Troops from the National Guard were also deployed to Democrat-controlled cities in order to contain protests linked to migration policies and matters of security. As for foreign policy, the Trump administration focused on scaling back its contribution to international agreements and international development programmes.

In Europe, decisive progress was made on strategic matters, such as those related to defence, which eased concerns over the impact of far-right conservative governments, such as Italy's, and which arguably helped to build bridges with the United States. Despite voting intention pools showing a surge of support for far-right parties, no changes of government took place in either Germany or France. Germany held snap elections that returned the Conservatives to power in coalition with the Social Democrats, while France continued to have a fragmented parliament that struggled to push through structural reforms. After the State Budget for 2026 failed to secure approval, the country had no choice but to extend its existing Budget set for 2025.

Economic activity and inflation

In 2025, the uncertainty generated by the US trade policy and by rising geopolitical tensions shaped the course of global economic activity. Even so, the direct impact of the new tariffs was more moderate than anticipated, thanks to the bringing forward of trade flows, the contained response to the tariffs adopted by the rest of the world, the boost associated with artificial intelligence, and the resilience of trade between emerging economies.

The United States raised the effective tariff to over 10%, from the previous year's rate of below 2.5%. The tariff structure combined a baseline global tariff of 10%, tariffs of 15% for the EU, Japan and South Korea, and tariffs ranging from 20% to 50% for the remaining countries, although with exemptions on certain products of strategic importance to the United States. The United States also set sector-specific tariffs of 25% on the automotive industry (15% in the case of the EU), 50% on steel, aluminium and copper, and of 10-20% on timber, lumber and their derivative products. Lastly, investigations began into the possible imposition of tariffs on sectors such as semiconductors and pharmaceuticals. Trump also imposed politically-driven tariffs, as in the case of Brazil and India.

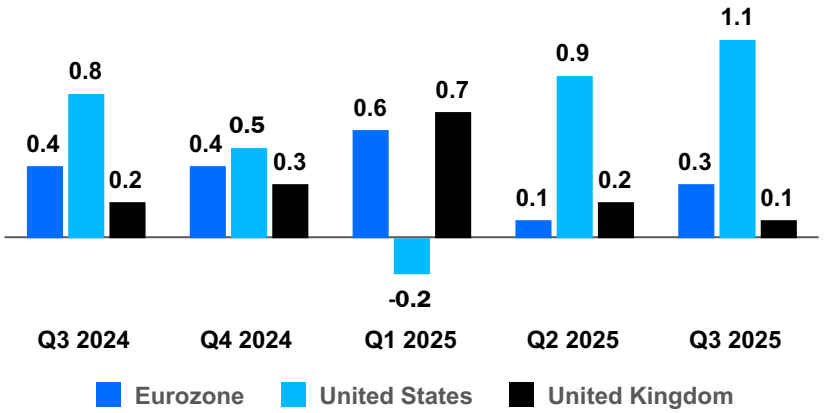
In terms of technology, the tech war between United States and China intensified. The United States introduced new export controls on advanced AI chips to China, while China in turn threatened to set export controls on critical mineral shipments. Although tensions eased off after the two powers agreed a truce in November, the structural confrontation in relation to technology continues.

The increase in tariffs imposed by the United States had a limited impact on the economy in 2025.

In the Eurozone, the heightened trade uncertainty affected GDP performance. GDP spiked in the first quarter as exports to the United States were brought forward, before subsequently posting more moderate growth when those trade flows normalised. Germany stood out after it approved a huge fiscal stimulus package that boosted growth, allowing the country to record economic growth for the first time since 2022.

In the United Kingdom, economic activity showed some resilience in the first half of the year. Lower interest rates revitalised the real estate market and reinvigorated borrowing, although the tax situation remained a cause for concern. In the United States, the economy continued to post solid growth thanks to the sharp increase in investment linked to artificial intelligence and to resilient levels of private consumption, despite the labour market gradually cooling.

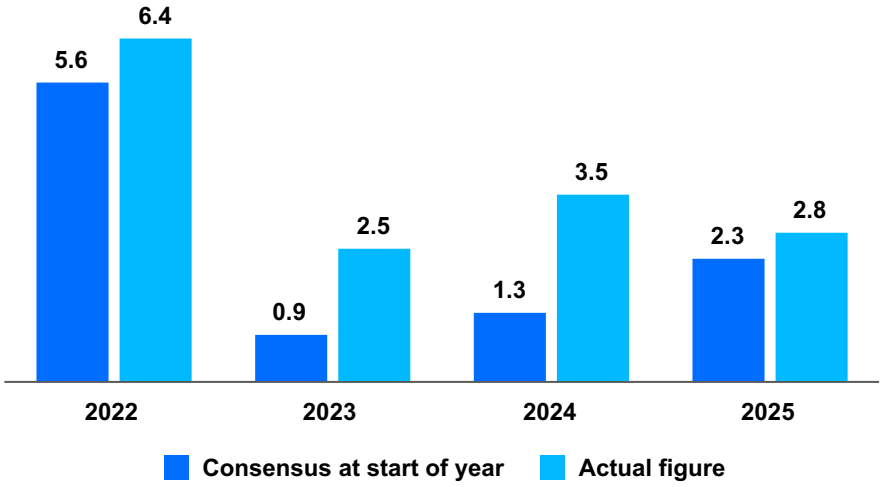
GDP growth in Eurozone, US and UK
(quarter-on-quarter change, %)
Sources: Eurostat, BEA and ONS.



Spain's economic growth once again surprised to the upside.

The Spanish economy outperformed the Eurozone average yet again. Growth in Spain was driven by several factors, such as flows of immigration, which did become more moderate but nevertheless remained a factor that spurred growth, together with the NGEU funds and the pass-through of lower interest rates to the economy. Domestic demand performed well, particularly in terms of private consumption and investment, both in machinery and equipment and in construction. Although exports were affected by the US tariffs, the impact was limited given the small relative weight of this market. The job market remained strong, with the unemployment rate falling to its lowest since 2008, although signs of tension did emerge associated with labour shortages in certain specific sectors.

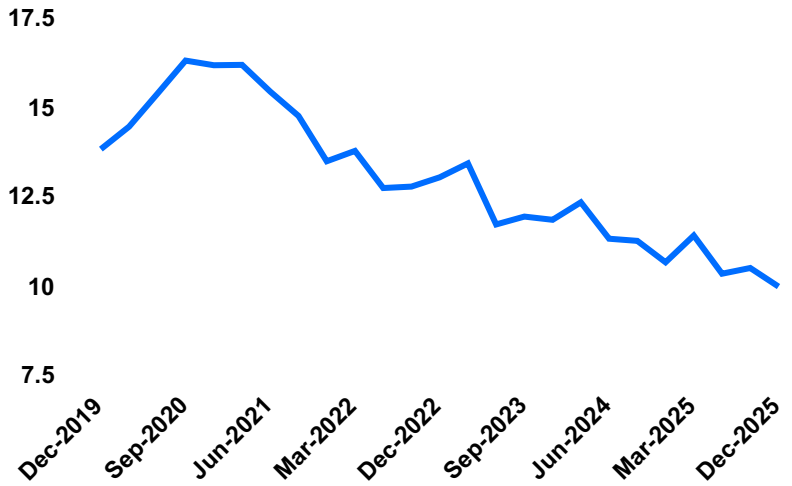
GDP growth in Spain vs consensus at start of year
(annual variation, %)
Sources: INE and Consensus Economics.



In fiscal terms, Spain's credit rating was revised upwards by the three major credit rating agencies, as they recognised the country's improved public finances and its progress in implementing European funds.

As for Spain's economic policy, other than the aid package approved to cushion the impacts of the US tariffs, it is worth noting the approval, at year-end, of a revised Recovery Plan, which was agreed with the European Commission. The updated Plan aims to facilitate the disbursement of NGEU funds transfers and confirms that only 25% of the total loans available will be used, given that interest rates in the EU are less attractive than Spanish government bond yields and because there is limited time in which to spend the funds. In relation to other economic policy initiatives, such as the automatic debt write-off and the creation of a singular financing system for Catalonia, only scant progress was made In addition, the government failed to approve the General State Budget for 2026, marking the third consecutive year without a new spending plan.

Unemployment rate in Spain (%)
Source: INE.



In China, economic activity proved resilient despite a still-sluggish real estate market and the strategic clash with the United States. Exports continued to post robust performance, offsetting the slump in sales to the United States, as shipments to other regions increased. The authorities introduced measures to boost consumption and combat the ongoing deflation, a move that was welcomed by the markets.

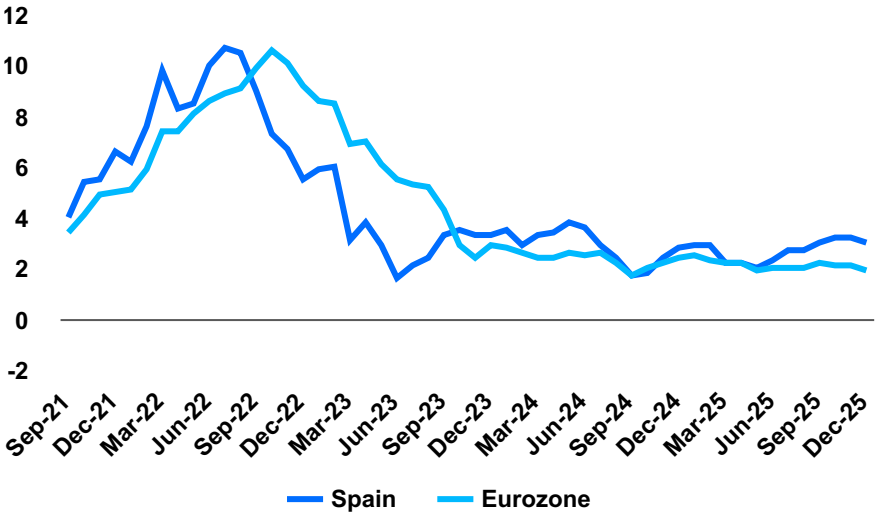
In Mexico, economic growth continued to lose traction due to a restrictive monetary policy, fiscal consolidation, and the uncertainty regarding relations with the United States, although the impact was less negative than initially expected. As for other emerging economies, these benefited from greater trade fragmentation, a dynamic tech industry (particularly in Asia), and more favourable financial conditions.

In terms of global inflation, this was generally less of a concern than it had been in previous years. Although the new tariffs did have some impact on the United States, inflationary pressures remained in check in most economies. In the Eurozone, inflation converged towards the ECB's target, with service inflation still sticky. In the United Kingdom, inflation rebounded slightly, due to higher utilities and food prices.

Inflation ceased to be a cause for concern.

In Spain, inflation was lower than in the previous year, although it rebounded in the last few months due to the energy effect and the resilience of tourism-linked services. The pace of house price growth picked up once more, as demand outstripped supply. In the United States, inflation remained above target, with core inflation still pressured by utilities and housing. In Mexico, inflation stabilised at around 4%, at the top end of the target range of the central bank, as a result of sticky services inflation and isolated climate-related events.

HICP in Spain vs Eurozone (year-on-year change in %)
Source: Eurostat.



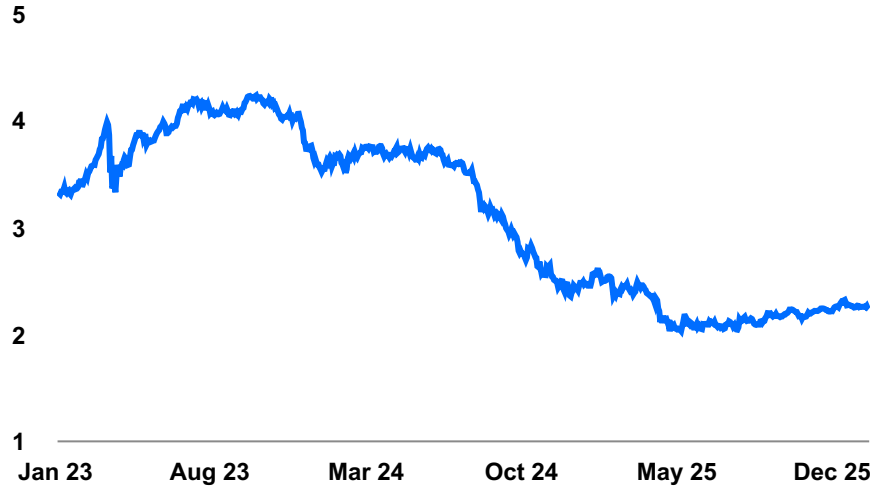
Monetary policy

In 2025, the main central banks acted with caution in the face of the considerable uncertainty surrounding the global environment, characterised by geopolitical tensions, trade policy shifts and mixed signals in terms of economic activity.

Central banks cut interest rates, exercising caution given the highly uncertain global landscape.

The ECB cut the deposit facility rate by a total of 100 basis points to 2.00%. That signalled an end to the cycle of rate cuts, as inflation was steadily converging towards the target. The ECB also continued to shrink its balance sheet by ceasing to reinvest the proceeds of its maturing bond holdings.

12M Euribor (%)
Source: Refinitiv.



In the United States, the Federal Reserve (Fed) cut its Fed funds rate target by 75 basis points to 3.50–3.75%, after keeping it stable during the first half of the year. The gradually deteriorating labour market was the trigger behind the decision to resume rate cuts. In addition, the Fed announced that it would be ending its quantitative tightening on 1 December 2025 and it began making additional short-term debt purchases to maintain ample reserves and ensure the smooth operation of the repos market.

The Bank of England continued with its rate cut cycle, introducing four 25 basis point cuts to bring its base rate down to 3.75%. The central bank insisted on the need to maintain a restrictive stance for long enough to mitigate inflationary risks, although its latest decisions were not unanimous. As for its balance sheet, it announced that it would be reducing its gilt holdings by 70 billion pounds in 2026.

In Japan, the Bank of Japan forged ahead with its monetary policy normalisation and raised its policy rate by 50 basis points to 0.75%. However, it slowed the pace of its sovereign bond tapering to avoid market dislocation, especially given the impact of the trade war on the Japanese economy.

In Mexico, the central bank continued with its monetary easing, cutting its official interest rate by 300 basis points over the year to 7.0%, encouraged by an environment of controlled inflation and a resilient Mexican peso.

Other central banks in Latin America adopted more prudent stances in the face of the fiscal and political uncertainty, whilst Brazil extended its cycle of rate hikes given the ongoing inflationary pressures. Turkey, for its part, temporarily reversed some of its rate cuts, after an episode of financial volatility, later resuming its cuts even though inflation remained at very high levels.

Financial markets

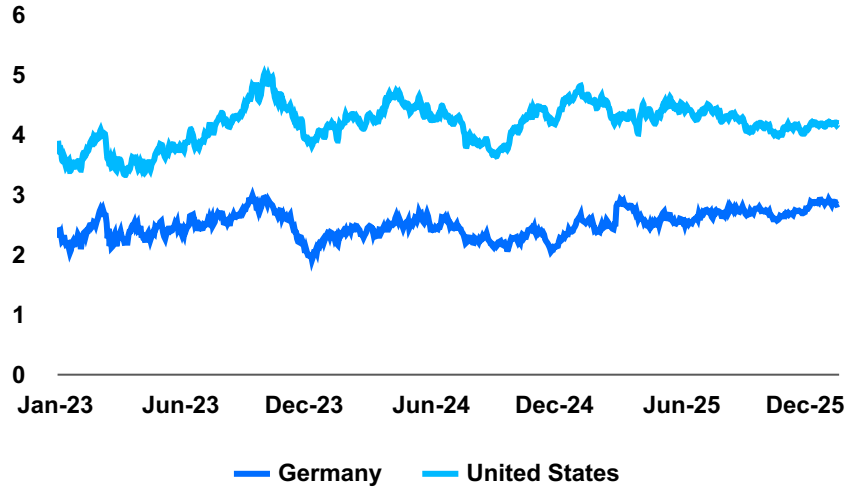
In 2025, the financial markets posted good performance overall, despite episodes of high volatility associated with the so-called ‘Liberation Day’ and the uncertainty stemming from the geopolitical and commercial environment. After some initial corrections, risk assets made a strong recovery, driven by fiscal stimulus measures, the tariff truce, economic resilience, solid corporate earnings, and the enthusiasm surrounding artificial intelligence.

Financial markets performed well in 2025, despite isolated episodes of high volatility.

The main stock market indices either reached all-time highs or posted significant gains. The Stoxx 600 gained 17%, while the IBEX 35 posted an impressive 49% increase, the largest among the main European indices. Stock market increases were also noteworthy in the United States, especially in the tech sector, where S&P 500 gained 16% and Nasdaq 100 gained 20%.

In the fixed-income market, short-term government yields dropped in most jurisdictions, in line with the monetary easing. However, long-term yields remained high, with certain divergence between regions. In the United States, long-term yields dipped due to expectations of cuts to official interest rates, while in Germany they rose against a backdrop of increased tax expenditure.

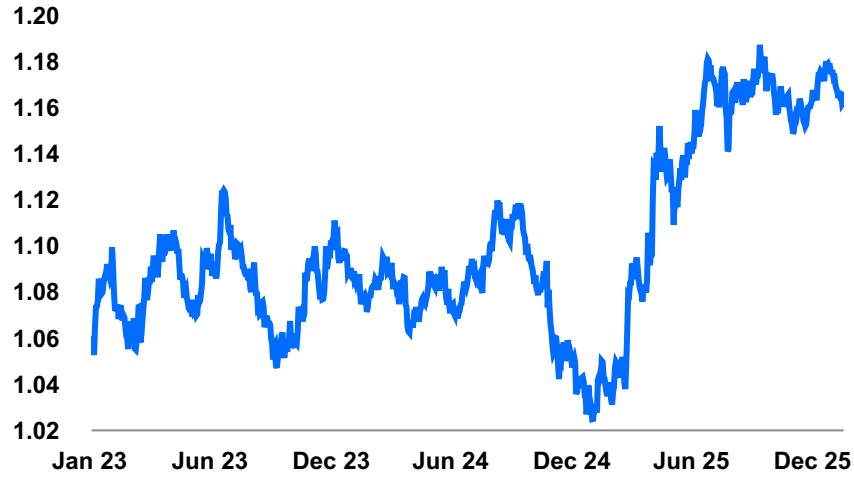
US and German 10-year government bond yields (%)
Source: Refinitiv.



In Japan, yields rebounded sharply due to expectations of a more restrictive monetary policy and the arrival of its new political leadership, which is embracing an expansionary fiscal approach. In the European periphery, risk premiums were reduced thanks to positive revisions by rating agencies, good economic performance and the progress made in rolling out the NGEU funds. France's risk premium, despite being lower than at the end of 2024, remained at high levels given the considerable political uncertainty, the poor shape of its public finances and the negative actions taken by credit rating agencies.

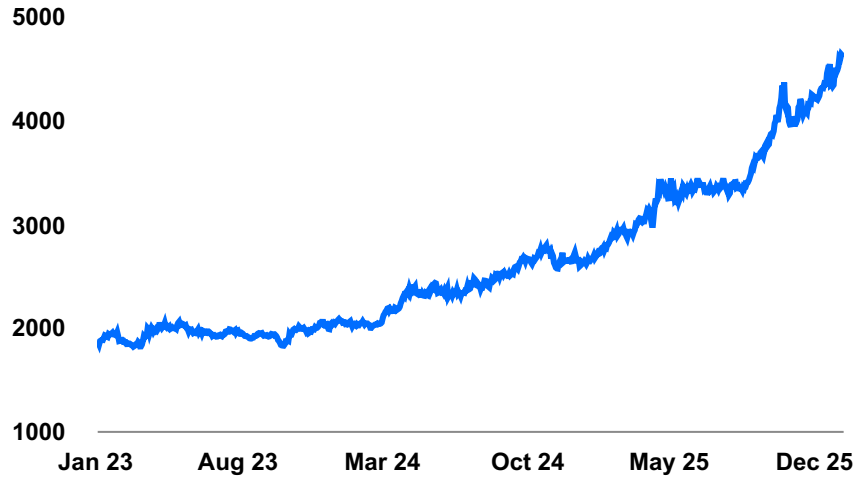
The US dollar depreciated sharply after Liberation Day, driven by a recalibration of expectations regarding the Fed's monetary policy and by the perception of heightened political risk in the country. The currency later stabilised, ending the year at around 1.17 dollars per euro. The pound sterling depreciated against the euro, weighed down by tax risk in the United Kingdom.

USD to EUR exchange rate
Source: Refinitiv.



In the commodities market, the Brent price fell by around 20%, due to a surplus of global supply, despite the occasional spike linked to geopolitical tensions. Precious metals benefited from the surge in risk aversion: gold recorded its biggest rally since 1979, jumping by 65% to reach a new all-time high, driven by central bank purchasing and international fiscal concerns.

Gold prices (USD per ounce)
Source: Refinitiv.



Corporate bond spreads ended the year at historically low levels, in both the high yield and investment grade segments. After Liberation Day, there were significant rebounds, but the market quickly recovered its positive tone. Nevertheless, the collapse of two firms in the automotive industry, both of which had borrowed from private credit funds, raised some concerns about the health of the sector and the interconnectedness between traditional banks and non-bank financial institutions.

In the emerging markets, risk premiums fell throughout the year thanks to contained inflation, resilient economies, currencies that were posting strong performance, and portfolios that were diversifying internationally beyond the US dollar. However, premiums did encounter occasional bouts of upward pressure, at the time of Liberation Day and due to issues related to tax risks in Brazil and political uncertainty in Turkey. Long-term domestic government bond yields, for their part, generally dropped throughout the year.

Crypto-asset markets surged thanks to the open support from the US administration. Exchange Traded Funds (ETFs) that invest in over-

the-counter crypto-assets recorded considerable inflows. Several firms in the sector filed initial public offerings and saw a jump in their stock prices. Bitcoin touched a record price of just over 125,000 dollars before correcting in November. The market's total market capitalisation reached over 4 trillion dollars in October, the highest level to date.



2.2 Financial sector environment

Banking sector

In 2025, the global banking sector was influenced by the effects stemming from the deregulatory agenda pursued by the United States and by rising geopolitical tensions. From the beginning of the presidential term, measures were taken to reduce the size and scope of the regulatory agencies, including restructuring, dismissals and increased political influence over supervisory bodies. These decisions came alongside regulatory easing and incentives for banks to engage in crypto-related activities.

In the regulatory plane, the US authorities unveiled proposals designed to make the prudential framework more flexible, in order to adapt it to the size, business model and risk profile of each institution. Implementation of Basel III was postponed to 2026. In parallel to this, greater emphasis was placed on the search for a balance between financial innovation and stability, although the market saw these measures as a significant shift towards deregulation.

In contrast, the European Union kept a more prudent stance. The SSM adopted a package for regulatory simplification, but without going as far as deregulation and ensuring the financial stability and solidity of the banking sector. The proposals included adjustments to capital requirements and specific measures for small banks, and the conclusions of the evaluation will be included in the banking sector report, due to be published in 2026.

The situation in the European banking industry continued to improve in 2025, with Spanish banks standing out in a positive light.

The United Kingdom adopted a position more in sync with the US strategy. The Leeds Reforms made regulations considerably more flexible, delaying implementation of a portion of Basel III to 2028 and promoting incentives for channelling retail savings into financial markets. It was argued that these measures were necessary to make the UK financial sector more competitive.

Geopolitical risks were explicitly included in the activities of European supervisors. The 2025 stress test included an adverse scenario in which geopolitical tensions disrupted trade channels, lowered economic growth and affected the banking sector. A thematic stress test for 2026 was also announced, which will focus on geopolitical risks as part of the ICAAP. Supervisors also asked banks to increase their provisions to prepare for a potential deterioration as a result of the new wave of tariffs.

The European and Spanish banking sectors showed resilience despite the challenging environment. Spanish banks stood out due to their profitability, efficiency and credit quality, although their CET1 capital ratios remained below the European average. Nonetheless, their other solvency metrics and the positive development of their business put them in a comparatively good position.

Towards the end of the year, a new development rekindled concerns about regional banks in the United States, after several of them revealed

exposures to two bankrupt firms associated with the automotive industry and involved in allegations of fraud, namely Tricolor and First Brands. Both firms also had links to private credit, which gave rise to unease regarding the interconnectedness between the bank and non-bank sectors. Major banks also publicly disclosed that they had exposures to those bankrupt firms.

Over the year, bank consolidation processes intensified both in the United States and in Europe. In Italy, various takeover attempts were scuppered by the complexity of the shareholding structure and the government's intervention in strategic deals. Portugal and Greece saw some major takeovers by international banks go ahead, while in Germany corporate movements involving systemic banks continued, although with no definitive resolution.

In parallel to this, some countries introduced new tax measures applicable to the sector. Italy revised its treatment of tax credits used by banks, while the United Kingdom debated on whether to increase the taxes on the sector, although ultimately the proposals were not featured in the country's budget.

Financial stability and macroprudential policy

In 2025, the risks for financial stability skyrocketed against a backdrop of geopolitical uncertainty, trade tensions and extremely volatile markets. The main sources of risk identified include the possibility of disorderly asset price adjustments, potential credit impairment in sectors exposed to geopolitical tensions, increased volatility in sovereign debt markets, and a fragile non-bank financial sector, especially in the private credit sector. It was also made clear that new emerging risks need to be monitored, such as those linked to crypto-assets, dollar-backed stablecoins, and the increase in cyberattacks and fake news.

The non-bank financial sector, in particular the private credit market, raised considerable concerns over the year. Episodes of stress together with the collapse of various firms with complex financing revealed the sector's vulnerabilities and the risk of these spilling over to banks. The Bank of England responded by announcing its very first stress test, which will cover banks, insurers, private credit funds and other non-bank institutions; it plans to release the results in 2026.

In Europe, macroprudential policy remained restrictive. The Bank of Spain raised the countercyclical capital buffer from 0.5% to 1%, applicable as from October 2026. According to the central bank, the voluntary capital buffers of Spanish banks allow them to comfortably cover this increase, without compromising their funding capability. Progress was also made in preparing to implement borrower-based measures, following in the footsteps of the other Eurozone countries.

Savings and Investments Union (SIU)

In 2025, the European Commission unveiled the Savings and Investments Union (SIU), a strategy designed to increase the financial integration of the European Union and to strengthen both the Banking Union and the Capital Markets Union. The main goal pursued by the SIU is to channel European consumer savings towards productive investments that can be used to address the major structural challenges facing the continent, such as climate change, technological transformation and the needs stemming from a more demanding geopolitical environment. According to the Letta report, the European Union will need between 750 billion and 800 billion euros per year until 2030 to finance these priorities.

Over the year, various initiatives were presented, designed to raise retail investor participation in capital markets, rewire the securitisations market and support the role of institutional investors in financing the European economy. These included the creation of a savings account with tax incentives, the launch of a new label for financial products that invest in Europe, and a lower risk weight for certain equity exposures to banks.

Under the SIU, the European Securities and Markets Authority (ESMA) will also be given more powers to oversee significant institutions operating in the markets and the conversion of certain directives into regulations in order to simplify bank rules and reduce fragmentation. Both the European Central Bank and several national governments publicly supported this agenda, pointing out the need for greater financial integration to ensure Europe's strategic autonomy and its global competitiveness.

Challenges for the banking industry

In 2025, the banking industry faced a major change in the sustainability agenda, influenced by the United States' withdrawal from key climate agreements and by the country's supervisors ending their membership of the Network of central banks and supervisors for Greening the Financial System (NGFS). This shift had a domino effect on the banks and asset managers of other jurisdictions, weakening global climate partnerships such as the Net-Zero Banking Alliance, which ended up transitioning to a non-binding framework of recommendations.

Climate deregulation in the United States expedited the planned review of the ESG framework in Europe, leading to the Omnibus I proposal, which aims to simplify reporting obligations of firms, particularly for SMEs. Although this change sought to reduce administrative burdens, various banking associations argued that the reduced availability of data could make risk assessments harder and drive up costs.

Throughout the year, there was a surge of the phenomenon known as greenhushing, whereby some firms opted to remove all specific mentions of sustainability from their communications to reduce litigation and reputational risks, even though they were still pursuing initiatives aligned with the climate transition.

Supervisors from across the globe, including the ECB, continued to develop frameworks to embed climate risks into financial asset valuations. The ECB announced the introduction of a climate factor from 2026 onwards, which will reduce the recognised value of assets issued by carbon-intensive firms when those assets are used as collateral in liquidity operations.

Digitalisation processes continued at an increasingly fast pace, especially in connection with tokenisation, crypto-assets and artificial intelligence. In the United States, the administration pushed through a

regulatory framework designed to support the development of crypto-asset markets (including the approval of the GENIUS Act to regulate stablecoins), to ease supervision and to withdraw previous restrictions. These initiatives were posited as a strategy to keep the US dollar as the dominant reserve currency in the digital financial system, against a backdrop in which the issuance of a digital currency by the Federal Reserve had been ruled out. All this led to a major trend shift with regard to cryptocurrency markets, with a far more favourable and enabling approach to these activities.

In Europe, with regard to digitalisation regulations, MiCA was gradually phased in, although some countries chose to extend the transitional periods. The strong growth of dollar-backed stablecoins and their potential to become a mainstream currency for payments in the EU ignited debates on the need to revise certain aspects of MiCA to mitigate risks to financial stability. The European Systemic Risk Board warned that stablecoins issued jointly by EU and non-EU entities could result in market-wide exposure.

Progress continued to be made with the digital currencies of central banks. The digital euro project concluded the preparation phase, with expectations for a regulatory framework in 2026, pilot testing in 2027 and potentially its first issuance in 2029. In parallel to this, a complementary infrastructure was explored, consisting of interconnecting instant payment systems (‘landing zone’). China, for its part, also showed a slightly more open attitude towards stablecoins, and it could take advantage of Hong Kong’s regulatory impetus for stablecoins and other digital asset initiatives to adopt a somewhat more flexible approach to the threat posed by the potential flood of dollar-backed stablecoins. The United Kingdom continued to work on a potential digital pound, although progress was slower and there were more doubts as to whether the project will ultimately be necessary. The United States began pushing through a law to prohibit the digital dollar, responding to an executive order by Trump banning the Fed from issuing it.

More intensive work was made on initiatives designed to achieve interoperability between digital currencies and tokenised deposits, including Project Agora, led by BIS, and other similar projects promoted by BRICS countries (Brazil, Russia, India and China). These developments reflect the transition towards a more digital and interconnected financial system, with new risk models that banks will need to embed into their future strategies.

2.3 Outlook for 2026

In 2026, there is likely to be more evidence of the impacts stemming from the economic agenda pursued by the Trump administration. However, these impacts are not expected to generate any severe economic and/or financial disruptions. Global economic growth will tend to grow more steadily, with the European Union and China capable of finding internal levers to boost domestic demand and largely offset the effects of the US economic policy. It is thought that growth in the United States will slow down as a result of the imposition of tariffs and restrictions on immigration. In Mexico, economic activity could gradually recover following the successful renegotiation of the USMCA trade deal.

In terms of geopolitics, it is thought that all of the current conflicts will continue, but that they will not escalate or have any far-reaching economic ramifications. In Ukraine, it is unlikely that a definitive solution to the conflict will be reached, although there will be no additional Russian pressure on NATO. In the Middle East, the confrontation between Israel and Iran is not expected to translate into critical disruptions in oil and gas flows. As for trade, the level of tariffs imposed by the United States is expected to be manageable for all other countries, as these are capable of absorbing their impacts. That said, international trade relations are not expected to be evenly balanced or long-lasting.

In terms of inflation, headline inflation is likely to remain close to the targets pursued by central banks, except in the case of the United States, where it could climb to slightly higher levels in the near term. After the tariff shock, inflation could remain at around 2% in the Eurozone, underpinned by the strength of the euro and the absence of retaliatory measures. In general, inflation will continue to be volatile and erratic, due to various supply shocks (tariffs, reconfiguration of production chains, redirection of trade flows, geopolitical tensions, and adverse climatic events).

Although trade-related issues will be a key source of uncertainty, attention is likely to also turn to fiscal matters. In this respect, the United States is a cause for concern, given the deterioration of its public finances and the approval of a new fiscal stimulus package. In Europe, the main tax-related concerns will remain centred on the United Kingdom, France and Italy, in a context in which the markets will have to absorb the increased supply of government debt associated with the shift in Germany's tax policy.

As for monetary policy, central banks will probably keep interest rates at levels close to neutrality. In the United States, it is thought that the Federal Reserve will retain its independence, despite political pressures and Powell's replacement planned for 2026. This, together with inflationary pressures related to the tariff war, will limit the scope for rate cuts. In Europe, the ECB will likely keep the deposit facility rate at its current levels for several years, in a context of economic activity stifled by tariff increases, the appreciation of the euro and China's manufacturing overcapacity.

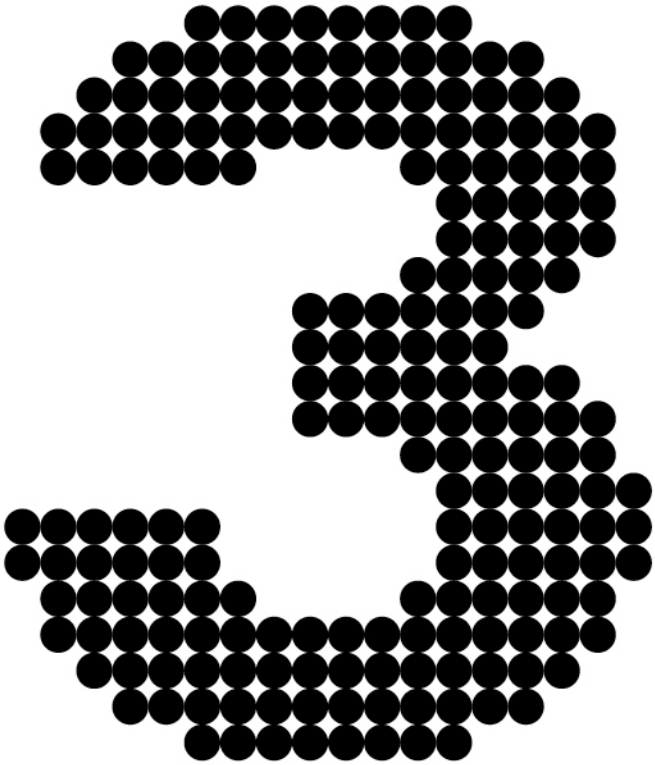
In the financial markets, yields on long-term government bonds are expected to remain at relatively high levels, driven by a higher term premium linked to volatility in growth and inflation figures and high sovereign financing needs. Risk premiums on European periphery countries' debt will remain at contained levels and in line with their credit ratings. In the currency market, the dollar is expected to depreciate against the euro, in line with the trend of short-term interest rate differentials and a higher uncertainty premium associated with the US economic policy.

In Spain, economic growth will be driven by population increases, NGEU funds and low interest rates. The country is relatively well positioned within the global context: (i) its limited trade relations with the United States make it less sensitive to tariffs, (ii) Spain is not among the countries most exposed to tax risks, and (iii) the sound financial situation of households and companies helps to protect them against potential tensions. The economy is therefore likely to continue to outgrow the Eurozone, gradually coming closer to growth rates more in keeping with its potential.

In the financial landscape, the banking industry proves robust and resilient. The trade war is expected to have a limited impact on delinquency levels in the sectors represented on the balance sheet. In the European Union, banks start off from a strong position that will likely continue as profitability and capital levels remain high. As for the regulatory landscape, new phases of Basel III are due to come into force, according to the established calendar, while progress made towards European integration will focus on initiatives linked to the Savings and Investments Union.



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Financial information

3.1 Key figures in 2025

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:

		2025	2024	Year-on-year change (%)
Income statement (million euro)	**(A)**			
Net interest income		4,837	5,021	(3.7)
Gross income		6,284	6,337	(0.8)
Pre-provisions income		3,184	3,254	(2.1)
Profit attributed to the Group		1,775	1,827	(2.8)
Balance sheet (million euro)	**(B)**			
Total assets		245,392	239,598	2.4
Gross performing loans		160,708	156,913	2.4
Gross loans to customers		164,864	161,717	1.9
On-balance sheet customer funds		172,265	169,557	1.6
Off-balance sheet funds		52,656	46,171	14.0
Total customer funds		224,921	215,729	4.3
Funds under management and third-party funds		253,563	243,431	4.2
Equity		14,082	15,033	(6.3)
Shareholders' equity		14,631	15,389	(4.9)
Profitability and efficiency (%)	**(C)**			
ROA		0.7	0.8	
RORWA		2.2	2.3	
ROE		11.9	12.4	
ROTE		14.3	14.9	
Cost-to-income		49.3	48.7	
Risk management	**(D)**			
Non-performing assets (million euro)		4,803	5,680	(15.4)
NPL ratio (%)		2.37	2.84	
Credit cost of risk (bps)		21	26	
Total cost of risk (bps)		31	42	
Capital management	**(E)**			
Risk-Weighted Assets (RWAs) (million euro)		80,111	80,485	
Common Equity Tier 1, phase-in (%)	(1)	13.16	13.03	
Tier 1, phase-in (%)	(2)	16.59	15.20	
Total Capital ratio, phase-in (%)	(3)	18.23	17.62	
Leverage ratio, phase-in (%)		5.40	5.20	
Liquidity management (%)	**(F)**			
Loan-to-deposit ratio		93.5	93.2	
LCR		186	210	
NSFR		139	142	
Shareholders and shares (as at reporting date)	**(G)**			
Number of shares outstanding (million) (*)		4,998	5,361	
Share price (euro)		3.365	1.877	
Market capitalisation (million euro)		16,818	10,063	
Earnings Per Share (EPS) (euro)		0.32	0.32	
Book value per share (euro)		2.93	2.87	
P/TBV (price/tangible book value per share)		1.40	0.78	
Price/Earnings ratio (share price/EPS)		10.64	5.84	
Other data				
Branches and offices		1,336	1,350	
Employees		18,736	18,769	

(*) Total number of shares minus final treasury stock position (including shares in the buyback programme, where applicable).

(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 concise 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 provide 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).

In the Group's management reporting figures, the results of TSB and its subsidiary undertakings are disclosed in disaggregate form and line by line, just as they had been in previous years, whereas in the Group's consolidated income statement used for statutory reporting, the results linked to those companies are disclosed in aggregate under the heading "Profit or loss after tax from discontinued operations". In addition, in connection with the termination of the agreement to sell Paycomet, S.L.U. and the start of the strategic partnership for the merchant acquiring service signed between the Bank and Nexi S.p.A. for the sale of Banco Sabadell's merchant acquiring business, the management reporting figures for 2024 have not been restated, unlike the statutory reporting figures shown in the Group's consolidated income statement for that year, shown for the purpose of comparison in the consolidated notes to the accounts, which have been.

The accounting treatment of both operations is described in Note 1.4 to the consolidated annual financial statements for 2025.

The section "Performance measures and reconciliation with management indicators" contained in this Directors' Report includes a reconciliation between the Group's consolidated income statement and the profit and loss account used for management reporting.



3.2 Income statement

The Group's net profit amounted to 1,775 million euros as at the end of 2025, bringing its ROTE to 14.3%.

Million euro

	2025	2024	Year-on-year change (%)
Net interest income	**4,837**	**5,021**	**(3.7)**
Net fees and commissions	1,384	1,357	2.0
Core revenue	**6,221**	**6,378**	**(2.5)**
Profit or loss on financial operations and exchange differences	4	87	(95.0)
Equity-accounted income and dividends	181	166	8.9
Other operating income and expenses	(122)	(294)	(58.4)
Gross income	**6,284**	**6,337**	**(0.8)**
Operating expenses	(2,600)	(2,583)	0.7
Staff expenses	(1,576)	(1,531)	2.9
Other general administrative expenses	(1,025)	(1,051)	(2.6)
Depreciation and amortisation	(500)	(501)	(0.2)
Total costs	(3,100)	(3,084)	0.5
Memorandum item:			
Recurrent costs	(3,100)	(3,062)	1.2
Non-recurrent costs	—	(21)	(100.0)
Pre-provisions income	**3,184**	**3,254**	**(2.1)**
Total provisions and impairments	(546)	(714)	(23.5)
Provisions for loan losses	(481)	(567)	(15.2)
Provisions for other financial assets	(39)	(69)	(43.2)
Other provisions and impairments	(27)	(78)	(65.8)
Capital gains on asset sales and other revenue	(37)	(26)	40.7
Profit or loss before tax	**2,601**	**2,514**	**3.5**
Corporation tax	(824)	(685)	20.2
Profit or loss attributed to minority interests	2	2	(0.9)
Profit attributed to the Group	**1,775**	**1,827**	**(2.8)**

The average exchange rate used for the cumulative balance of TSB's income statement is GBP 0.8566 (GBP 0.8463 in 2024).

Net interest income

Net interest income amounted to 4,837 million euros as at the end of 2025, falling by 3.7% year-on-year, mainly as a result of the performance of the business excluding TSB, which fell by -6.6%, essentially due to a reduced credit yield and a smaller contribution by credit institutions, both impacted by lower interest rates, although this was partially offset by the good performance of volumes and by the growth of TSB, in turn driven by the impact of the structural balance sheet hedge.

Consequently, the net interest margin as a percentage of average total assets stood at 1.97% in 2025 (2.07% in 2024).

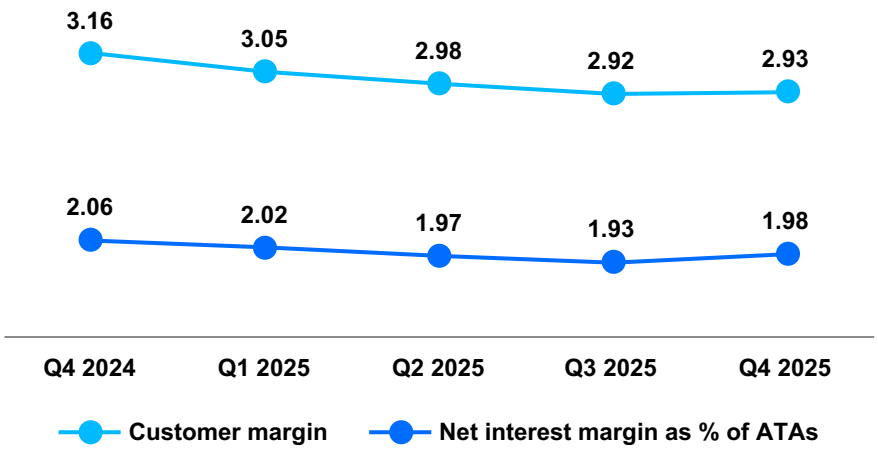
The breakdown of net interest income for the years 2025 and 2024, as well as the different components of the total amounts of investments and funds, is as follows:

Thousand euro

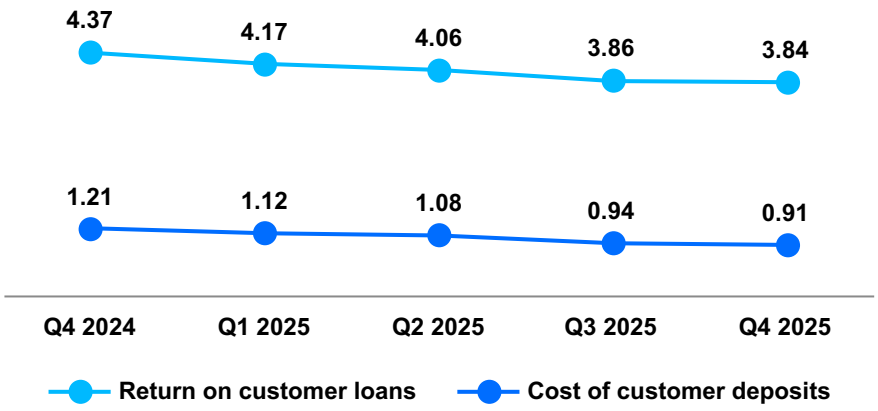
	2025			2024			Variation		Effect		
	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate	Volume	Days
Cash, central banks and credit institutions	31,980,241	921,245	2.88	37,770,825	1,496,204	3.96	(5,790,584)	(574,959)	(396,003)	(174,831)	(4,125)
Loans and advances to customers	159,198,277	6,335,889	3.98	154,131,178	6,726,169	4.36	5,067,099	(390,280)	(590,224)	211,224	(11,280)
Fixed-income portfolio	35,840,571	1,097,469	3.06	30,756,499	1,053,155	3.42	5,084,072	44,314	(81,117)	127,413	(1,982)
Subtotal	**227,019,089**	**8,354,603**	**3.68**	**222,658,502**	**9,275,528**	**4.17**	**4,360,587**	**(920,925)**	**(1,067,344)**	**163,806**	**(17,387)**
Equity portfolio	1,366,939	—	—	1,000,799	—	—	366,140	—	—	—	—
Tangible and intangible assets	4,289,507	—	—	4,497,961	—	—	(208,454)	—	—	—	—
Other assets	12,545,724	224,076	1.79	13,987,412	436,450	3.12	(1,441,688)	(212,374)		(212,374)	—
Total investments	**245,221,259**	**8,578,679**	**3.50**	**242,144,674**	**9,711,978**	**4.01**	**3,076,585**	**(1,133,299)**	**(1,067,344)**	**(48,568)**	**(17,387)**
Central banks and credit institutions	25,278,379	(697,275)	(2.76)	26,372,582	(1,045,965)	(3.97)	(1,094,203)	348,690	260,312	85,409	2,969
Customer deposits	167,305,431	(1,692,547)	(1.01)	162,250,211	(1,997,041)	(1.23)	5,055,220	304,494	331,522	(32,430)	5,402
Capital markets	27,212,740	(955,523)	(3.51)	26,668,161	(1,105,456)	(4.15)	544,579	149,933	168,316	(21,393)	3,010
Subtotal	**219,796,550**	**(3,345,345)**	**(1.52)**	**215,290,954**	**(4,148,462)**	**(1.93)**	**4,505,596**	**803,117**	**760,150**	**31,586**	**11,381**
Other liabilities	10,914,939	(396,628)	(3.63)	12,485,224	(542,181)	(4.34)	(1,570,285)	145,553	—	145,553	—
Own funds	14,509,770	—	—	14,368,496	—	—	141,274	—	—	—	—
Total funds	**245,221,259**	**(3,741,973)**	**(1.53)**	**242,144,674**	**(4,690,643)**	**(1.94)**	**3,076,585**	**948,670**	**760,150**	**177,139**	**11,381**
Average total assets	**245,221,259**	**4,836,706**	**1.97**	**242,144,674**	**5,021,335**	**2.07**	**3,076,585**	**(184,629)**	**(307,194)**	**128,571**	**(6,006)**

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability.

Quarterly evolution of net interest income (%)



Quarterly evolution of customer margin (%)



Gross income

Net fees and commissions came to 1,384 million euros as at the end of 2025, representing an increase of 2.0% year-on-year, which was mainly due to higher asset management and insurance fees, driven by the sharp growth of off-balance sheet customer funds.

Profit or loss on financial operations and exchange differences came to a total of 4 million euros, representing a decrease compared to the end of 2024, mainly due to the impact of the currency hedge in sterling to cover the sale price of TSB, and due to an offer to buy back subordinated bonds.

Dividends received and earnings of companies consolidated under the equity method amounted to 181 million euros, compared with 166 million euros in the previous year, mainly due to higher earnings from the insurance business.

Other operating income and expenses amounted to a total of 122 million euros, compared to 294 million euros in 2024. The positive year-on-year variation is mainly attributable to the bank levy, whose last year of validity was 2024, and which generated an expense of 192 million euros in that year. In 2025, the tax on net interest and commission income of certain financial institutions came into effect, amounting to 123 million euros, which was recognised under the Corporation tax line item.

Pre-provisions income

Total costs stood at 3,100 million euros as at the end of 2025, representing an increase of 0.5% year-on-year, where it is worth calling attention to the increase in staff expenses. In addition, after the strategic deal signed between Nexi S.p.A. and Banco Sabadell (see Note 2 to the consolidated annual financial statements for 2025) came to an end in October 2025, certain expenses related to the assets of the subsidiary Paycomet, which in 2024 were recognised under provisions, were instead recognised as depreciation expenses in 2025.

It is worth noting the improvement in asset quality, which has made it possible to reduce the Group's provisions.

Total provisions and impairments amounted to 546 million euros as at the end of 2025, compared to 714 million euros as at the end of the previous year, representing a reduction of 23%, due to an improvement in both credit provisions and real estate provisions.

Capital gains on asset sales and other revenue amounted to -37 million euros as at the end of 2025. The negative year-on-year change is due to the recognition of greater losses on asset write-offs.

Profit attributed to the Group

After deducting corporation tax, the tax on net interest and commission income and the portion of profit or loss corresponding to minority interests, net profit attributed to the Group amounted to 1,775 million euros as at the end of 2025, falling by 2.8% year-on-year.

In 2024, 109 million euros (net) of extraordinary impacts were recognised; if we exclude these impacts, the Group's net profit was actually up by 3.4%.



3.3 Balance sheet

Million euro

	2025	2024	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	17,206	18,382	(6.4)
Financial assets held for trading	3,609	3,439	5.0
Non-trading financial assets mandatorily at fair value through profit or loss	194	168	15.6
Financial assets at fair value through other comprehensive income	6,320	6,370	(0.8)
Financial assets at amortised cost	204,104	196,520	3.9
Debt securities	29,346	24,876	18.0
Loans and advances	174,759	171,644	1.8
Investments in joint ventures and associates	482	525	(8.2)
Tangible assets	1,978	2,078	(4.8)
Intangible assets	2,642	2,549	3.6
Non-current assets and disposal groups classified as held for sale	667	718	(7.1)
Other assets	8,188	8,848	(7.5)
Total assets	**245,392**	**239,598**	**2.4**
Financial liabilities held for trading	2,252	2,381	(5.4)
Financial liabilities at amortised cost	227,444	220,228	3.3
Deposits	195,385	186,341	4.9
Central banks	686	1,697	(59.6)
Credit institutions	19,845	14,822	33.9
Customers	174,853	169,823	3.0
Debt securities issued	26,054	27,437	(5.0)
Other financial liabilities	6,005	6,450	(6.9)
Provisions	370	478	(22.6)
Liabilities included in disposal groups classified as held for sale	—	30	(99.9)
Other liabilities	1,244	1,447	(14.1)
Total liabilities	**231,310**	**224,565**	**3.0**
Shareholders' equity	14,631	15,389	(4.9)
Accumulated other comprehensive income	(584)	(391)	49.2
Minority interests [non-controlling interests]	35	34	0.5
Equity	**14,082**	**15,033**	**(6.3)**
Total equity and total liabilities	**245,392**	**239,598**	**2.4**
Loan commitments given	27,316	28,775	(5.1)
Financial guarantees given	1,835	1,980	(7.3)
Other commitments given	9,714	9,366	3.7
Total memorandum accounts	**38,864**	**40,121**	**(3.1)**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

Gross performing loans to customers ended the year 2025 with a balance of 160,708 million euros, growing by 2.4% year-on-year, driven both by good performance in Spain, which recorded growth across all segments, but particularly in the mortgage book, and by the businesses abroad.

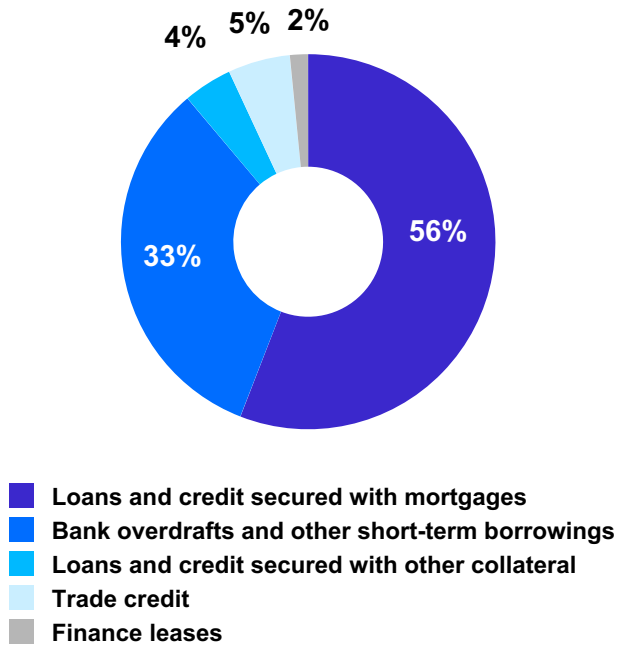
Home equity loans formed the largest single component of gross loans and receivables, amounting to 89,844 million euros as at 31 December 2025 and representing 55.9% of total gross performing loans to customers.

Million euro

	2025	2024	Year-on-year change (%)
Loans and credit secured with mortgages	89,844	89,185	0.7
Loans and credit secured with other collateral	6,771	5,924	14.3
Trade credit	8,605	8,356	3.0
Finance leases	2,527	2,376	6.4
Bank overdrafts and other short-term borrowings	52,961	51,071	3.7
Gross performing loans to customers	**160,708**	**156,913**	**2.4**
Stage 3 assets (customers)	3,909	4,595	(14.9)
Accrual/deferral adjustments	247	208	18.7
Gross loans to customers, excluding reverse repos	**164,864**	**161,717**	**1.9**
Reverse repos	71	—	--
Gross loans to customers	**164,935**	**161,717**	**2.0**
Reserve for loan losses and country risk	(2,498)	(2,844)	(12.2)
Loans and advances to customers	**162,437**	**158,872**	**2.2**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

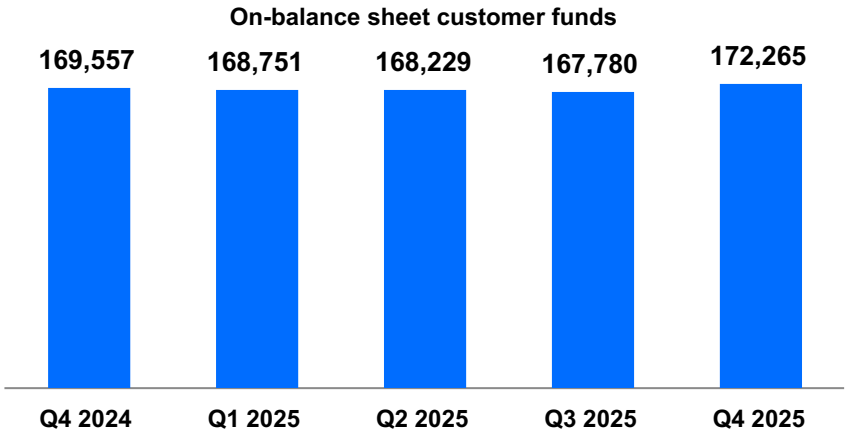
The composition of loans and advances to customers by type of product is shown in the following chart (not including stage 3 assets or accrual/deferral adjustments):



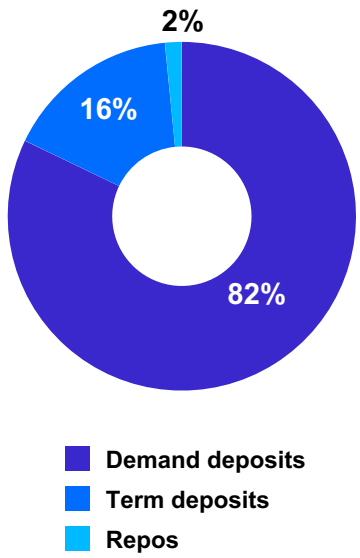
As at the end of 2025, on-balance sheet customer funds amounted to 172,265 million euros, compared to 169,557 million euros as at the end of 2024, increasing by 1.6% due to a larger volume of demand deposits.

Demand deposit balances amounted to 143,400 million euros, representing an increase of 3.7% compared to 2024.

Term deposits came to a total of 28,476 million euros, representing a decrease of 8.3% year-on-year, affected by the shift of funds towards off-balance sheet products.



The breakdown of customer deposits as at 2025 year-end is shown below:



Total off-balance sheet customer funds came to 52,656 million euros as at the end of 2025, reflecting an increase of 14% in year-on-year terms, where it is particularly worth noting the good evolution of mutual funds, mainly explained by positive net subscriptions, as well as the increase in third-party insurance products and assets under management.

Total funds under management as at 31 December 2025 amounted to 253,563 million euros, compared to 243,431 million euros as at 31 December 2024, representing a year-on-year increase of 4.2%, due to the growth of both on-balance sheet customer funds and off-balance sheet funds, as explained above.

Million euro

	2025	2024	Year-on-year change (%)
On-balance sheet customer funds (*)	**172,265**	**169,557**	**1.6**
Customer deposits	174,853	169,823	3.0
Current and savings accounts	143,400	138,347	3.7
Term deposits	28,476	31,047	(8.3)
Repos	2,709	—	--
Accrual/deferral adjustments and hedging derivatives	268	429	(37.5)
Borrowings and other marketable securities	21,788	23,345	(6.7)
Subordinated liabilities (**)	4,265	4,092	4.2
On-balance sheet funds	**200,907**	**197,260**	**1.8**
Collective investment undertakings	31,707	28,308	12.0
Managed	831	674	23.2
Sold but not managed	30,876	27,634	11.7
Assets under management	5,887	4,729	24.5
Pension funds	3,430	3,352	2.3
Personal schemes	2,195	2,166	1.4
Workplace schemes	1,231	1,183	4.1
Collective schemes	3	4	(9.1)
Third-party insurance products	11,632	9,782	18.9
Off-balance sheet customer funds	**52,656**	**46,171**	**14.0**
Funds under management and third-party funds	**253,563**	**243,431**	**4.2**

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

(**) Refers to subordinated debt securities issued.

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8691 as at 31 December 2024.

The balance of non-performing assets was reduced by 877 million euros over the year, while the coverage ratio considering total provisions rose to 59.9%.

Throughout 2025, a reduction in non-performing assets was observed. The quarterly evolution of these assets in 2025 and 2024 is shown below:

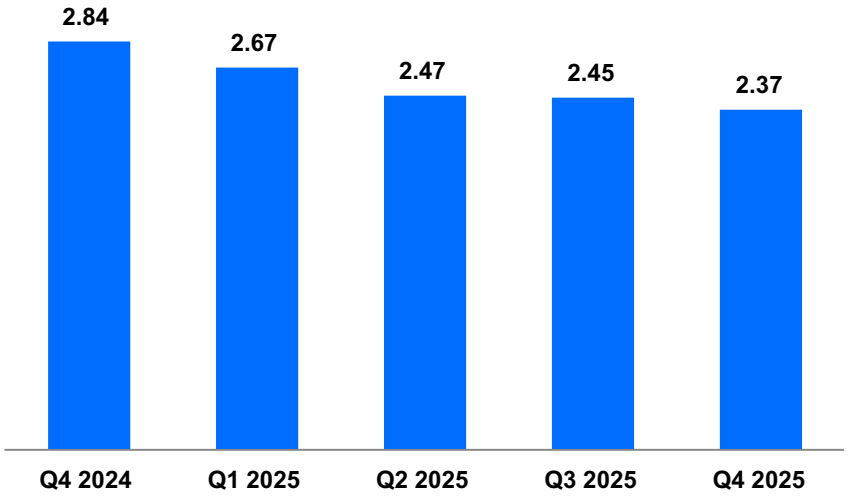
Million euro

	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ordinary net increase in stage 3 loans	(102)	(160)	82	(37)	40	(182)	(27)	(307)
Real estate asset variation	(25)	(38)	(44)	(45)	(32)	(36)	(31)	(36)
Ordinary net increase in stage 3 loans + real estate	**(126)**	**(198)**	**38**	**(81)**	**8**	**(219)**	**(58)**	**(344)**
Write-offs	159	130	108	111	100	97	128	132
Ordinary QoQ change in balance of stage 3 loans and real estate	**(286)**	**(329)**	**(69)**	**(193)**	**(92)**	**(316)**	**(186)**	**(476)**

As a result of the reduction in exposures classified as stage 3, associated with an increase in the risk base, the NPL ratio reached 2.37% as at 2025 year-end, compared to 2.84% as at 2024 year-end (decrease of 47 basis points). The stage 3 coverage ratio with total provisions as at 31 December 2025 was 63.8% compared to 61.7% one year earlier, while the coverage ratio of non-performing real estate assets stood at 36.6% as at 31 December 2025, compared to 40.5% at the end of the previous year.

As at 31 December 2025, the balance of exposures classified as stage 3 in the Group, including contingent exposures, amounted to 4,119 million euros, having declined by 725 million euros in 2025.

NPL ratio (*) (%)



(*) Calculated including contingent exposures.

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

Million euro

	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Stage 3 exposures	4,583	4,292	4,267	4,119	5,718	5,439	5,283	4,844
Total provisions	2,874	2,730	2,722	2,626	3,346	3,247	3,213	2,990
Stage 3 coverage ratio, with total provisions (%)	**62.7**	**63.6**	**63.8**	**63.8**	**58.5**	**59.7**	**60.8**	**61.7**
Stage 3 provisions	2,147	2,034	2,035	1,936	2,433	2,399	2,365	2,245
Stage 3 coverage ratio (%)	**46.8**	**47.4**	**47.7**	**47.0**	**42.5**	**44.1**	**44.8**	**46.3**
Non-performing real estate assets	811	773	729	684	939	902	872	836
Provisions for non-performing real estate assets	327	306	272	251	370	356	352	338
Non-performing real estate coverage ratio (%)	**40.3**	**39.5**	**37.3**	**36.6**	**39.4**	**39.5**	**40.3**	**40.5**
Total non-performing assets	5,394	5,065	4,996	4,803	6,657	6,341	6,155	5,680
Provisions for non-performing assets	3,201	3,036	2,994	2,877	3,715	3,604	3,564	3,329
NPA coverage ratio (%)	**59.3**	**59.9**	**59.9**	**59.9**	**55.8**	**56.8**	**57.9**	**58.6**

Includes contingent exposures.

3.4 Liquidity management

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

In 2025, the funding gap remained stable, recording similar growth in both lending volumes and customer funds. The outstanding nominal balance of instruments issued on capital markets declined compared to the end of 2024, as a portion of the maturities and early repayments on senior debt and senior non-preferred debt trades were not replaced by new issues. The issues of mortgage covered bonds, asset-backed securities, subordinated debt and preferred securities, in aggregate, showed an outstanding nominal balance slightly higher than in the previous year. In 2025, in order to keep an adequate level of instruments above regulatory requirements, specifically the Minimum Requirement for own funds and Eligible Liabilities (MREL), several instruments were issued on capital markets (senior non-preferred debt and Additional Tier 1 (AT1)). The Group's LtD ratio as at 31 December 2025 was 93.5% (93.2% as at 31 December 2024).

The Institution has made use of the different issuance windows to access the capital markets at different times of the year, successfully completing the issuance plan, in an environment in which inflation has continued to cool and central banks have eased their monetary policies by cutting interest rates. Maturities and early repayments in capital markets over the year amounted to 4,375 million euros.

In 2025, Banco Sabadell placed several issues on the market. On 28 March 2025, it conducted one private issuance of mortgage covered bonds under the non-equity securities prospectus, in the amount of 500 million euros with an 8-year maturity. Under the EMTN programme, it issued two senior non-preferred debt deals amounting to a total of 1 billion euros, specifically: on 18 February 2025, it issued one 500 million euro deal with an 8-year maturity and an option for Banco Sabadell to call early in the seventh year; and on 10 September 2025, it issued one 500 million euro deal with a 6.5-year maturity and an option for Banco Sabadell to call early after 5.5 years. Furthermore, on 20 May 2025, Banco Sabadell issued one trade of preferred securities contingently convertible into the Bank's ordinary shares (Additional Tier 1), amounting to 1 billion euros with a fixed coupon rate of 6.5%.

In addition, in 2025 Banco Sabadell, after obtaining the relevant authorisations, exercised the early redemption options on the following issues: (i) Subordinated Debt 1/2020 on 17 January 2025, for 300 million euros, (ii) Senior Non-Preferred Debt 1/2022 on 24 March 2025, for 750 million euros, (iii) Senior Non-Preferred Debt 2/2022 on 8 September 2025 for 500 million euros, and (iv) Subordinated Debt 1/2016 for 500 million euros. For the last of these issues, Banco Sabadell submitted a bid to buy back the full issuance amount, resulting in a repurchased amount of 311.5 million euros on 11 July 2025 and, subsequently, on 13 August 2025, it exercised the redemption option on the remaining outstanding amount (188.5 million euros) due to a capital event, as established in the issue's conditions (instrument released in 2016 under UK law with no contractual recognition of bail-in, meaning that it ceased to qualify as capital on 28 June 2025).

Lastly, on 18 December, Banco Sabadell announced that, as it had obtained the corresponding authorisation, it would exercise the early redemption option to call the Subordinated Debt 1/2021 series, amounting to 500 million euros, on the first call date, 15 January 2026.

Lastly, TSB Bank issued one 600 million euro 5-year mortgage covered bonds trade on 18 February 2025.

After the December closing, Banco Sabadell issued one mortgage covered bonds deal under the Fixed Income Programme amounting to 500 million euros, a 6.8-year maturity and a 2.875% coupon.

Moreover, in 2026, after obtaining the corresponding authorisations, Banco Sabadell announced, (i) on 27 January 2026, that it would be exercising the early redemption option on the Senior Preferred Debt 2/2020 series, amounting to 500 million euros, on the first call date, 11 March 2026, and (ii) on 3 February 2026, that it would be exercising the early redemption option on the AT1 1/2021 series amounting to 500 million euros on the first call date, 15 March 2026.

In relation to securitisation transactions, on 25 February 2025, the traditional securitisation fund TDA Sabadell RMBS 5, F.T. set up by Banco Sabadell was disbursed under its residential mortgage-backed securities programme for a total of 3.5 billion euros. The issuance consisted of two tranches, which were fully retained by Banco Sabadell, with the senior tranche, initially amounting to 3.43 billion euros, deemed eligible as collateral to raise liquidity through the Eurosystem monetary policy instruments. This transaction was combined with the early unwinding of the securitisation fund TDA Sabadell RMBS 4, F.T. on 14 February, whose securities had been retained in full.

On 19 September 2025, the securitisation fund SCF Autos 2, F.T. was disbursed; this was the second operation carried out under the programme of auto loans granted by Sabadell Consumer Finance, amounting to 750 million euros. The fund issued six tranches of securities, all of which were placed on the market, with the exception of the tranche used to finance the reserve fund and initial expenses, which was retained by Sabadell Consumer Finance, and part of the senior tranche, which is eligible for use to raise liquidity through the Eurosystem monetary policy operations and which was subscribed by Banco Sabadell.

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 required minimum LCR has been 100%, a level amply surpassed by all of the Institution’s Liquidity Management Units (LMUs). The TSB and Banco Sabadell Spain LMUs have a level of 205% and 209%, respectively, as at 31 December 2025. At the Group level, the LCR remained well above 100% on a stable basis at all times throughout the year, ending 2025 at 186%. 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 2025, the NSFR stood at 151% for the TSB LMU, 133% for Banco Sabadell Spain and 139% at the Group level.

The key figures and basic liquidity ratios reached as at the end of 2025 and 2024 are shown below:

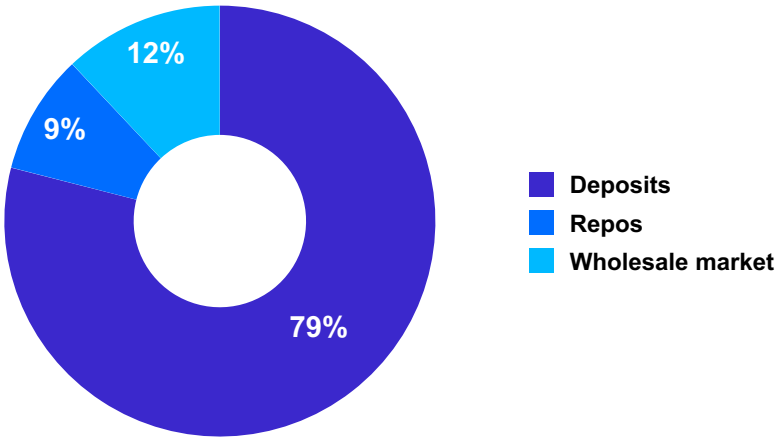
Million euro

	2025	2024
Gross loans to customers, excluding reverse repos	164,864	161,717
Impairment allowances	(2,498)	(2,844)
Brokered loans	(1,300)	(884)
Net loans and advances excluding ATAs, adjusted for brokered loans	**161,066**	**157,988**
On-balance sheet customer funds	172,265	169,557
Loan-to-deposit ratio (%)	**93.5**	**93.2**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

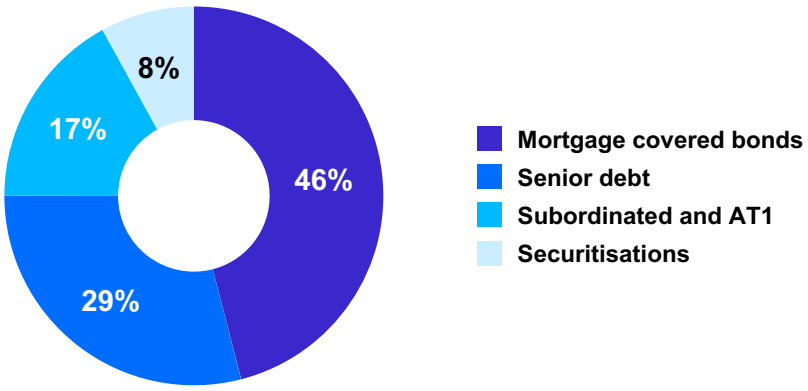
The main sources of funding as at 2025 year-end are shown below, according to the type of instrument and counterparty (in percentages):

Funding structure (*)



(*) Without accrual/deferral adjustments or hedging derivatives.

Details of institutional issues (*)



(*) Without accrual/deferral adjustments or hedging derivatives.

For further details about the Group's liquidity management, liquidity strategy and liquidity performance during the year, see Note 4.4.3 to the 2025 consolidated annual financial statements.

3.5 Capital management

Key capital figures and solvency ratios

Thousand euro

	31/12/2025		31/12/2024	
	Fully-loaded (*)	**Phase-in**	**Fully-loaded**	**Phase-in**
Common Equity Tier 1 (CET1) capital	10,547,426	10,542,780	10,485,795	10,485,795
Tier 1 (T1) capital	13,297,426	13,292,780	12,235,795	12,235,795
Tier 2 (T2) capital	1,310,691	1,310,691	1,945,475	1,945,475
Total capital (Tier 1 + Tier 2)	14,608,116	14,603,470	14,181,270	14,181,270
Risk-weighted assets	80,454,490	80,110,695	80,484,738	80,484,738
CET1 (%)	13.11%	13.16%	13.03%	13.03%
Tier 1 (%)	16.53%	16.59%	15.20%	15.20%
Tier 2 (%)	1.63%	1.64%	2.42%	2.42%
Total capital ratio (%)	18.16%	18.23%	17.62%	17.62%
Leverage ratio	5.41%	5.40%	5.20%	5.20%

In 2025, following the entry into force of the new provisions of Regulation (EU) 575/2013, the Group applied the transitional arrangements established therein, which concern the calculation of Expected Loss (EL), equity RWAs, and the RWAs of commitments that can be unilaterally cancelled through the STD approach. In 2024, the transitional arrangements arising as a result of IFRS 9 and still in effect had no impact on the Institution's solvency ratios.

(*) Fully-loaded data applying the output floor's regulatory implementation timeline.

During 2025, the Group increased its capital base by 427 million euros in fully-loaded terms.

In 2025, Banco Sabadell issued preferred securities contingently convertible into ordinary shares (AT1 CoCos) for 1 billion euros, in a transaction executed on 20 May 2025. Similarly, in relation to Tier 2 capital, in December 2025, following the announcement to the market of the intention to exercise the early call option, the Institution ceased to recognise the Subordinated Debt 1/2021 series, for a nominal amount of 500 million euros and maturing in April 2031, as Tier 2 capital. Once the corresponding regulatory authorisation has been received, the outstanding amount was redeemed in January 2026, as per the conditions of the prospectus. Lastly, also with a negative impact, it is worth noting the loss of eligibility of the Subordinated Debt 1/2016 issuance from 28 June 2025 onwards, according to that set forth in Article 494b of the CRR, as this is an instrument issued prior to 27 June 2019. As at 31 December 2024, this issuance contributed 134 million euros to Tier 2.

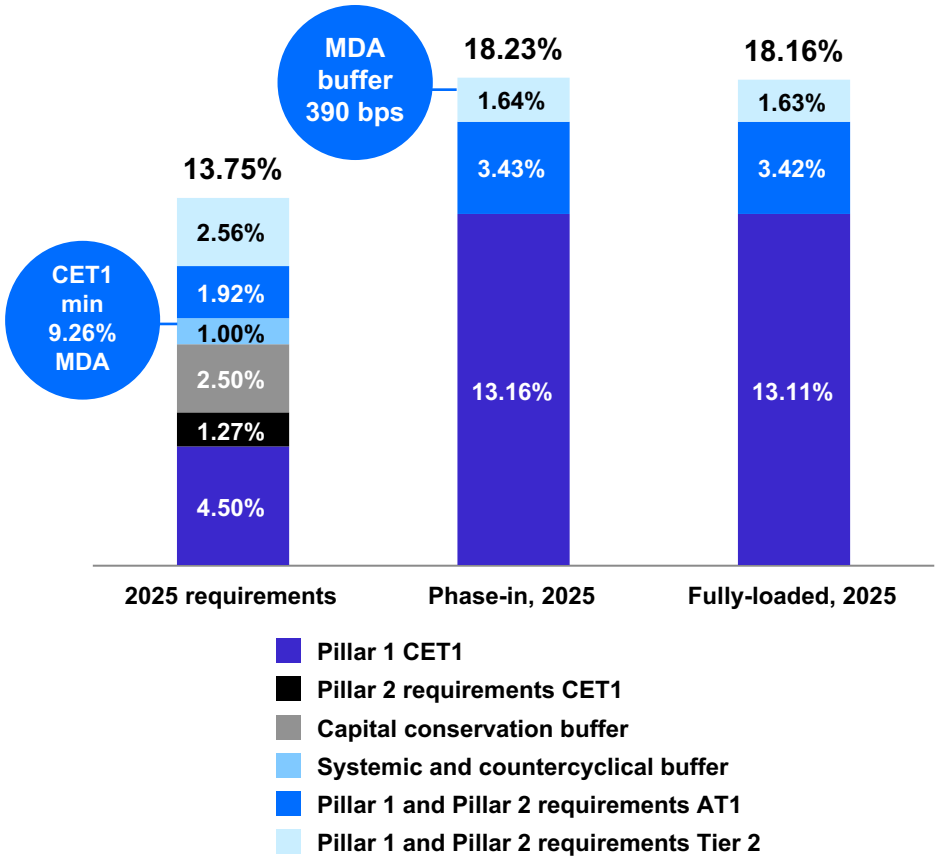
In terms of Risk-Weighted Assets (RWAs), three securitisations were carried out during the year: one synthetic securitisation (Galera IV) carried out in May 2025 on a 1.3 billion euro portfolio of loans to SMEs and corporates; one traditional securitisation (Autos 2) carried out in September 2025 on a 758.5 million euro consumer loan portfolio; and one synthetic securitisation (Boreas III) carried out in December 2025 on a 1,443.1 million euro portfolio of project finance and loans to large corporates. Furthermore, the synthetic securitisation Galera II was fully unwound in March 2025.

RWAs declined during the year, mainly due to the impact of the entry into force of CRR III on 1 January 2025. Excluding the impact of CRR III, credit RWAs remained practically stable, as improvements in portfolio density, the securitisations executed and currency movements helped

absorb the growth in lending and the impacts on RWAs stemming from planned future model updates that the Institution has decided to frontload. Lastly, the increase in operational RWAs due to the growth of net interest income over the period is worthy of note.

As a result, the fully-loaded CET1 ratio stood at 13.11% as at the end of 2025.

As at 31 December 2025, the Group had a phase-in CET1 capital ratio of 13.16%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2025 was 9.26%, meaning that the aforesaid ratio is 390 basis points above the minimum requirement.



Minimum capital requirements have been calculated taking into account capital requirements in effect as at 2025 year-end for Pillar 1 (8.00%) and Pillar 2R (2.25%), as well as the capital conservation buffer (2.50%), countercyclical buffer (0.75%) and the buffer for other systemically important institutions (0.25%).

In May 2024, the Single Resolution Board (SRB) published the MREL Policy under the Banking Package, which integrates the regulatory changes of the aforesaid resolution framework reform. The new requirements of the SRB are based on balance sheet data as at December 2023 and set the final MREL target, which is binding from 17 December 2024, the same day on which Banco Sabadell received a communication from the Bank of Spain regarding the decision made by the SRB concerning the Minimum Requirement for own funds and Eligible Liabilities (MREL) and the subordination requirement applicable to the Institution on a consolidated basis.

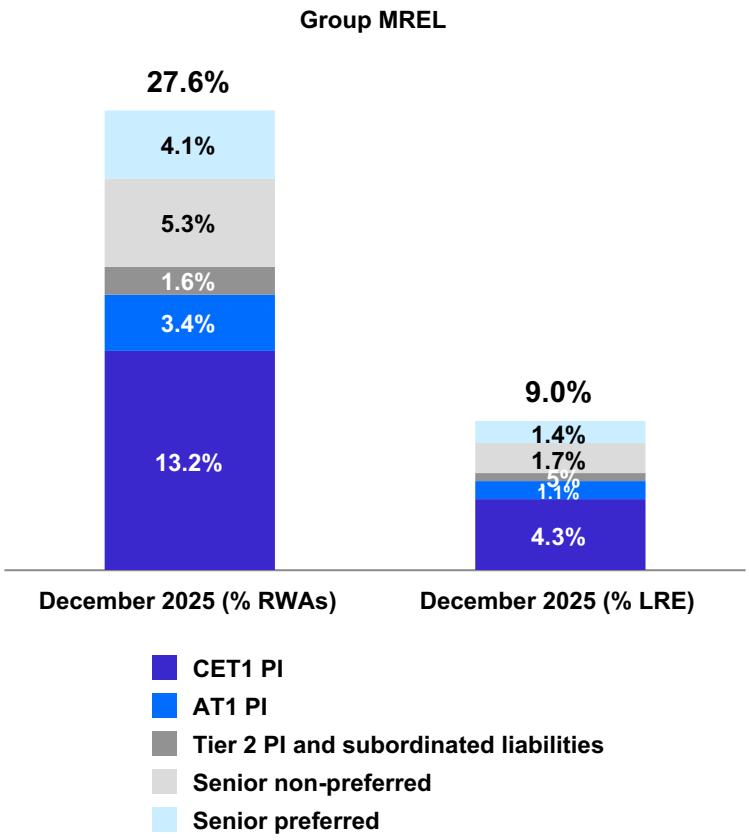
The requirements that must be met from 17 December 2024 are as follows:

— The MREL is 22.14% of the Total Risk Exposure Amount (TREA) and 6.39% of the Leverage Ratio Exposure (LRE).

— The subordination requirement is 15.84% of the TREA and 6.39% of the LRE.

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

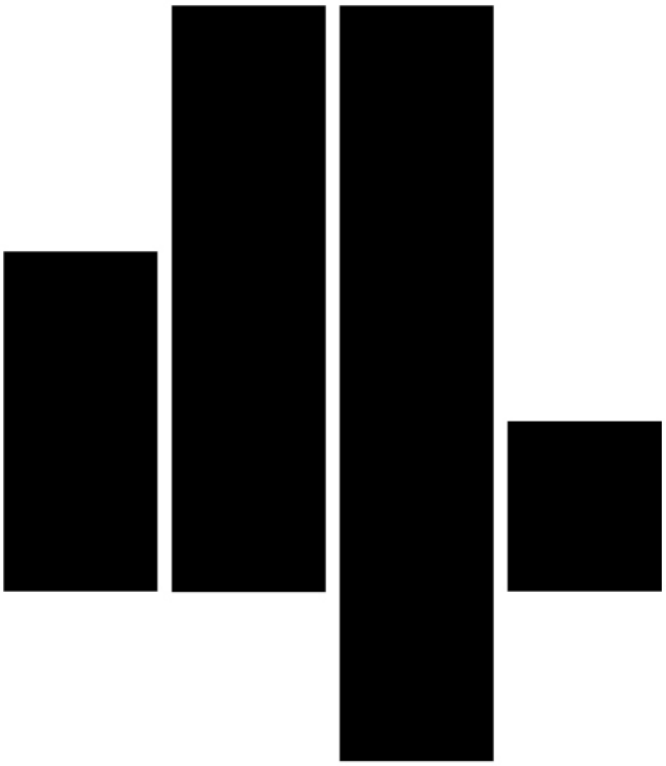
As at the end of 2025 and 2024, Banco Sabadell is compliant with the applicable requirements. Furthermore, the Institution's Funding Plan anticipates that it will continue to comply, comfortably, with the current requirements.



The RWAs percentage includes the capital earmarked to meet the CBR. This serves as a mechanism to accumulate capital to protect against cyclical and structural systemic risks, in order to build up own funds during periods of prosperity and thus be able to protect the regulatory minimum during periods of adverse economic conditions.



Businesses



294 Banking Business Spain
327 Banking Business United Kingdom
331 Banking Business Mexico

Businesses

The key financial figures associated with the Group's largest business units are shown below, in line with the segment information described in Note 38 to the consolidated annual financial statements for the financial year 2025.

4.1 Banking Business Spain

4.1.1. Key figures



Net profit in 2025 amounted to 1,394 million euros, representing a year-on-year decrease of 8.1%, as 2024 included 115 million euros net of non-recurring impacts. Not including these impacts, net profit would be in line with the previous year.

Net interest income amounted to 3,411 million euros as at the end of 2025, falling by 6.6% year-on-year, mainly as the result of a reduced credit yield and a smaller contribution by credit institutions, which were impacted by lower interest rates.

Net fees and commissions stood at 1,268 million euros, 3.0% more than at the end of 2024, mainly due to the increase in asset management and insurance fees.

Profit or loss on financial operations and exchange differences fell by 22 million euros, mainly due to an offer to buy back subordinated bonds and the currency hedge on the sale price of TSB.

Equity-accounted income and dividends showed year-on-year growth of 8.9%, due mainly to the increased contribution of the insurance business.

The positive year-on-year variation is mainly attributable to the bank levy, whose last year of validity was 2024, and which generated an expense of 192 million euros in that year. In 2025, the tax on net interest and commission income of certain financial institutions came into effect, amounting to 123 million euros, which was recognised under the Corporation tax line item.

In addition, after the strategic deal signed between Nexi S.p.A. and Banco Sabadell (see Note 2 to the consolidated annual financial statements for 2025) came to an end in October 2025, certain expenses related to the assets of the subsidiary Paycomet, which in 2024 were recognised under provisions, were instead recognised as depreciation expenses as at the end of 2025.

Provisions and impairments amounted to 472 million euros, down by 27.6% year-on-year, mainly due to the improvement in both credit provisions and real estate provisions.

Million euro

	2025	2024	Year-on-year change (%)
Net interest income	**3,411**	**3,652**	**(6.6)**
Net fees and commissions	1,268	1,231	3.0
Core revenue	**4,679**	**4,883**	**(4.2)**
Profit or loss on financial operations and exchange differences	(22)	36	(161.3)
Equity-accounted income and dividends	181	166	8.9
Other operating income and expenses	(82)	(249)	(67.0)
Gross income	**4,755**	**4,836**	**(1.7)**
Operating, depreciation and amortisation expenses	(2,154)	(2,071)	4.0
Pre-provisions income	**2,601**	**2,765**	**(5.9)**
Provisions and impairments	(472)	(652)	(27.6)
Capital gains on asset sales and other revenue	(34)	(14)	137.7
Profit or loss before tax	**2,096**	**2,098**	**(0.1)**
Corporation tax	(700)	(579)	20.8
Profit or loss attributed to minority interests	2	2	(0.9)
Profit attributed to the Group	**1,394**	**1,517**	**(8.1)**
Cumulative ratios			
ROTE (net return on tangible equity)	14.4 %	15.9 %	
Cost-to-income (administrative expenses / gross income)	45.3 %	35.1 %	
NPL ratio	2.7 %	3.3 %	
Stage 3 coverage ratio, with total provisions	69.9 %	66.3 %	

Gross performing loans increased by 4.9%, growing across all segments, particularly the mortgage book.

On-balance sheet customer funds increased by 3.5% year-on-year, while off-balance sheet funds grew by 14.0%, mainly due to mutual funds and third-party insurance products.

Million euro

	2025	2024	Year-on-year change (%)
Assets	**186,300**	**177,348**	**5.0**
Gross performing loans to customers	114,669	109,291	4.9
Non-performing real estate assets, net	434	497	(12.8)
Liabilities and equity	**186,300**	**177,348**	**5.0**
On-balance sheet customer funds	128,598	124,235	3.5
Wholesale funding in capital markets	19,531	21,135	(7.6)
Allocated own funds	11,375	12,161	(6.5)
Off-balance sheet customer funds	**52,656**	**46,171**	**14.0**
Other indicators			
Employees	13,617	13,525	0.7
Branches and offices	1,149	1,152	(0.3)

Details of the main business lines within Banking Business Spain are given here below.

4.1.2. Retail Banking

4.1.2.1. Business overview

Retail Banking is Banco Sabadell's business unit that offers financial products and services to individuals for personal use. The business is based on a banking model that combines processes typical of a digital bank for interactions that require the autonomy, immediacy and simplicity that only digital channels can offer with specialised and personalised commercial management for those interactions where expert support is needed, provided through the branch network, both in brick-and-mortar branches and remotely.

Among the main products offered, it is worth noting investment and financing products in the short, medium and long term, such as consumer loans and mortgages. As for funds, the main products on offer are customer term and demand deposits, savings insurance, mutual funds and pension plans. In addition, the value proposition is supplemented with essential services such as payment methods, particularly cards, and a comprehensive suite of various kinds of insurance products.



4.1.2.2. Management milestones in 2025 and priorities for 2026

Retail Banking bases its activity on the following pillars that contribute to the objective of increasing the base of transactional customers, gaining market share in key products and providing first-class services to customers:

— Product-based organisation, which makes it possible to focus on customers' needs and to offer specialised and personalised products and services, enabling greater autonomy, immediacy, agility and simplicity.
— The specialised sales force, supported by the branch network, allows a superior customer support model to be offered for products where customers require more advice or support from experts, such as mortgages, protection insurance and savings/investment.
— The development of digital capabilities in relation to servicing, the attraction of digital demand, and the generation of digital sales in self-service and remote channels.

In that regard, in 2025 the Retail Banking business has continued with its transformation, moving forward in the following areas:

— Continue to expand the customer base, focusing on digital onboarding whilst also improving customer experience across all channels.
— Consolidate the new direct banking capabilities, with a value proposition adapted to new customer habits and an increase in scalability and efficiency.
— Serve the Bank's customers through their preferred channel. On this point, it is worth noting the popularity of the mobile app, which has consolidated itself as the primary interaction channel for serving customers.
— A remarkable improvement in customer experience rankings, enhancing the quality of interactions with them, which forges long-lasting and quality relationships whilst promoting the brand, increasing its visibility and awareness to gain market share.

It is clear that the transformation has been consolidated in 2025, with Retail Banking now undeniably a profitable business, with improved customer perception and a solid foundation from which to grow steadily going forward.

In 2026, the business priorities centre around continuing to grow in a profitable way, leveraging the transformation to that end and with a larger number of engaged customers during the first few months of the relationship. In addition, the focus will remain on continuing to improve brand appeal and customer experience in all channels.

4.1.2.3. Main products

The main Retail Banking products are described here below:

Mortgages

In 2025, the mortgage market was characterised by expansion, with the amount granted through new mortgage loans growing by a cumulative 17%.

This growth was driven by lower interest rates, in terms of both the 12-month Euribor and the mortgage rates offered by financial institutions. This development helped to ease the burden of monthly loan instalments, thus enabling the growth of the real estate market.

Against this backdrop, fixed-rate mortgages in Banco Sabadell cemented their position as the preferred product of its customers, accounting for 90% of total new mortgage contracts as at the end of 2025. This preference is explained by customers' search for stable

borrowing conditions, given the uncertain economic environment, as well as protection against future hikes in benchmark rates. Similarly, discount mortgages, including both fixed-rate and floating-rate, represented 86% of the total as at the end of 2025.

Banco Sabadell has continued to strengthen its competitive position in the mortgage market by adopting several key initiatives:

— Larger market share: the Institution has managed to increase its market share, thanks to competitive mortgage deals adapted to the needs of customers and backed by an effective commercial strategy.
— Specialised distribution model: all of the Bank's branches have been brought into the model of mortgage specialists, firmly committing to remote management. At present, 234 specialists operate remotely, covering 100% of the branch network, which allows for greater capillarity and operating efficiency.
— Overhauled mortgage process: progress has been made in digitalising and simplifying the mortgage application process, shortening processing times and improving customer experience, providing greater agility to the management of demand and help to optimise internal resources.
— Enhanced digital experience: new technological and business intelligence capabilities have been added to the initial phase of customers' digital journey, intended to optimise customer onboarding and increase lead conversion rates, thereby making the customer experience more efficient and personalised.

Consumer Loans

In terms of consumer loans, 2025 was characterised by a 20% increase in volume in the Retail Banking segment, driven by the expansion and improvement of digital product arrangement capabilities, particularly in reactive products, and the adaptation of the product range to the needs of the end-consumer through the use of advanced intelligence models, always ensuring adequate risk management and segmentation.

At present, 87% of origination takes place through remote channels (58% in digital self-service), while pre-approved loans account for 84% of total origination in euros.



Payment Services

2025 has been a good year in terms of the growth of payment card activity, with a 6% year-on-year increase in net turnover, reaching 21,846 million euros.

In 2025, the instant card issuance process was further consolidated, allowing customers who apply for a new card to have it immediately available for use in e-commerce and mobile payment transactions. Furthermore, in July the possibility of immediate card activation was introduced across all in-branch channels, thereby enhancing the agile and digital experience. The percentage of card activations executed via digital channels already accounts for 56% of total activations, while 25% of purchases are made with mobile payments.

With regard to the Bizum payment system, Banco Sabadell has more than 1.7 million registered users.

Demand Deposits

In 2025, Banco Sabadell consolidated its position in the demand deposits market, strengthening its ability to attract new customers and create engaged customers, thanks to a competitive proposition both in the digital channel and in its network of branches.

After launching the digital onboarding process in 2023, which improved its business productivity and customer experience, the Sabadell

Online Account was revamped in 2024, expanding its scope to also cover the self-employed segment. This helped turn the account into a comprehensive solution for customers looking for their main bank to cater to both their personal and professional needs.

This strategy was consolidated in 2025, with sustained growth in digital applications for products and improved levels of customer engagement, thanks to an offer that combines simplicity, accessibility and added value. The proposal was reinforced with specific campaigns and improved user experience in digital channels, remote channels, and in-person channels.

The main demand deposit accounts offered are the following:

— Sabadell Online Account: aimed at new retail customers and self-employed professionals, with a 100% digital opening process.
— Sabadell Account: for retail customers, available through all channels.
— Key Account: designed for non-resident foreign customers.

There is also still a complementary offer for groups with specific needs, such as minors, non-residents and people at risk of financial exclusion, through the Basic Payment Account.

Savings and Investment

The market volatility brought about by the announcement of further tariff increases in the international context, together with the actions taken by the main central banks, in turn closely linked to the publication of economic data, have shaped asset performance and, by extension, the profitability of investment funds.

In mutual funds, the main milestones during the year were the following:

— The mutual funds range was adapted to the market situation and to customer demand by incorporating the following types of products:
  — Guaranteed products: in 2025, the guaranteed funds programme centred on the *Sabadell 12M Garantizado* guaranteed product range, comprising daily-liquidity funds. This range was supplemented with the launch of two new vehicles, *Sabadell 12M Garantizado Marzo* and *Sabadell 12M Garantizado Octubre*, and the guarantees on *Sabadell 12M Garantizado* and *Sabadell 12M Garantizado Diciembre* were renewed for another year.
  — Discretionary fund portfolio management: a key service for the funds on offer. The revitalised portfolio management service, *Cartera Sabadell*, is now even more important for customers wishing to delegate their investment decisions to specialists, according to their risk profile and objectives. Three different types of portfolios are available to start investing, with the option to choose between five strategies with different levels of risk:
    — Sabadell Portfolio (*Cartera Sabadell*): with a percentage of equities of 25%, 50% and 75%.
    — Sabadell Plus Portfolio (*Cartera Sabadell Plus*): with a percentage of equities of 10%, 25%, 50% and 75%.
    — Sabadell Private Portfolio (*Cartera Sabadell Privada*): with a percentage of equities of 10%, 25%, 50%, 75% and 90%.

An exclusive investment option for Sabadell Private portfolios (profiles: 50, 70 and 90) and Sabadell Plus portfolios is also now available.

— Charitable products: in order to boost the *Sabadell Inversión Ética y Solidaria* charitable fund, given the growing interest in this type of fund, its contribution to charitable causes has been increased and the management fee percentage has been reduced, at the same time expanding the opportunities available to customers to increase their returns.



— Workflows have continued to be worked on, in order to enhance customer experience in the digital channel.

In relation to savings insurance products, these saw an increase in 2025, especially insurance products with a guaranteed interest rate, mainly the Sabadell Savings Insurance (*Seguro de Ahorro Sabadell*) product, thanks to promotional campaigns. This insurance product guarantees a net interest rate that is revised every six months, with full and partial availability, flexible contributions, and zero costs or fees. Promotional campaigns have also been launched to encourage applications via remote channels and combinations with protection insurance.

With regard to the pensions business, as well as guaranteed return insurance plans, the trend followed by interest rates has boosted demand for Insured Retirement Plans (IRPs) with longer payback periods. To sell individual pension plans, campaigns have been continued, offering very competitive incentives to acquire pension plans from other institutions. This year saw the consolidation of sales of simplified occupational pension plans for the self-employed, first brought to market in 2024, which permit higher contributions than individual plans and are promoted by the Professional Union of Self-Employed Workers (Unión Profesional de Trabajadores Autónomos, or UPTA) and the General Council of Economists (Consejo General de Economistas).

With regard to deposits, this year Banco Sabadell has consolidated its value proposition, maintaining a stable range of products adapted to the needs of customers, both in the branch network and on the digital channel. The Bank offers products that combine profitability, simplicity and easy access.

The strategy has focused on offering term savings, especially to customers with a digital profile, strengthening the online channel as the preferred means of applying for these products, thanks to its agility and the continuously improving user experience.

The key products during the year include the *Depósito Crecimiento* and *Depósito Líder* deposits, which offer flexible options for different savings horizons. The offer is completed with the *Depósito Sabadell Bonificado* product, a deposit that pays more interest the higher the level of customer engagement, measured by the products that they hold either at the time of opening the deposit or that they acquire thereafter.

Similarly, the range of online deposits has been expanded, with new terms to maturity now available, consolidating the digital channel as a key lever in the Bank's commercial transformation strategy.

Lastly, throughout the year, the range of structured deposits has been kept in line with the target levels of both deposits gathered and deposits retained.

Protection Insurance

The products offered by the insurance business are designed to meet various protection needs, in relation to both personal liability and assets, always seeking to adapt each type of product to the profile of each Retail Banking customer. The insurance business also focuses on obtaining the highest levels of customer satisfaction every time a product is used.

Customers mainly subscribe to the insurance products distributed by the Group through the insurers in which the Group holds a 50% stake thanks to the agreement between Zurich Group, BanSabadell Vida and BanSabadell Seguros Generales. The first of these insurers, which has the largest business volume, occupies the top spots of insurance firm rankings, based on premiums issued and technical provisions. In addition, BanSabadell Seguros Generales has entered into co-insurance agreements with Sanitas and Meridiano Seguros for health insurance and funeral insurance, respectively.

These products are marketed by various qualified figures, notably by insurance specialists, and through various channels, both on-site and remote.

In 2025, the business has continued to grow steadily in protection premiums (which are up 10% on the previous year), the main products that contribute to this business being life insurance, home insurance and health insurance, which recorded growth rates compared to the previous year of 10%, 10% and 18%, respectively.

In addition, in order to keep offering customers high-quality products and services, towards the end of the year a new range of life and home insurance products was launched, offering various options and premium payment formulas in order to offer the best coverage according to the existing needs of each customer. Within this new product range, it is worth mentioning Zenit, which allows customers to keep the same premium during the first three years, without it increasing.

Sabadell Consumer Finance

Sabadell Consumer Finance is the Group's company specialising in consumer finance at the point of sale. It carries out its activity through various channels and lines of business via cooperation agreements.

In 2025, activity in the automotive business continued to record growth in the region of 7%, and the alliances with big dealer groups were also reinforced.

Progress continues to be made in the realm of digital transformation, consolidating the levels of finance granted directly through the Institution's point-of-sale devices through Instant Credit.

In 2025, Sabadell Consumer Finance executed more than 245,000 new transactions through more than 18,000 points of sale located throughout Spain, which translated into an inflow of new investments amounting to 1,797 million euros. With this, the total outstanding exposure of Sabadell Consumer Finance comes to 2,860 million euros.

4.1.3. Business Banking

4.1.3.1. Business overview

The Business Banking unit offers financial products and services to legal and natural persons for business purposes, serving all types of companies with turnover of up to 200 million euros, as well as the institutional sector. The products and services offered to companies are based on short- and long-term funding solutions, solutions to manage cash surpluses, products and services to guarantee the processing of day-to-day payments and collections through any channel and in any geographical area, as well as risk hedging and bancassurance products.

Banco Sabadell has a clearly defined relationship model for each business segment, which is innovative and sets it apart from its peers and which allows it to be very close to its customers, acquiring in-depth knowledge of its customer base whilst at the same time offering a strong level of engagement.

Companies with turnover in excess of 2 million euros are mainly managed by specialised branches. All other companies, which include SMEs, small businesses and self-employed persons, are managed by standard branches. All of these companies have relationship managers who specialise in their respective segments, as well as access to expert advice from product and/or sector specialists.

This all enables Banco Sabadell to be a yardstick for all companies, as well as a leader in customer experience.



4.1.3.2. Management milestones in 2025 and priorities for 2026

In 2025, the Business Banking unit focused its management efforts on strengthening the strategic courses of action established for each segment, in accordance with the Strategic Plan. This approach is reflected in a significant improvement in the profitability and specialisation of the large corporates and SMEs segments, through specialised solutions tailored to customers, and in the framework's enhancement and the risk function's rapid optimisation of the portfolio's credit profile. The branch network's specialisation has helped to improve the business's cost of risk and Return on Tangible Equity (ROTE).

Furthermore, the development and enhancement of the sector's commercial offering aimed at small businesses and self-employed persons constituted another key management milestone during 2025, successfully consolidating the Bank's position as a leading specialist in the market for this segment.

In 2026, Business Banking will face a series of key challenges that will set the course for its strategy in the coming years. Efforts will be made to boost the growth of the customer base and the profitability of the various segments, endeavouring to optimise operational efficiency and the range of specialised products and services so as to meet the specific needs of each customer. Particular emphasis will be placed on improving cost of risk, implementing proactive measures to mitigate risks and make the portfolio more robust.

In addition, the Institution's commitment to excellence in customer experience will be a core pillar. Significant initiatives will be undertaken, designed to improve customer interactions and satisfaction across all segments, from large corporates to self-employed persons.

Lastly, the Institution aims to consolidate and cement its position as the leading bank for its business customers. This goal will be achieved with high-quality financial solutions, the cornerstones of the approach being innovation, specialisation, and customer centricity and proximity.

The different segments, specialists and commercial products that fall within Business Banking are described here below.

4.1.3.3. Segments

Corporates & SMEs

2025 has been the year in which the changes to the management model implemented in early 2024 have solidified. The main pillars of the management model are the following:

— Branches for large corporates: 32 branches specialised in companies with turnover in excess of 10 million euros, staffed with 200 relationship managers, some of them with a portfolio specialised in companies from the most representative sectors within their area of activity.
— Business teams: 31 teams with over 300 relationship managers dedicated to strengthening the management of companies with turnover between 2 and 10 million euros, with commercial strategies focused on their needs. These teams also include startup managers, who are specialists in this customer segment.
— These managers and companies are also supported by more than 200 product specialists and experts on the agricultural and tourism sectors.
— Business operation centres: a servicing model that fosters a stable, trustworthy personal relationship with each company through a dedicated expert, ensuring agile and professional communication.

— The Preferential Care Service for Business Banking Customers (*Servicio de Atención Preferente Empresas*, or SAPE): a centralised service that allows companies to reach team members specialised in their day-to-day transactions and operations, either by phone or through the Customer Care Space via BSOnline for text-based support. These managers respond to requests immediately. Most of these requests are regarding their online transactions and activities.
— Risk acceptance models: designed so that managers can be proactive when offering solutions and are able to respond to loan applications more quickly and efficiently.

This specialised management model is underpinned by a continuing education plan for relationship managers. This plan notably includes the Expert Programme for business banking managers, jointly developed and taught by the Business Institute, and the Sector Specialisation Programme.

2025 saw the launch of a new application designed to acquire companies in the 2-10 million euro turnover segment, leveraging artificial intelligence. The application generates a relationship manager sheet summarising key information on potential customers, making acquisition easier and more effective. This has boosted business customer acquisition in this segment by 50% compared to 2024.

In an economic environment marked by the geopolitical situation, this comprehensive customer management service has made it possible to support companies by adapting to their circumstances. Banco Sabadell has offered customers with liquidity needs access to both basic financing solutions and complex solutions with 360° value propositions. In addition, it proactively managed companies with surplus cash.

For customers that are growing, Banco Sabadell has remained by their side with specialised lending solutions typical of the middle market, acting either alone or in a pool with other credit institutions. In this respect, structured finance transactions have been boosted in the areas of corporate finance, property and commercial real estate finance, LBOs, and project finance for energy and infrastructure. Services in the Investment Banking area have also been expanded, offering advice on transactions involving direct lending, M&As, bonds and commercial paper, among others.

All this has been reinforced with a communications and media plan to strengthen Banco Sabadell's position and leadership as the bank for corporates. This leadership is widely acknowledged by the industry and the market. To that end, the brand has been featured repeatedly in national and regional economic media. This presence has been accompanied by the ceremony for the 2025 Banco Sabadell Business and Entrepreneur Awards, held in partnership with various editorial groups.

Customers recognise the customer-driven approach and the value of the people who interact with corporates, as reflected by the internal satisfaction surveys. A testament to this is that, during 2025, customers rated both their relationship managers and branch servicing staff above 9 on average.

Banco Sabadell has been by the side of corporates, managing the full gamut of needs of its customers to help them make the best financial decisions. In 2026, the sector-specific approach will be further enhanced, providing knowledge of the sector and of the market to customers, with a greater level of professionalism, adding more value for both parties. All these initiatives have been implemented with the aim of supporting companies in order to become their main financial partner.

Small Businesses

Banco Sabadell continues to support self-employed persons, retailers and small businesses, assisting both during their daily activities and with their new projects. The Bank remains focused on enhancing the value proposition for customers, strengthening its position as a specialist in the minds of customers of this segment. This is underpinned by the promotion and consolidation of a business methodology whose key component is a differential offering specifically designed for each activity sector.

The aim is to be able to offer each customer the solution that is best suited to them based on an understanding of the unique factors that shape their day-to-day activities, building a product offer by actively listening to customers and branch managers, professional groups and sector representatives, and ensuring that they really meet the identified needs. At present, the catalogue of specific solutions considers 36 different activity sectors, prioritising those that offer the greatest potential in the current economic environment.

In accordance with this sector specialisation framework and in order to apply it to the market in a tangible way, the approach to both existing and potential customers was enhanced in 2025 with the launch of sector campaigns. These initiatives serve to galvanise the commercial activity of specialist managers and help to give a much clearer and more powerful message about the Bank's value proposition for this segment, by specifically targeting an audience with common needs and interests. Clear examples of this have been the multi-sector campaign or the campaign aimed at the health and wellbeing sector, which delivered significant year-on-year increases in customer acquisition for these sectors. Both marketing campaigns had as a common denominator the concept of proximity and have been supported by the Smart PoS terminal and its wide range of solutions, such as the Smart Dual-Screen PoS or the Smart Mini PoS, the SoftPOS (an app that turns mobile phones into PoS terminals), as well as Instant Credit, a solution that makes it possible for merchants to finance their customers' sales directly through the PoS terminal.

In addition, during 2025, relationship managers specialised in assisting self-employed workers, retailers and small businesses were once again the most numerous and representative management figure of the entire branch network, thus demonstrating the Bank's clear vocation for and commitment to a customer segment that attaches great value to proximity and personalised assistance. New features were added to the management support system available to these relationship managers, designed to help them better understand the key aspects of each sector, thus providing the best response to customers' specific needs, including a university-accredited expert training programme on how to advise businesses and self-employed workers.

In parallel, and in line with the development and consolidation of new financial service consumption habits, Banco Sabadell continued to drive the digitalisation of customers, responding to their needs to transact and apply for new products and services using self-service channels, for example, by offering them the option to set up and access an online credit line for instant payments, and enhancing the remote customer care service for self-employed persons and small businesses (known as ANA), with excellent service and query resolution indicators.

On this topic, it is worth mentioning the consolidation of a digital channel to attract and engage self-employed customers launched during 2024, allowing the Bank not only to significantly increase its sources of customer acquisition but also to fill a gap in the market with a 100% online process for this segment, offering the best conditions in the market. It should also be noted that, during this year, customers were



able to arrange and draw funds from the LIPO credit line for instant payments via the Institution's digital channels.

In 2026, the main challenges in relation to this segment involve strengthening the specialisation of both the offering and managers; consolidating a digital model for the support, management and engagement of self-employed and small business customers that can guarantee the best customer experience by combining it with the capillarity of the Bank's branch network; and continuing to drive forward the sophistication of the value proposition in collections and payments, positioning it as a key product for this segment.

SabadellUrquijo Banca Privada

2025 marked the consolidation of the business model implemented in 2023. Banco Sabadell has set itself the objective of continuing to grow steadily in Private Banking and, to that end, it has undertaken an in-depth review of the value proposition, encompassing all products and services, making significant investments in technology, products, training and events, among other things.

The main growth vector has been the acquisition of new clients. With regard to the review of the value proposition, special attention has been paid to differentiated Private Banking products, such as alternative investments and discretionary portfolio management. Amundi, the Bank's strategic partner, has continued to play a key role, being instrumental in services such as Cartera Sabadell (Sabadell Portfolio), which continues to be extensively taken up by customers thanks to specialised management, adaptability to customers' risk profiles and its diversification. Following the launch of the new Cartera Sabadell service in April 2024 this service has, in 2025, become a key component of the value proposition, underpinned by strong business momentum that has increased the number of customers that already have this service in their portfolios. At the same time, the Bank has continued to improve the service by launching new communication channels with customers and upgrading the reporting features of the self-service channels, to make professional portfolio management simpler for customers.

With regard to the investment funds on offer, there are Sabadell Asset Management funds, with exclusive products for Banco Sabadell customers, and also Amundi Group funds, in addition to an extensive range of third-party funds. In 2025, the interest rate environment presented opportunities across the entire fixed-income spectrum. Money market funds and fixed-income funds with durations of up to three years, focused on investment-grade corporate bonds, have been the cornerstone of this offering. Because of this, the range of target return funds was expanded, offering different levels of risk. Additionally, a new range of 12-month guaranteed funds with daily availability of liquidity has been rolled out, which represents a novelty in the Spanish mutual fund market.

In parallel, new equity funds have been added to the range of options to encompass all the investment ideas proposed by the Strategy division, including themes such as the space economy, gold and the near-shoring of supply chains to developed countries.

In relation to savings insurance products, these saw an increase in 2025, especially insurance products with a guaranteed interest rate, selling more life annuities as part of a very competitive product range, supplemented with solutions for not paying capital gains tax on property transfers.

In terms of the transactional offer, products such as accounts and cards exclusively for Private Banking clients have been maintained, combined with the best benefits on offer in the Bank's product range. With regard to financing products, Private Banking clients have continued to have access to special prices, thus ensuring that these transactions

remain competitive for those clients, where financing transactions are a differentiating element and help to capture new funds from those clients. In addition, the specific risk management workflows created in 2023 for staff specialised in Private Banking have been operating efficiently and with excellent transaction approval times.

Urquijo Gestión continued to solidify its business model in 2025. This marks the second anniversary of the implementation of the new organisational structure, which involves a clear-cut assignment of responsibilities between the investment team and the customer management team. This segregation of duties enables greater specialisation and efficiency, augmenting the value proposition for customers.

With this new model, the custom discretionary portfolio management service consolidates its position as the core component of the product offer for high-net-worth Private Banking clients. These portfolios rest upon two fundamental pillars: active management, geared towards generating returns in the medium term; and a personalised premium service, led by an investment expert that adapts each portfolio to the specific profile of each customer. This approach makes offering truly individualised solutions possible. Currently, Urquijo Gestión manages over 1,450 unique portfolios, reflecting its commitment to personalisation and service excellence.

Business in 2025 has been particularly intense, both as regards its evolution – with strong growth in the number of portfolios and assets under management – and in proactive customer support. It is worth noting that this proactive support has been especially meaningful during times of financial market instability, where the role of the portfolio manager has been pivotal to maintain trust.

Being close to clients is key for SabadellUrquijo Banca Privada. In order to accompany them in their journeys, more than 160 events aimed at current and potential customers were organised in 2025. These activities included economic, cultural, sport and recreational experiences, reflecting its commitment to service excellence and personalised support and strengthening the relationship between client and banker.

Furthermore, in 2025, the Bank has been recognised by prestigious international organisations such as the Global Private Banking Awards, which recognised the Bank's work in the following categories: Private Banker of the Year – Europe, Best Private Bank for Multi-Asset Products, Best Discretionary & Advisory Service Offering, and Outstanding Client Experience in Wealth Management. These awards celebrate the outstanding work propelling Private Banking.

The enhanced value proposition has been reflected in indicators assessing client satisfaction with both their banker, rated with 9.30, and the Private Banking service, achieving a seven-point improvement in its NPS compared with 2024.

The Private Banking segment is a driver for Banco Sabadell's growth, and the Bank continues to be a leading institution in Spain when it comes to Private Banking.

Institutional Business

The goal of the Institutional Business division is to develop and enhance business with public and private institutions, positioning Banco Sabadell as a leading institution in this market.

Managing this line of business requires the specialisation of products and services in order to offer a comprehensive value proposition to government agencies, financial institutions, insurance firms and mutual insurance companies, as well as religious and third-sector organisations.

2025 was a very busy year for all institutional businesses. The high level of lending activity to government agencies and the management of customer funds in an environment of fierce price competition between the

main financial institutions were particularly noteworthy. The division had set itself the goal of increasing the volumes of lending and customer funds, improving the profitability of the various business lines. Banco Sabadell's position in these segments was strengthened, with greater commercial activity, more proximity and a wider range of proposed solutions, which resulted in an increase in customer onboarding, in the volume of business and in the margin generated through the offering of products with more added value for customers and for the Institution.

Public Institutions

Public institutions' economic activity in 2025 was marked by the growth of borrowing activity, driven by the growth in lending to the autonomous communities. It is also worth highlighting the increase in liquidity of the various general governments.

As regards deposits, it should be noted that there was a moderate fall in market share due to fierce competition in the market.

During 2025, the autonomous communities recovered credit thanks to the State's restructuring of debt operations with financial institutions, thus improving the cost of funding of those operations, which increased the CIRBE quota (quota of outstanding risk, provided by the Bank of Spain Central Credit Register) of the autonomous communities participating in the Autonomous Liquidity Fund.

Financial Institutions and Insurers

The Financial Institutions and Insurers division channels Banco Sabadell's range of value-added investment products aimed at this segment.
In 2025, given the economic environment, the focus was placed on boosting the marketing of alternative products. Generally speaking, the division managed the accounts' adjustment to lower interest rates, with a high percentage of conversions from fixed-rate accounts to indexed or variable-rate accounts. With regard to investment products, falls in interest rates have increased the appeal of long-duration bonds, especially in segments such as sovereign bonds, investment-grade credit and private debt.

Similarly, illiquid assets – such as infrastructure, real estate and private equity – have gained weight in portfolios due to their long-term profile, diversification benefits and lower correlation with traditional markets. Consequently, this division promoted the marketing of direct investment in renewable infrastructure and private debt among customers of this segment. In terms of investments via alternative funds, it is worth noting the launch of the fund of venture capital funds, Necta, as well as the positioning in relevant operations of the CRISAE senior debt fund and of the AURICA IV private equity fund.

Finally, there was a significant increase in investment in discretionally managed portfolios by customers of this segment.

Religious Institutions and the Third Sector

The Religious Institutions and Third Sector division offers customers a range of products and services adapted to the unique characteristics of these groups. They cover everything from transactions to specialist advice on financial assets.

Uptake of the DONE system for collecting charity donations, which works with contactless technology, continued to grow throughout the territory, helping non-profit organisations to raise funds for their projects. As at the end of December 2025, there are more than 1,000 installed devices that have received over 10 million euros in donations since this service was launched in 2019.

The Religious Institutions and Third Sector division coordinated the delivery of financial aid for the charitable causes supported by the Sabadell Inversión Ética y Solidaria, FI fund, managed by Sabadell Asset Management, and it also managed the payments made together with beneficiary offices and entities. This year, for the 24 charitable projects of the 24 entities selected by the Ethics Committee in 2024, almost 342 thousand euros were delivered, bringing the cumulative figure since this Committee was established in 2008 to over 3.6 million euros.

Furthermore, in 2025, the Ethics Committee selected a total of 22 humanitarian projects primarily focused on addressing risks of social and labour exclusion, improving the living conditions of people with disabilities and meeting their basic needs in terms of food, healthcare and education. Sabadell Asset Management will distribute this aid to these projects in 2026.

2025 also saw the completion of the network specialisation project for the Religious Institutions and Third Sector segment. Currently, there is a specialised branch in the Central Territorial division in Madrid with four specialists; a specialised branch in the Catalonia Territorial division in Barcelona with five specialists; and six specialists in the Eastern Territorial division, located across the Valencia, Castellon, Alicante, Murcia, Majorca and Ibiza branches.

4.1.3.4. Segment specialists

BStartup

Banco Sabadell's BStartup, a pioneer in the Spanish banking industry, is a company specialised in financial services for startups and scaleups. Since this unique project was launched 12 years ago, it has offered a comprehensive service of specialised banking and equity investment and it plays a very active role in the country's innovative entrepreneurial ecosystem.

Specialising in banking has been BStartup's mainstay from the outset. Its customers have a strong level of engagement; they are very international and their activities are often complex; they come from all segments and all sectors and have different business models, development pathways and financing needs. At present, specialisation is delivered by a team of 26 managers dedicated exclusively to startups and scaleups in the Territorial Divisions with the highest concentration of this type of company, in addition to13 mixed managers, as well as its own risk team of 5 members and a team of 4 specialists that drive the business throughout Spain.

BStartup Hub Madrid, the first Banco Sabadell branch dedicated exclusively to startups, scaleups and their investors, celebrated its first year. A space of more than 600 square metres for entrepreneurs and technology, accommodating a team of 12 professionals who provide a comprehensive financial service specialised in startups. The space was also designed to serve as a meeting point for Madrid's entrepreneurial ecosystem, featuring an auditorium, meeting rooms and hot desks for customers. In its first year, it hosted 59 events (both its own and those organised by the entrepreneurial ecosystem) with over 3,400 attendees.

In terms of equity investment activity, BStartup is aimed mainly at early-stage tech-related companies with strong growth potential and with scalable and innovative business models. It invests in all types of sectors, above all in digital companies, and focuses on two specific verticals: BStartup Green, for startups which, through technology or digitalisation, contribute to the transition to a more sustainable world; and BStartup Health, already a firm leader in investment in early-stage healthcare industry startups. This year, the eighth call for proposals was launched and received support from the leading healthcare investment funds in the country, reaching a record 201 companies analysed. During this year, it has invested in 6 startups, increasing the total number of investments

made by BStartup10 to over 100. Its investment portfolio has been rated very positively and has already yielded significant returns, consolidating itself as one of the most active seed-stage investors in the country. During the year, BStartup exited its stakes in 6 portfolio companies.

Over the year, BStartup's team organised or actively participated in almost 130 entrepreneurship events in various Spanish cities, boosting Banco Sabadell's renown and position as a leading financial institution for startups and scaleups. As an example of this position, attention is drawn to BStartup's more than 1,000 mentions in different media outlets (offline and online press). The company has reached over 15,710 social media followers across X and LinkedIn (with a new LinkedIn profile launched in June 2025).

Franchising

Banco Sabadell was the first financial institution in Spain to adopt the franchise system. For 29 years, its Franchising division has supported both franchising brands and their franchisers, consolidating itself as a leader and standard-bearer in the sector. This sector, which is becoming increasingly professionalised, has seen constant growth in revenue, job creation and number of brands.

Banco Sabadell currently has more than 11,500 franchising customers, working with more than 1,330 franchised brands, most of which have signed collaboration agreements. The Bank offers a wide range of products and services specifically designed for this sector. These collaboration agreements include preferential conditions in terms of financing, transactionality and security, managed through the branch network with the support of sector-specialised franchise managers.

The Franchising division has morphed into a partnership model that is key to business generation and customer satisfaction, in order to achieve synergies, energise the commercial offer and increase business generation. This has entailed a radical change to boost collaborative work with other cross-cutting divisions of the Bank, identifying new business opportunities and creating global value propositions for customers.

Banco Sabadell works closely with the Spanish Franchisors' Association (Asociación Española de la Franquicia, or AEF) and was the first bank to secure a partnership with this association and together they drive this business model.

In 2025, the Sabadell Franchising division took part in several important initiatives organised for the franchising sector:

— Exclusive sponsor of Franquishop, an event held in various locations in Spain.
— Participation in the second edition of the Franchise Innovation Summit.
— Sponsorship of the National Franchise Awards in Spain.
— Sponsorship and participation in the Entrepreneurs Forum.

In addition, Sabadell Franchising has published articles in the press and in specialist magazines, collaborating with different franchising experts, and has carried out numerous activities disseminated through social networks. These initiatives reinforce Banco Sabadell's renown and leadership in the franchising arena.



Agriculture Segment

In 2025, Banco Sabadell's Agriculture segment, which includes the agricultural, livestock, fishing and forestry subsectors, has more than 300 specialised branches and a team of 14 specialists located throughout the country. This team provides comprehensive support to the sector, having expanded its range of sector-specific financial products and services adapted to customer needs and demands.

In this vein, Banco Sabadell was recognised in 2025 by the prestigious specialised publishing house Qcom.es as the most innovative bank for the producing sector. This distinction celebrates the effort, work and dedication of many Banco Sabadell professionals.

Banco Sabadell's strong commitment to the sector, especially its tailored customer support, has led to an increase in turnover of over 8.1% compared to 2024. This achievement is underpinned by customers' trust. It should be mentioned that the customer base increased by over 6% compared to the previous year.

During 2025, Banco Sabadell's Agriculture Segment participated in 3 agrifood fairs and sponsored 44 events throughout the nation.

Banco Sabadell's Agriculture segment seeks to support its customers in their digitalisation and sustainability journeys.

Hotel and Tourism Business



Back in 2013, Banco Sabadell became the first Spanish financial institution to specialise in the tourism business in order to understand, identify and meet the needs of Spain's top sector in terms of contribution to GDP, namely the tourism industry. The Bank has consolidated itself as one of the top banks, a leader in the sector, offering expert advice with the highest standards of quality.

The value proposition is primarily based on offering specialised financial solutions to a group that is heterogeneous and highly fragmented. This value proposition is built on three basic pillars: expert advice, a specialised product range, and a rapid response.

Since 2023, the tourism industry has performed remarkably well, beating previous records for international tourist arrivals year after year. In 2025, Spain welcomed approximately 100 million visitors, consolidating its position as the world's second most popular tourist destination. Average daily spending is also on an upward trajectory, as is the number of overnight stays and occupancy rates, reflecting the strong performance of tourism indicators. Against this backdrop, in 2025 Banco Sabadell's Tourism Business division achieved a figure close to 1.15 billion euros, and it will continue to support both the acquisition of hotels or new hotel projects and the upgrading and repositioning of the existing hotel sector stock.

The Tourism Business division also has the institutional recognition and participation of leading entities in the industry, as a voting member on the board of Spain's Tourism Council (Consejo Español de Turismo, or Conestur), the Tourism Commission of the Spanish Confederation of Business Organisations (Confederación Española de Organizaciones Empresariales, or CEOE) and the Tourism Commission of the Spanish Chamber of Commerce.

As it is every year, Banco Sabadell was present at the main international tourism fair (FITUR) with its own stand. More than 70 Banco Sabadell employees took part in running the stand, which received its highest ever number of visitors. These visitors hailed from companies in the hotel sector, travel agencies, hospitality sector suppliers and consulting companies.

Sustainability has been established as a core pillar for the development and transformation of the tourism industry. The Bank incentivises the sector to attain sustainability objectives by signing

agreements with companies, incorporating a set of commitments based on metrics linked to ASG targets by means of a document annexed to the loan agreement.

Sabadell Professional

The Bank's unit specialised in supporting professional and business associations, along with their members, continues to solidify its position as a national standard-bearer in this field. With a track record spanning three decades, it develops and applies a relationship model built on proximity and specialisation.

Its value proposition focuses on offering specific financial products and services tailored to the needs of both organisations and their member professionals and companies, simplifying day-to-day transactions and contributing to their economic development.

Through regional specialists, the Bank maintains a direct, stable and qualified link to over 3,800 groups across the country, being a bridge of sorts between the Bank and the business fabric. This network makes it easier to spot opportunities, generate business, channel the Bank's cross-cutting solutions, and build and reinforce long-lasting institutional relations, in line with the Institution's global strategy.

During this year, the division undertook a number of initiatives:

— Signed more than 350 agreements with professional associations, general councils and business associations, both at the national and regional levels.
— Participated in over 600 events, forums and conferences, organised together with groups from all sectors.
— Increased the customer base acquired through the management of the various agreements.
— Consolidated the growth in home renovations financing, with an increase in the amount arranged through the branch network compared to the previous year, reinforcing the Bank's commitment to sustainability and the improvement of the Spanish housing stock.

These indicators reflect the division's qualitative and quantitative impact in terms of relationship, positioning and cross-business generation.

As part of its 35th anniversary, Sabadell Professional has strengthened its visibility through its own initiatives and an active presence at key industry events. The Sabadell Professional Forums stand out, held across different regions, featuring leaders of professional associations and influential institutional figures. The "*Profesiones y Futuro*" (Professions and the Future) series of meetings was launched with a sector focus on the major challenges facing the professions. Additionally, it has been present at the main conferences of strategic groups such as economists, pharmacists, social science graduates, the hospitality industry, and the self-employed, among others.

This visibility has been reinforced with content in the specialised press and an active presence on platforms such as LinkedIn, which contribute to positioning the Bank in the professional environment.

Throughout the year, the relationship model has been in constant change to adapt it to professionals' new habits, adding digital channels to acquire new customers, while keeping the division's flagship approachable support intact.

Sabadell Professional carries out its activities in coordination with the other divisions of the Bank, contributing to business generation and the reinvigoration of the business proposition across key segments. Through joint campaigns, it acts as a cross-cutting player capable of generating opportunities beyond its immediate area.

Sabadell Professional will further solidify its role as one of the Bank's strategic units in the professional and business association landscape,

expanding its network of alliances, evolving towards a more efficient hybrid model, and strengthening its collaboration with the branch network.

The goal is to continue positioning the Bank as a leading partner for professionals and their associations across all regions of Spain.

Real Estate Business

The Real Estate division focuses on comprehensively developing the residential real estate development business through a specialised and highly consolidated management model.

In 2025, the number of approved applications increased compared to 2024, surpassing the stock of this product in the previous year.

The Investment Property division not only focuses its efforts on generating new business, but also monitors the success of the financed development projects.

The main strategy is to maintain a market share above that in which the Bank would naturally stand, prioritising the best sales opportunities by pinpointing the most notable projects and most solid customers, minimising risk and maximising profit for Banco Sabadell.

Sabadell Partners

The activity of Sabadell Partners as a customer acquisition lever, through partnership agreements with referral agents, is focused on providing services to the branch network for Commercial Banking, Business Banking and Private Banking, offering value propositions to facilitate access to Banco Sabadell's range of financial solutions, seeking customer satisfaction and referral agent satisfaction, at all times, as well as service excellence.

The sustained growth over time of the Sabadell Partners division means that it played an essential part in the mortgage results generated in 2025, reaching 45.2% of the Bank's total mortgage origination. Sabadell Partners' top branches deserve special mention, due to the significance of their contribution to new transactions, stemming from their expert advisory services and their specialisation in managing relationships with key mortgage partners.

4.1.3.5. Commercial Products

Business services

Business Finance

In short-term lending, there was a slight decrease in new credit facilities during 2025, although the balance recorded growth above that of 2024.

With regard to other working capital financing products, the growth of reverse factoring seen during the previous year continued into 2025, with an increase in market share in a landscape in which the Bank is growing more than the market. On the other hand, there was a decrease in the need to finance receivables through specialised solutions such as factoring. By sector, manufacturing continues to make up the largest portion of the factoring and reverse factoring business – almost double the volume of the following industry.

In terms of medium- and long-term financing, new lending items continued to perform positively compared to the previous year, with significant increases in both loans and mortgages for business purposes, including the public sector.

In relation to financing for purposes aligned with the Bank's Sustainable Financing Framework, during 2025 the Institution had mobilised more than 4.6 billion euros for projects related to renewable energies, energy efficiency, sustainable transportation, and water & waste management in the corporates and SMEs segment.

As part of its commitment to support businesses in their transition towards decarbonisation, Banco Sabadell also offers financing linked to the company's sustainability goals, which encourages the inclusion of sustainability goals in their business strategy. In 2025, more than 3 billion euros in corporate financing of this kind was mobilised.

Banco Sabadell works tirelessly so that its customers can make the most of the opportunities offered by sustainable financing and, in particular, the European funds. Consequently, these options are explained to companies through sessions at the Sabadell Companies Hub, with customers and specialists in attendance.

International

In 2025, the International Business division's activities focused on three key areas.

Firstly, capturing working capital transactions in the international segment, both in terms of the products most typically required by companies, import/export financing and international bill discounting, and in terms of the consolidation of working capital facilities and international guarantees covered by CESCE, which are more complex but offer more added value for businesses. This has allowed us to meet the most stringent needs of customers and to play an active part in the international payments and collections that are linked to the financing.

Secondly, enhancing the customer experience of corporate digital services through the redesign mainly of international transfers made via BSOnline. This upgrade has enabled us to add new services such as the traceability of international transactions through GPI Tracking, which gives customers real-time visibility of the status of their transfers. In addition, the option for companies to finance international transfers has been automated and made simpler through BSOnline. This has clearly improved the customer experience.

Thirdly, acknowledging the importance of specialisation and the constant geopolitical changes, the Bank honed in on training. For one thing, with the eighth edition of the Sabadell International Business Program, which continues to be an absolute success every year, providing technical and business training to companies to prepare an internationalisation plan. For another, training for international business managers continues to be important, ensuring high levels of expertise to support companies in their internationalisation processes.

In terms of international business in documentary transactions, the Bank continues to have a very large market share in both export letters of credit and import letters of credit, demonstrating the high level of quality offered by the Institution in more complex transactions.

In terms of markets, it should be noted that the Bank once again is well positioned in preferred markets for Spanish companies, such as Algeria, which after a temporary closure has now reopened for some sectors. The Bank reacted quickly to capture value operations in this market.

Finally, in terms of visibility, reporting and training for companies, the Bank has carried on with the dynamic of the "International Business Wednesdays" sessions held at the Companies Hub, with discussion of matters including logistics, foreign markets and foreign trade products. All told, 13 activities were held with a high level of interest.

Payment Services

In 2025, Banco Sabadell has reinforced its commitment to innovation in payment services, expanding its range of solutions for shops and stores with new smart devices. The range of Smart PoS devices has been enhanced with three different models: Smart PoS, Smart Mini PoS and Smart Dual-Screen PoS terminals. These devices not only process payments, but also integrate advanced features such as split payments, delivery of receipts through digital channels, passport scanning for duty-free purchases and inventory management. In addition, new features have been introduced, including transaction views by time slot, automatic emails with the day's totals, faster return processing and payments via QR codes.

One of the main new features has been the full deployment of the Instant Credit solution in the Smart PoS terminals. This tool, which was developed by Sabadell Consumer Finance, enables merchants to offer finance to any customer, regardless of whether they are a customer of the Bank or not. The entire application process is completely digital. This solution had a strong reception in sectors such as healthcare, training, home, opticians, orthopaedic shops and driving schools.

During 2025, Banco Sabadell's strategy has focused on improving profits and ensuring the long-term sustainability of the business. This focus on economic efficiency has aligned costs with actual service use and strengthened the overall profitability of the payment services business, in an environment of sustained and moderate growth of the transaction volume.

The volume managed has increased slightly compared to the previous year, driven by the new range of devices and momentum in domestic consumption.

Corporate Credit Cards

The corporate credit cards business performed well, with year-on-year increases in turnover and profit margins.

During 2025, in line with the commitment *vis-à-vis* customers to offer solutions that are more tailored to their needs, improvements were made in risk granting for credit cards, and digital functionalities were implemented for arranging and changing delivery addresses for company credit cards. In this regard:

— The approval of credit cards for self-employed persons has been enhanced by anticipating the calculation of the credit limit for new customers. This led to an increase in the potential customer base and furnished relationship managers with a customer engagement and servicing tool.
— Several new functionalities have been developed, most notably the fully online business credit card application service for the self-employed.

Company Insurance

In 2025, Banco Sabadell has strengthened its leadership position in the protection against insurable risks for companies, small businesses and self-employed persons, offering a comprehensive, competitive and high-quality value proposition.

Noteworthy aspects during the year include:

— Collective health cover: new dental insurance aimed at employees and executives of business customers, in the form of both fringe benefits and flexible benefits.
— Sector specialisation: development of solutions adapted to the specific needs of each business or industry.

— Specialised team: building and strengthening of the team of managers specialised in company insurance throughout the nation, providing support to the branches within their area in the commercial management with value offers and processing of customer policies.
— Asset protection: core products (multi-risk, civil liability and specialised solutions) remain the cornerstone for safeguarding assets and managing third-party liabilities.

With these initiatives, Banco Sabadell takes another step toward its objective of offering insurance solutions that provide value, certainty and confidence for the benefit of its customers.

Retirement Planning

Through the Retirement Planning unit, Banco Sabadell Group offers solutions and responses to customers to help them better implement and manage their retirement plans.

In 2025, the demand for these plans among small and medium-sized enterprises, in particular collective retirement insurance and joint pension plans, continued to grow. Life cycle-based investment policies, designed to complement its profiled investment funds, represent an innovative and distinctive solution in the market that deserves special mention.

In addition, pension plans exclusively aimed at self-employed workers are marketed through agreements with professional associations, taking advantage of the higher contribution limits for these groups.

It is also worth calling attention to the *Sabadell Flex Empresa* product, which consists of a fully digital platform for flexible benefit plans that allows companies to optimise their remuneration model and employees to increase their net disposable income through tax planning.

Leasing and Rental of Capital Goods

In terms of leases, during 2025 there was a slight increase in investment demand for both movable and immovable property. This growth contrasts with the sharp decline in transactions of big-ticket items, which tend to show high year-on-year variability.

There was a slight decline in the Bank's market share, partly due to customers shifting towards other financial products. To boost product reach, initiatives are being developed to strengthen the foothold in growing sectors and revamp the product offering, so as to improve agility and adaptability.

As regards rentals of capital goods, the market experienced remarkable growth, primarily driven by the momentum in the automotive sector, although industrial equipment also performed well.

From the Bank's standpoint, there was a healthy increase in market share, driven both by increased demand for business finance and by customers moving away from traditional products to more innovative financing solutions that offer additional advantages.

It is worth noting that sustainable financing, across both leasing and rental segments, continues to gain momentum and accounts for a growing share of total lending arranged.

Vehicle Leasing

The vehicle leasing market is still in its growth phase, with companies and individuals driving sustained demand. This momentum is creating new opportunities in the sector, especially in segments that value flexibility and operational efficiency.

The Bank is successfully capturing part of this market buoyancy thanks to the work done in product development, which is already being reflected in an increase in new leases.

This has been possible thanks to a process of continuous improvement focused on service quality, with the aim of always offering a competitive value proposition, tailored to each segment, under good terms and conditions and with the flexibility that customers need.

Official Agreements and Guarantees

The Official Agreements and Guarantees division continues to manage agreements with various public bodies with which the Bank maintains a relationship. The Bank has signed new partnership agreements that enable it to meet the financing needs of its customers.

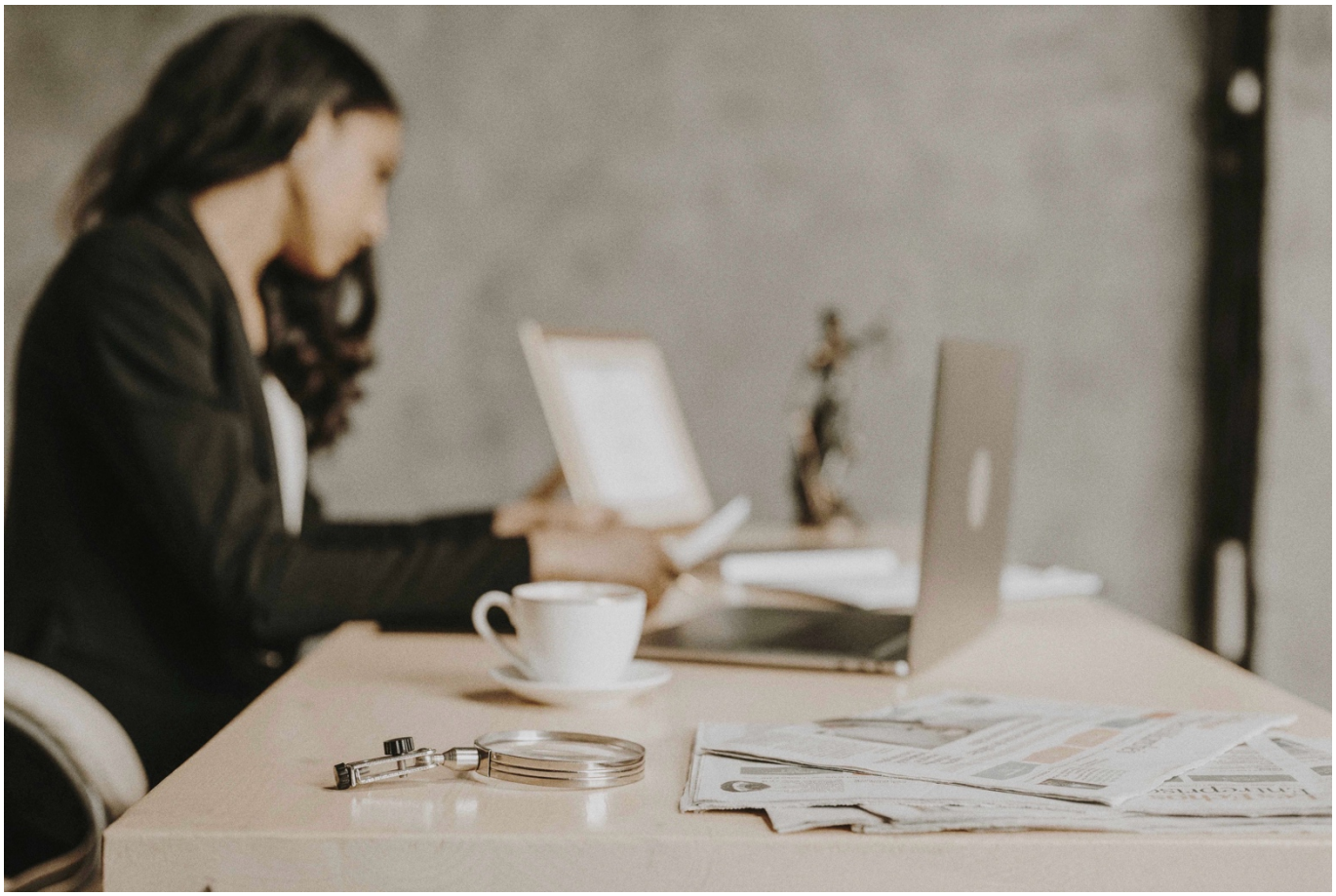
In May 2025, the Bank joined the ICO Tariffs line, an initiative aimed at providing finance under advantageous terms to cover costs stemming from the tariff measures. This product offers customers a significant financial improvement by reducing the cost of funding associated with their import operations, thus strengthening their international competitiveness and their operational liquidity.

The Bank's agreements with Mutual Guarantee Societies (MGSs) were also revised. As part of this review, agreements with CREA SGR, Avalis de Catalunya, Avalmadrid, Aval Castilla-La Mancha, Afin and Elkargi, among others, were renewed.

In 2025, a large number of applications for the various EIB facilities made available to customers was submitted.

In September 2025, two new special agreements were signed with the EIB to allocate 500 million euros of new finance to SMEs and 270 million euros to ecological projects in Spain.

One of the main goals for 2025 was to boost finance through the ICO MRR lines, which offer customers products with the best terms and conditions to fund their projects.



4.1.4. Corporate & Investment Banking

4.1.4.1. Business overview

Corporate & Investment Banking is the business unit that offers financial solutions and advisory services to large corporates and financial institutions, both in Spain and internationally, with a presence in 11 countries.

It is one of the Bank's three core units, alongside Retail Banking and Business Banking. It is a division structured around the different needs of customers and the capabilities of each of these three distinct banking business lines to best meet those needs.

It structures its activity around two pillars, the first of which is the customer. It aims to serve its customers to meet the full range of their financial needs. This pillar is determined by the nature of those customers and includes large corporations classed under the Corporate Banking umbrella, financial institutions, Private Banking clients in the United States. The second pillar is specialised businesses, which group together the venture capital business run through BSCapital, and the activities of Structured Finance, Treasury, Investment Banking, and Trading, Custody and Research. Its goal is to advise, design and execute custom operations that anticipate the specific financial needs of its customers, be they companies or individuals, with its scope of activity ranging from large corporations to smaller companies and customers, insofar as its solutions are the best way to meet their increasingly complex financial needs.



4.1.4.2. Management milestones in 2025 and priorities for 2026

Corporate & Investment Banking remains focused on prioritising the creation of value for its customers, thus contributing to their growth and future earnings. To do this, it has continued to innovate and promote its specialist capabilities, fundamentally in the areas of Investment Banking and Structured Finance, which are able to continue meeting 100% of their customers' financial needs. In the same way, the international coverage of the teams is constantly being improved and expanded, always serving the markets in which their customers invest or where they have business interests.

The key areas through which to create value for customers are the following:

— Knowledge: the Corporate Banking teams, located in the different countries in which the Bank operates, have not only specialisation in the large corporations segment but also knowledge and penetration differentiated by activity sectors in order to better understand and serve customers according to their own and their sector's singular characteristics.
— Coordination: unique and specialised solutions are required to meet the needs of large corporations, and these can be provided as a result of the participation and collaboration of several areas within the Bank (specialist teams and even teams operating in different geographies). Coordination between all these teams is crucial for providing and bringing value to customers.
— Specialisation: there are units that develop custom products for large corporations and financial institutions (corporate finance, project finance, project bonds, syndication, commercial paper programmes, debt issuance, M&A, asset finance, derivatives, risk hedging, etc.). The units responsible for developing this entire range of products do so for the entire Banco Sabadell Group, extending their capabilities to the Corporate and Institutional Banking segment.
— Innovation: transitioning from idea to action is vital to grow in such a dynamic and demanding market as that of specialised lending and large corporations. The necessary spaces and mechanisms are created to allow teams to dedicate part of their time to innovation, understood in its broadest sense: innovation in products, in operations and also in the way of collaborating and interacting with others.
— Sustainability: customers are offered support and advice to move towards a more sustainable economy, generating solutions through specialised products and services.

As regards the measurement of the key figures regarding the performance of Corporate & Investment Banking, the focus is placed on monitoring the income statement (monitoring net profit in general and the main revenue items in particular), return on capital (ROTE and RAROC metrics), strict risk tracking and monitoring, as well as proactive action when faced with early signs of potential impairment.

Lastly, the priorities for 2026 are set out in detail in the following sections of this report.

4.1.4.3. Customer pillar

Corporate Banking Europe

Corporate Banking Europe is the customer unit, within Corporate & Investment Banking, responsible for managing the business segment that caters to large corporations which, given their size, uniqueness and complexity, require a tailored service, complementing the range of the more traditional financial products and transaction banking products with services provided by specialised units, thereby offering an end-to-end solution to their needs. The business model is based on a close and strategic relationship with customers, providing them with end-to-end solutions adapted to their needs and requirements, taking into account the specific aspects of their economic activity sector and the markets in which they operate.

This unit covers various branches, notably including the London, Paris, Casablanca and Lisbon foreign branches, which support and cater for the international activity of domestic customers and where the international Corporate Banking business is carried out.

2025 was a year marked by active support to customers focused on finding the best solutions, adapting them to their needs, in an environment of lower interest rates.

As a result of this active support, volumes of lending in Corporate Banking Spain have increased by 10.36% compared to the previous year. Similarly, at the international level, at year-end lending had increased by 10.29% in comparison with the previous year.

2026 presents a series of opportunities in an environment of low interest rates, in which the Spanish economy is well positioned in a complex and uncertain global context. Corporate Banking is responding to this backdrop by supporting its customers with a range of products that covers 100% of their financing needs, in both the short and long term, to cope with the current macroeconomic situation.

The contribution of value to customers in the large corporations segment and the improved profitability for shareholders are the two fundamental management pillars of this unit, which next year will continue to focus on optimising capital consumption, with the aim of increasing the return on capital employed.

Corporate Banking and Private Banking USA

2025 marked Banco Sabadell's thirty-second year operating in the United States through its branch in Miami and through Sabadell Securities USA, which was set up in 2008 and has been operational ever since. These units manage the financial business activities of Corporate Banking and international Private Banking in the United States and Latin America.

The Banco Sabadell Miami Branch is the largest international branch in Florida. It is one of the few financial institutions in the area with the experience and capability to provide all types of banking and financial services, from the most complex and specialised services for large corporations to international Private Banking products, including the products and services required by professionals and businesses of all sizes.

As a way of complementing its structure in Miami, through this branch the Bank manages representative offices in New York and in the Dominican Republic.

Sabadell Securities USA, for its part, is a stockbroker and investment advisor in the securities market that complements and strengthens the business strategy aimed at Private Banking clients residing in the United States, meeting their needs by providing advice on investments in capital markets.

President Trump's second term in office began in early 2025, and the measures taken in many areas added more uncertainty to the American macroeconomic environment. The Federal Reserve remained focused on inflation and employment. An improvement in inflation and a weakening job market made it possible to cut the official interest rate in the last quarter of the year.

Despite assets already starting to reflect the interest rate cuts at the end of 2024, the branch was able to manage and improve its net interest margin throughout the year through strict discipline in deposit price control and by actively managing the banking book. Following on from previous years, the high level of interest paid in the banking market and the competitive rates of US treasury bills triggered a migration of balances from non-interest-bearing deposits to money market accounts, term deposits and to investments in securities that offered higher yields. This process led to a high cost of deposits, which was insufficient to fully offset the fall in interest rates.

In the international Private Banking business, strong performance in the main US stock market indices, robust sales of structured products, proactive advisory services and effective transaction fee management more than offset the downward trend in average fees, driven by the change in composition of customers' investment portfolios, which focused more on funds with greater exposure to US Treasury bonds and money market instruments.

With regard to the key financial figures of the business in the USA, in an environment of uncertainty over the projected performance of the US economy, turnover increased at rates above 10% in US dollars.

The Private Banking business was a mixed bag, with deposits remaining stable and portfolios of investments in securities recording double-digit growth.

The Corporate Banking business continued to be impacted by the rise in loan prepayments, despite the fact that the average official interest rate for the year was slightly lower than in the previous year. Notwithstanding, this business unit has increased lending to double digits, growing in the target segments with adequate profit levels, which has also contributed to generating fees and commissions comparable to the previous year.

In any event, net interest income in the year grew compared to the previous year, on the back of the increase in turnover and good liabilities management. Net fees and commissions also increased compared with the previous year, driven by the business's solid performance. All of this benefited the gross income which, combined with a contained reduction of administrative, depreciation and amortisation expenses, had a positive impact on net profit, which grew around 7% in US dollars compared to the previous year.

The process of operational improvements continued during 2025, with completion of the stages of the project to update the IT platform in order to improve the features available to customers and to the business and support units.

4.1.4.4. Specialised businesses

Structured Finance

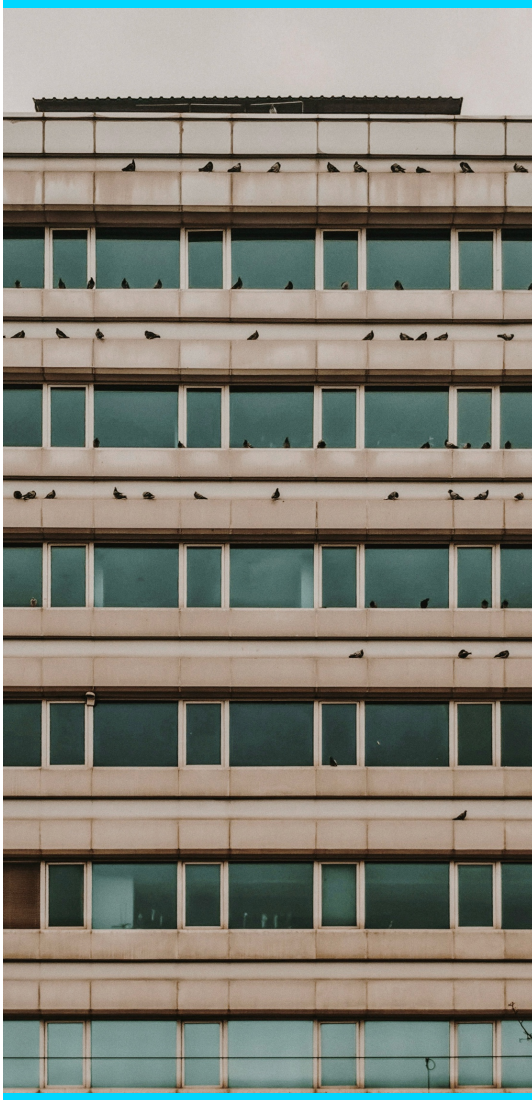
The Structured Finance division encompasses the Structured Finance and Global Financial Institutions units. This division operates globally and has teams in Spain, the United States, the United Kingdom, Mexico and France.

Structured Finance's activity focuses on the study, design and origination of corporate finance products and transactions, leveraged buyouts (LBOs), project & asset finance, global trade finance and commercial real estate, with the capacity to underwrite and syndicate transactions at the national and international levels, as well as being active in the primary and secondary syndicated loan markets.

The Global Financial Institutions unit manages the commercial and operational relationship with the international banks with which Banco Sabadell has collaboration and correspondent agreements (some 3,000 correspondent banks around the world), thus guaranteeing maximum coverage for Banco Sabadell Group customers in their international transactions. This allows it to ensure that it provides customers with optimal support in their internationalisation processes, in coordination with the Group's international network of branches, subsidiaries and investees.

In 2025, thanks to its policy of supporting customers and adapting to their needs so as to seek the best way to meet their credit requirements within the possibilities offered by the credit markets in the specific macroeconomic environment, Banco Sabadell has improved its leadership position in Spain, as well as in Mexico and the United States. In 2025, a new structure was created to concentrate the business in EMEA, particularly in operations in the United Kingdom, France and Portugal, with the aim of increasing activity in these geographies and taking a more active role in European one-off transactions.

The Bank's top priority continues to be supporting customers by designing long-term financing structures for new projects, acquisitions and internationalisation, among other things, as well as syndicated transactions that ensure stable and complete debt that can be restructured, where appropriate, assessing the positive potential of possible solutions combined with Investment Banking, Treasury or BSCapital products, to which end the development of a better commercial system, carried out jointly with Business Banking and Corporate Banking, is essential.



BSCapital

BSCapital carries out the Group's venture capital and private equity activities. Its activity involves acquiring temporary stakes in companies and venture capital funds, with the aim of maximising the return on its investments. In addition, it offers support to companies through alternative financing (senior debt fund, venture debt and mezzanine loans).

BSCapital actively managed its portfolio, engaging in its traditional capital and debt-related activities, with the materialisation of investment and disinvestment operations and portfolio revaluations.

It has continued to follow a strategic approach to its investments in private equity funds, the divestment of some of the most significant Aurica III fund investees being particularly noteworthy. The Aurica IV fund, of which Banco Sabadell is anchor investor, continues to make new investments.

In the area of venture capital, the launch of Necta, a venture capital fund of funds, stands out, with Banco Sabadell as co-manager and anchor investor. The project was developed in close collaboration with

Private Banking, enabling the delivery of a distinctive product that has been very well received by clients.

BSCapital continues to carry out transactions guaranteed under the InvestEU programme for renewable loans, venture debt and mezzanine facilities granted by the European Investment Fund (EIF).

In renewables, it continues to seek investment opportunities suited to the current action framework, focusing on Spain and Latin America, and it is analysing potential asset sales. It is also working on the definition of a new action framework for the next five years.

The debt fund Crisae continues to originate and execute transactions to offer funding to companies in the Spanish midmarket. Crisae is owned by Banco Sabadell Group and institutional investors.

Throughout 2026, BSCapital will continue to invest in capital and debt, with the support of international bodies such as the EIF, and it will continue to focus on optimising capital consumption. It will also keep managing the current portfolio to generate long-term value.

Funding opportunities will continue to be sought, in accordance with the frameworks of investment in mezzanine debt and renewable energies, with the expansion of the latter.

Focus will be placed on venture debt activity and the rotation of the venture capital portfolio through divestments that produce capital gains.

Crisae will continue to originate and execute transactions aimed at increasing the size of the debt fund, in addition to managing the current portfolio.

Treasury & Markets

Treasury & Markets is responsible, on one hand, for structuring and selling treasury products to the Group's customers, through the Group's units assigned for this purpose, both from commercial networks and through specialists and, on the other hand, for managing the Bank's short-term liquidity, as well as managing its regulatory ratios and ensuring they are compliant. It also manages the risk associated with the trading of interest-rate, forex and fixed-income products, which mainly arises due to flows of transactions originated by the activities of the structuring and distribution units with both internal and external customers, and by activities related to short-term liquidity management.

In 2025, the Treasury & Markets division continued to work on the digitalisation and optimisation of its transactions with customers, seeking to expand its range of services and improving customer experience. Furthermore, the division continued to expand the range of products and solutions it has on offer, adapting it to new customer needs arising from a changing market. The focus was also placed on optimising costs and capital consumption associated with the unit's activities.

Looking ahead to 2026, the goal for the distribution business is to provide customers with a sufficiently broad range of product solutions to enable them to manage their risks as efficiently as possible. With regard to commercial segments, the focus will be placed on increasing capacity in order to provide services to large enterprises and corporates. In trading activity, the aim is to continue to build up the capacity to manage risk in the Bank's own books, reducing hedging transactions with other institutions, and to continue to improve collateral management in order to obtain the highest possible returns.

Investment Banking

Investment Banking forms part of the Corporate & Investment Banking division, which offers the Bank's customers value-added products and services that do not involve the Bank's balance sheet. The activity of this division can be broken down into three different teams:

The Corporate Finance division, which combines the following activities: (i) Mergers & Acquisitions (M&As), (ii) Equity Capital Markets (ECM), and (iii) Alternative Financing.

The M&A activity consists of offering advice on company acquisitions and sales, corporate mergers and the incorporation of new shareholders. In an environment in which buyers and sellers have delayed or ruled out transactions in light of economic and geopolitical uncertainties, the Bank has successfully advised on significant transactions in the Spanish education sector.

The activities of the Equity Capital Markets division include, among others, activities related to corporate capital transactions and IPOs. In 2025, the number of transactions in the Spanish market continued to follow a downward trend, exacerbated by the unfavourable stock market performance of securities placed over the previous year, which dampened investor appetite. The Sabadell team, however, was able to participate in the successful capital increase of a technology company and issued the first convertible bond for a customer in France.

Lastly, the Alternative Financing division coordinates the channelling of liquidity of institutional investors wishing to take on risk in situations where banking institutions typically do not. Investment Banking continues to focus on offering tailor-made financing solutions, in any format, in various sectors, from real estate to infrastructure, focusing particularly on renewable energy projects and corporate finance in the domestic mid-corporates segment.

All the above activities were merged into one single division, Corporate Finance, to offer Banco Sabadell customers all of the value-added solutions available according to their corporate needs, in terms of both capital and debt.

The second division, Debt Capital Markets (DCM), encompasses activities involving the origination and structuring of public instruments in trading markets. In terms of the Bank's participation in transactions involving corporates, those involving public sector and financial issuers, in both long- and short-term financing operations, with a particular focus on sustainability-labelled issues, are considered particularly noteworthy. One of the markets in which the Bank is most active is that of commercial paper programmes, participating in the programmes of 50 different issuers.

In 2025, this market was shaped by an environment in which financial institutions sought to offset interest rate cuts with more lending, which resulted in fierce competition for customers' issuances in public capital markets. Despite this, the Debt Capital Markets unit had record activity, as it participated in the largest number of customer issuances in recent years.

Also worthy of note is the Bank's participation in issuances of the autonomous communities, which once again involved significant volumes, and lastly, its participation in 67 issuances by financial institutions. Furthermore, noteworthy activity in Spain's alternative fixed-income market (MARF) included an upturn after the summer, during which the Institution led bond and commercial paper programmes.

Lastly, the third division, Syndicate & Sales, encompasses the distribution of private debt originated by the Structured Finance teams among banking and institutional investors, both domestic and international.

The division faced a year of stiff competition in this area of activity, as the appetite for funding bilateral transactions with corporates increased; in view of this, the division pivoted towards increasing its share of secondary market purchasing activity, thereby also increasing the credit exposure of the Bank's balance sheet. Notwithstanding the foregoing, the Bank underwrote transactions for 2 billion euros. It also completed its first underwriting of a renewable energy project finance transaction in the United States and achieved a record number of loan underwritings in Mexico, primarily in the hotel sector.

On a separate note, it has continued to seek alternative third-party financing for certain corporate customers' investment projects, increasing the number of providers approached for this type of financing and reaching new agreements with funds to expand the range of situations in which this type of loan might be obtained (renewables, machinery, real estate, among others).

Overall, Investment Banking continues to develop and expand its capacity to offer a broader range of value-added solutions, helping the Bank to position itself as the leading financial institution for companies seeking funding in all situations.

Trading, Custody & Research

Trading, Custody & Research is the unit responsible for the Group's equity, as product manager. Its main services notably include the execution of transactions in organised markets, in both domestic markets, in which it acts as member, and international markets, in which it is an intermediary.

It has a research department whose aim is to offer guidance and recommendations for investors to make informed decisions. Customers can access this service through a variety of means, including podcasts, webinars, videos, daily reports, sectoral reports, company factsheets, etc.

In 2025, a number of initiatives and projects were implemented focused on improving the experience offered to customers, supplementing the range of brokerage products, and attracting new customers.

Commercial activity with Private Banking clients who frequently trade in securities has continued, in order to boost the exclusive direct access service through the trading desk, for both execution services and recommendations.

In 2025, Banco Sabadell maintained a brokerage share on the Spanish Stock Exchange (BME) similar to 2024, standing at 8.5% compared to 8.3% the previous year.

A very high percentage of transactions carried out through self-service channels was observed, with over 90% of orders channelled directly by customers using tools provided by Banco Sabadell, the mobile app being the preferred channel for these transactions.

The main objective for 2026 will be to maintain and increase brokerage volumes in equity markets, taking full advantage of the new Sabadell Broker platform that will provide greater research information, as well as better and more sophisticated brokering capabilities and services.

In terms of income, 2025 built on the positive trend of the previous year, with fees and commissions recording double-digit growth. The outlook for 2026 is optimistic, although the potential for volatile market conditions cannot be ruled out, which could impact volumes and income.



4.2 Banking Business United Kingdom

4.2.1. Business overview

TSB (TSB Banking Group plc) offers a range of retail banking products and services to its customers in the United Kingdom. The entity has a multi-channel distribution model, including fully digital capabilities (internet, mobile and video) and telephony channels, in addition to a network of branches throughout Great Britain.

This multi-channel offer creates an opportunity for TSB to serve customers better. Customers want a bank that gives them access to both skilled people and simple digital tools to meet their banking needs and this, in turn, improves confidence in managing their money. TSB continues to invest in digital products and services that meet current and future customer needs. To that end, the entity combines the best that digital banking has to offer with a high-street presence. This enables TSB to serve its customers in a personal way when it matters most.

As described above, in relation to this investee, following receipt of a binding offer from Banco Santander to acquire TSB, the Board of Directors of Banco Sabadell, at its meeting of 1 July 2025, agreed to submit the offer for approval at an Extraordinary General Meeting, at which, on 6 August 2025, shareholders approved the sale of all shares representing the share capital of TSB to Banco Santander. The closing of the transaction, which is expected to take place during the second quarter of 2026, is subject to obtaining regulatory authorisations from the competent authorities.

4.2.2. Management priorities in 2025

During 2025, TSB became a more competitive, confident and collaborative bank, guided by its purpose – Money Confidence. For everyone. Every day.

The entity has become more attuned to its customers' needs, offering improved products and services that give more people a reason to bank with TSB, and rewarding their loyalty when they do so. As a result of these strong actions, TSB has established a continued trend of record financial performance, reflecting continued cost management discipline and improved income while remaining focused on delivering for customers.

4.2.2.1. Executing the strategy

TSB's record performance was achieved through a relentless focus on delivering "Money Confidence. For everyone. Every day".

During the year, TSB has invested in improving its capability, upgrading its technology infrastructure, further improving its agile capability within teams, enhancing its approach to risk management, and progressing actions as a responsible business supporting customers, colleagues and communities.

In 2025, TSB:

— Reported a 9.5% increase in mortgage completions and won What Mortgage Award's Best Direct Lender for the fifth year running, and Best Fixed-Rate Lender for the sixth year running.

— Improved the credit card application journey by introducing a new eligibility checker for customers, with lending increasing by 6%.
— Provided more rewards for customers than ever before, with over 4.4 million pounds sterling paid in cashback.
— Made over 1,300 improvements across its digital channels, including making it easier for customers to organise their accounts, manage transactions, and apply for new products.
— Enhanced its fraud detection capability – preventing an additional 37% of fraudulent payments from taking place.
— Helped more than 5,000 people through its Money Confident Communities Programme – with 23% of employees volunteering their skills.
— Became an even more diverse business – including 43% of senior roles being held by women (against a 2025 target of 40%).
— Supported more than 400 customers and employees to escape from an abusive situation through its industry-leading Emergency Flee Fund and its partnership with the Hollie Guard personal safety app.

In an extraordinary year for TSB, it has continued to step up and deliver on its purpose, remaining highly relevant and attractive to customers, and its strength is underpinned by its robust capital and liquidity position.

4.2.3. Key figures

TSB's contribution to net profit came to 318 million euros as at 2025 year-end, representing strong year-on-year growth on the back of improved net interest income, lower costs, and a positive impact of 35 million euros related to a netting arrangement negotiated with Lloyds Banking Group plc.

Net interest income came to a total of 1,232 million euros, growing by 5.9% year-on-year, as a result of a higher credit yield and underpinned by the contribution of the structural balance sheet hedge.

Net fees and commissions amounted to 90 million euros as at the end of 2025, representing a year-on-year reduction of 16.0% due to a decline in card fees.

Other operating income and expenses improved by 47.3% year-on-year due to the recognition of the aforementioned 35 million euros.

Total costs amounted to 849 million euros, falling by 4.3% compared to the previous year due to an improvement across all items, particularly general expenses. Recurrent costs also decreased, by 2.0%.

Provisions and impairments came to 55 million euros, thereby increasing by 18 million euros year-on-year, as 2024 included a positive impact as a result of updated macroeconomic scenarios.

Million euro

	2025	2024	Year-on-year change (%)
Net interest income	**1,232**	**1,163**	**5.9**
Net fees and commissions	90	107	(16.0)
Core revenue	**1,322**	**1,270**	**4.1**
Profit or loss on financial operations and exchange differences	24	39	(37.7)
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(12)	(23)	(47.3)
Gross income	**1,334**	**1,286**	**3.7**
Operating, depreciation and amortisation expenses	(849)	(887)	(4.3)
Pre-provisions income	**485**	**399**	**21.6**
Provisions and impairments	(55)	(37)	46.9
Capital gains on asset sales and other revenue	1	(8)	—
Profit or loss before tax	**431**	**353**	**22.0**
Corporation tax	(112)	(100)	11.7
Profit or loss attributed to minority interests	1	—	—
Profit attributed to the Group	**318**	**253**	**25.7**
ROTE (net return on tangible equity)	15.3 %	12.0 %	
Cost-to-income (administrative expenses / gross income)	63.7 %	59.5 %	
NPL ratio	1.5 %	1.5 %	
Stage 3 coverage ratio, with total provisions	32.1 %	34.3 %	

(*) The exchange rates applied to the income statement are EUR/GBP 0.8566 (average) and EUR/GBP 0.8463 (average) in 2025 and 2024, respectively.

Gross performing loans were down by 5.3% year-on-year, impacted by the depreciation of the pound sterling. At constant exchange rates, this reduction was 0.3%.

On-balance sheet customer funds fell by 4.5% compared to 2024, while at constant exchange rates they increased by 0.5%, with the growth in term deposits being particularly noteworthy.

Million euro

	2025	2024	Year-on-year change (%)
Assets	**51,884**	**55,604**	**(6.7)**
Gross performing loans to customers	41,093	43,380	(5.3)
Liabilities and equity	**51,884**	**55,604**	**(6.7)**
On-balance sheet customer funds	40,229	42,123	(4.5)
Wholesale funding in capital markets	5,884	5,859	0.4
Allocated own funds	2,488	2,543	(2.2)
Off-balance sheet customer funds	**—**	**—**	**—**
Other indicators			
Employees	4,619	4,729	(2.3)
Branches and offices	175	186	(5.9)

(*) The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.


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4.3 Banking Business Mexico

4.3.1. Business overview

The business was established in Mexico through an organic project with the creation of two financial vehicles: first, a SOFOM (multi-purpose financial company), which commenced operations in 2014, and subsequently a bank. The banking licence was obtained in 2015 and the Bank began operating in Mexico at the beginning of 2016.

On 1 January 2025, through a unanimous resolution of the shareholders, the merger of the two entities was approved, with the SOFOM being dissolved by merger with effect from 1 January 2025. This transaction was approved by the National Banking and Securities Commission (CNBV), the regulator in Mexico, on 17 December 2024. The main objective of the merger was to streamline administrative and corporate governance processes, optimise technology investment, reduce operational risk, minimise duplication, and strengthen capital and liquidity indicators.

Banco Sabadell operates under a customer-centric model, with agile processes, digital channels and with no branches. Business capabilities have been rolled out across ten entities in Mexico. The business in this country encompasses the following business lines:

— Corporate Banking, aimed at corporates and large enterprises, with specialisation in different sectors.
— Business Banking, which mimics the Group's original business banking relationship model.
— Retail Banking, with an entirely digital product for customer acquisition, which pays interest with no minimum balance, has zero fees, and offers 24/7 availability of funds.



4.3.2. Management priorities in 2025

The Mexican subsidiary delivered positive performance over the year, driven primarily by close monitoring of the impaired portfolio, which had a favourable impact on the estimation of provisions for loan losses. It also achieved savings in administrative expenses.

During 2025, the Mexican subsidiary continued to focus on growth, financial self-sufficiency and profitability. It is worth noting the following initiatives implemented during the year:

— In Corporate Banking, the Fiduciary division was strengthened, and activity in derivative financial instruments was also expanded by introducing new products, such as options or currency forward transactions, leading to a more comprehensive service offering for structured finance transactions and reinforcing customer relationships.
— In Business Banking, the improvement in transactional capabilities was consolidated, maintaining a high-quality service, which has set it apart since the segment was first launched.
— During 2025, the Bank continued to work on the Retail Banking project to attract new customers, offering attractive interest rates and the ability to access funds at any time.

In 2025, in order to enhance value creation, the entity undertook financial planning aligned with the Group to better define Banco Sabadell's strategic courses of action in Mexico. The main pillars were to (a) increase income generation without consuming capital by boosting fee and commission income with greater loan book placement while promoting products such as derivatives, currency trading and fiduciary services, and (b) develop new treasury strategies to obtain a better return on investments and repo transactions.

On 17 June 2025, HR Ratings ratified the credit rating of Banco Sabadell Mexico of HR AAA long term and HR+1 short term with a stable outlook, based on the operational and financial support that it receives from the parent company in Spain, its sound solvency position, and the improved cost-to-income ratio due to lower administrative expenses. It also underscores the entity's performance on environmental, social and corporate governance factors.

On 1 September 2025, Standard & Poor's upgraded the long-term rating to mxAA+ with the short-term rating remaining at mxA-1+, both with a stable outlook. The credit rating is based on the entity's strategy of focusing on profitability, which is expected to lead to a growing trend in operating income and stable capitalisation levels derived from the gradual improvement in profitability indicators and a conservative dividend policy.

4.3.3. Key figures

The contribution to the Group's net profit as at 2025 year-end amounted to 64 million euros, representing a year-on-year increase of 13% (22.9% at a constant exchange rate), due to reduced costs and lower provisions.

Net interest income stood at 193 million euros, falling by 6% year-on-year, affected by the depreciation of the Mexican peso. At constant exchange rates, this item increased by 2.9%, mainly driven by the lower cost of liabilities.

Net fees and commissions amounted to 27 million euros as at the end of 2025, showing strong growth due to increased business activity.

Total costs stood at 97 million euros, representing a year-on-year decrease of 15.2% at a constant exchange rate, mainly driven by lower general expenses, particularly advertising costs.

Provisions and impairments amounted to -18 million euros as at the end of 2025, reflecting a decline over the year driven by lower provisions for single-name borrowers.

Million euro

	2025	2024	Year-on-year change (%)
Net interest income	**193**	**206**	**(6.1)**
Net fees and commissions	27	18	46.2
Core revenue	**220**	**224**	**(1.8)**
Profit or loss on financial operations and exchange differences	2	13	(80.9)
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(27)	(21)	27.9
Gross income	**195**	**216**	**(9.4)**
Operating, depreciation and amortisation expenses	(97)	(126)	(22.6)
Pre-provisions income	**98**	**90**	**9.1**
Provisions and impairments	(18)	(24)	(23.1)
Capital gains on asset sales and other revenue	(4)	(4)	(2.0)
Profit or loss before tax	**76**	**62**	**22.0**
Corporation tax	(12)	(6)	110.4
Profit or loss attributed to minority interests	—	—	—
Profit attributed to the Group	**64**	**57**	**12.8**
ROTE (net return on tangible equity)	10.0 %	9.7 %	
Cost-to-income (administrative expenses / gross income)	49.8 %	51.2 %	
NPL ratio	2.7 %	2.8 %	
Stage 3 coverage ratio, with total provisions	59.8 %	59.5 %	

(*) The exchange rates applied to the income statement are EUR/MXN 21.6668 (average) and EUR/MXN 19.7732 (average) in 2025 and 2024, respectively.

Gross performing loans rose by 16.6% year-on-year, impacted by the depreciation of the US dollar, the increase at constant exchange rates standing at 23.5%.

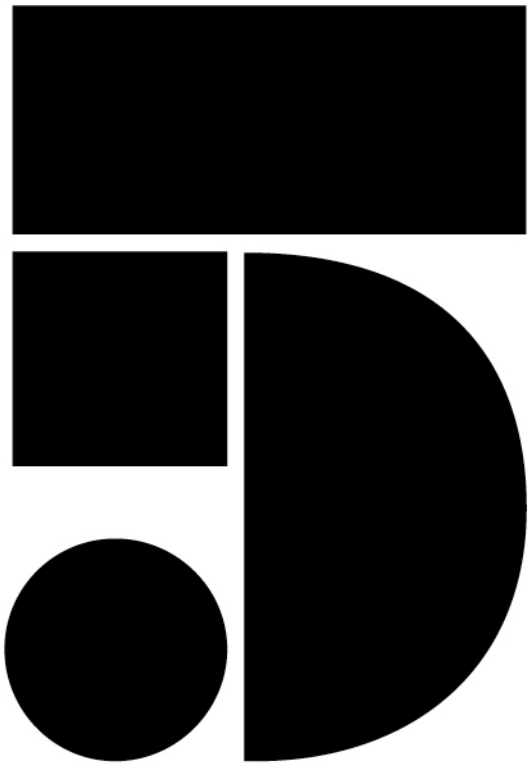
On-balance sheet customer funds rose by 7.5% year-on-year, mainly due to an increase in demand deposits.

Million euro

	2025	2024	Year-on-year change (%)
Assets	**7,208**	**6,646**	**8.4**
Gross performing loans to customers	4,946	4,242	16.6
Liabilities and equity	**7,208**	**6,646**	**8.5**
On-balance sheet customer funds	3,439	3,199	7.5
Allocated own funds	768	686	12.0
Off-balance sheet customer funds	**—**	**—**	**—**
Other indicators			
Employees	500	515	(2.9)
Branches and offices	12	12	—

(*) The EUR/MXN exchange rate applied to the balance sheet is 21.118 as at 31 December 2025 and 21.5504 as at 31 December 2024.

Risks



335 Strategic risk management and control processes
336 Main milestones achieved in 2025 in relation to risk management and control

Risks

During 2025, Banco Sabadell Group has continued to strengthen its global risk framework by making improvements to bring it in line with best practice in the financial sector.

The Group continues to have a medium-low risk profile, in accordance with the risk appetite defined by the Board of Directors.

The Group's risk strategy is fully implemented and linked to the Strategic Plan and the Group's risk-taking capacity, articulated through the Risk Appetite Statement (RAS), under which all material risks are monitored, tracked and reported, and the necessary control and remediation systems are in place to ensure compliance therewith.

5.1 Strategic risk management and control processes



5.2 Main milestones achieved in 2025 in relation to risk management and control

The most salient aspects concerning the management of the first-tier risks identified in Banco Sabadell Group's risk taxonomy and concerning the actions taken in this regard in 2025 are set out below:

Strategic risk

Definition: the risk of losses (or negative impacts in general) materialising as a result of making strategic decisions or of their subsequent implementation. It also includes the inability to adapt the Group's business model to changes in the environment in which it operates.

Key milestones in 2025:

(1) Strategy and reputation

— On 23 July 2025, the Board of Directors of Banco Sabadell approved the new 2025-2027 Strategic Plan. The Plan outlines the strategic direction of the Group and provides an outlook on its key financial figures. This Plan is structured around four pillars: (i) focus on Spain as the main market, taking advantage of its favourable macroeconomic outlooks, (ii) profitable growth with above-market acceleration in volumes (lending and fees and commissions) while preserving asset quality, (iii) ability to implement mature transformation initiatives to improve efficiency and cost of risk, and (iv) attractive shareholder remuneration underpinned by high levels of recurrent organic capital generation and a policy for returning excess capital above the 13% fully-loaded CET1 ratio, supplemented by the extraordinary dividend linked to the sale of TSB.
Overall, the plan centres on business growth and improved profitability, enhancing the value of the strategic initiatives implemented in recent years.

— Although 2025 saw the unfolding of several macroeconomic and geopolitical events that were initially feared to negatively impact the Bank's profit levels, these effects did not materialise. Despite heightened global uncertainty and a deteriorating geopolitical context, the economic environment has evolved more favourably than expected, supported by robust growth in Spain and the ongoing monetary normalisation in the Eurozone. Similarly, the hostile takeover bid, which ended in October, did not adversely affect commercial activity or the Institution's operations in a sustained or significant manner.

— Against this backdrop, the positive performance of the business – both in terms of lending and funds – together with growth in fees and commissions, cost discipline and a sustained improvement in the risk profile, have enabled the Group to exceed its initial forecasts. All in all, these factors have contributed positively and are allowing the Group to achieve its profitability targets.

— The Group is exposed to reputational risk inherent in the sector in which it operates, characterised by significant visibility among customers and the general public, as explained in Note 4.4.1.3 to the annual financial statements.

(2) Capital position

— The phase-in CET1 ratio stood at 13.16% as at 2025 year-end, particularly driven by organic capital generation. Regulatory requirements in relation to capital are generally being met.
— The phase-in Total Capital ratio has improved, ending 2025 at 18.23%.
— As at the end of 2025, the phase-in leverage ratio stood at 5.40%, representing an increase of 21 basis points compared to 2024.

Credit risk

Definition: risk of incurring losses as a result of borrowers failing to fulfil their payment obligations, or of losses in value materialising due simply to the deterioration of borrowers' credit quality.

Key milestones in 2025:

(1) Non-performing assets

— During 2025, non-performing assets were reduced by 877 million euros. The NPL ratio for the year stood at 2.37%.

(2) Concentration

— From a sectoral point of view, the loan portfolio is diversified and has limited exposure to the sectors most sensitive to the current economic environment.
— Similarly, in terms of individual concentration, the risk metrics relating to concentrations of large exposures show a largely stable trend and remain within the appetite level. The sectoral credit scores have also remained stable and within the appetite level.
— Geographically speaking, the portfolio is positioned in the most dynamic regions, both in Spain and worldwide. International exposures account for 36% of the loan book.

(3) Lending performance

— Gross performing loans ended the year 2025 with a balance of 160,708 million euros, increasing by 2.4% year-on-year.
— In Spain, gross performing loans increased by 4.9% year-on-year, growing across all segments, but particularly in the mortgage book.

(4) TSB lending performance

— In TSB, at a constant exchange rate, gross performing loans remained stable.

Financial risk

Definition: possibility of obtaining inadequate returns or having insufficient levels of liquidity that prevent an institution from meeting future requirements and expectations.

Key milestones in 2025:

(1) Sound liquidity position

— Sound liquidity position where the Liquidity Coverage Ratio (LCR) stood at 186% for the Group (205% for the TSB LMU and 209% for Banco Sabadell Spain) and the Net Stable Funding Ratio (NSFR) stood at 139% for the Group (151% for the TSB LMU and 133% for Banco Sabadell Spain) as at 2025 year-end.
— The Loan-to-Deposit (LtD) ratio as at the end of 2025 was 93.5%, with a balanced retail funding structure.
— Moreover, Banco Sabadell has fulfilled the capital markets issuance plan that it had set itself for 2025, with strong investor appetite, allowing it to optimise the associated funding costs.

(2) Structural interest rate risk

— In 2025, the Bank's loan book has continued to see a growing proportion of fixed-rate transactions (mainly mortgages and business loans), while in terms of liabilities, there has been an increase in demand deposit balances, with larger balances held in interest-bearing accounts and with the cost falling in line with the interest rate cuts made throughout the year (mainly in the 12-month Euribor). In addition, other balance sheet variations in 2025 include the increase in the fixed-income portfolio on the asset side, which acts as a management lever and natural hedge for the balance sheet, and the implementation of management actions to defend and optimise net interest income.

Operational risk

Definition: risk of incurring losses due to inadequate or failed internal processes, people and systems or due to external events. This definition includes but is not limited to compliance risk, model risk and Information and Communication Technology (ICT) risk, and excludes strategic risk and reputational risk.

Operational risk remains a significant risk for the Group, although its impact measured in terms of operational losses can be absorbed during the normal course of the business.

Key milestones in 2025:

(1) Conduct risk

— The current situation of high awareness and increased regulatory pressure, aimed especially at providing greater protection for consumers and vulnerable customers, requires conduct risks to be the main focus of attention. The current materiality and the expectation that this situation will likely continue requires the focus to remain fixed on these risks, tracking their evolution and adequately monitoring the planned mitigation measures.

— The focus remains on complaints related to floor clauses, mortgage application and arrangement fees, interest associated with revolving credit cards, and appropriate assistance for vulnerable customers.

(2) Compliance risk

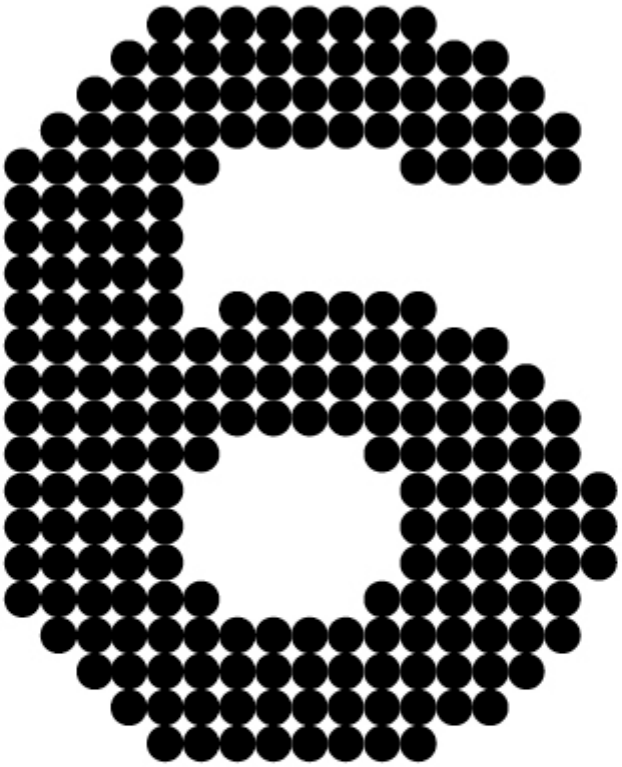
In accordance with Banco Sabadell's Compliance Policy and observing the EBA's Guidelines on Internal Governance, a Compliance Programme is drawn up, applying the principle of proportionality according to the size, complexity of activities and materiality of the risks taken, containing a detailed schedule of activities, including, among other aspects, the review of policies and procedures, risk assessment, the definition and execution of control plans and staff training in relation to compliance. This programme covers all services provided and activities carried out by Compliance and defines its priorities based on the risk assessment, in coordination with the Risk Control function. Monitoring exercises are conducted and regular reports on them are made to the Group's governing bodies in order to identify any deviations and resolve them quickly and effectively.

In 2025, efforts continued to be made to promote a culture of ethics and compliance among employees, interacting on an ongoing basis with the main supervisory authorities in connection with the Bank's compliance activity.

Main priorities for 2026:

— Align the organisation and its AML/CFT control model with the EU's AML/CFT reform package, as part of the establishment of the new European AML Authority (AMLA).
— Strengthen control metrics, monitor commercial activity and enhance reporting to governing bodies to prevent conduct risk in customer interactions.
— Promote a corporate plan to reinforce a Compliance Plus Culture.

Other material disclosures



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Other material disclosures

6.1 R&D and innovation

In the area of technology, Banco Sabadell Group is deepening its approach of providing each geography with the functionalities that best adapt to the needs of the market in question, supported by enhanced capabilities and standards aligned with industry best practices.

In 2025, the digitalisation of processes and products accelerated across all segments in Spain, with significant developments such as the expansion of the digital catalogue, the development of the new mobile app and the incorporation of AI-driven technology enablers. In parallel, the resilience of the IT platform was strengthened by the consolidation of the journey to cloud, the upgrade of critical infrastructures and improvements in cyber defence capabilities. At the international level, TSB upgraded its mainframe and core banking services, while Banco Sabadell Mexico migrated customers to the new online platform and optimised key services such as tax payments, further supplemented by the digitalisation of foreign branches and global services in Corporate Banking.

In the domestic context

In 2025, the Institution continued to leverage technological innovation as a strategic lever for competitiveness and improved customer experience. The development of new products for each business line was set as a priority, introducing solutions that expand the digital catalogue and enhance the value proposition.

In Retail Banking, the digital product offer was revamped with new products for insurance, mortgages and payment services, including cards and Bizum. In Business Banking, processes were further digitalised for the segment comprised of self-employed workers and small businesses, improving onboarding and product arrangement systems, and marketing new card products. Private Banking developed solutions tailored to high-net-worth individuals, while Corporate Banking initiated projects for treasury products scheduled for distribution in 2026.

Another important milestone was the development of the new mobile app to be launched in 2026, alongside the implementation of AI-driven technology enablers to facilitate future innovations. In parallel, the resilience of the IT platform was strengthened through actions to reduce application obsolescence, consolidate the journey to cloud and upgrade critical infrastructures such as ATMs and devices.

In the area of information security, cyber defence and fraud & scam prevention capabilities have been bolstered, with the introduction of smart systems to improve productivity and service quality. These initiatives are also supported by improvements in data management and the IT infrastructure, geared towards facilitating the Institution’s digital growth.

In 2025, these investments in technology at the national level (including technology investments in the foreign branches) amounted to 329 million euros, which were invested in different companies, notably including 303 million euros in Sabadell Digital, S.A.U.

In the international context

In TSB (the UK subsidiary), most activities in the first half of the year focused on upgrading its mainframe and core banking systems. These initiatives strengthened its technological resilience and operational continuity in a critical environment.

Banco Sabadell Mexico made progress on migrating customers to the new online banking platform, improving the digital experience and ensuring regulatory compliance. Furthermore, the tax payment service was optimised, increasing the efficiency and speed of these transactions.

In the area of Corporate Banking, the digitalisation of foreign branches and the enhancement of global services such as factoring and guarantee systems have been advanced, consolidating the Group's international offering.

Technology investments on an international scale during 2025 (booked in the accounts under "Other intangible assets") amounted to 58.1 million euros at TSB Banking Group plc, and 17.3 million euros invested by the Mexican entity Institución Banca Múltiple (IBM).

6.2 Acquisition and sale of treasury shares

See Note 22 to the annual financial statements.

6.3 Days payable outstanding

The average time taken to pay suppliers (days payable outstanding) by consolidated entities located in Spain was 25.48 days (26.82 days in the case of the Bank).

6.4 Material post-closing events

Since 31 December 2025, there have been no significant events worthy of mention, with the exception of those described below:

At its meeting held on 5 February 2026, the Board of Directors, in agreement with César González-Bueno Mayer, approved his replacement as Chief Executive Officer of Banco Sabadell and accepted his resignation as a Director of the Institution, effective as of the upcoming Annual General Meeting. The Board of Directors also approved the appointment of Marc Armengol Dulcet as a new Executive Director with the status of Chief Executive Officer to fill the vacancy that will arise from César González-Bueno Mayer's resignation. With a view to ensuring continuity in the performance of the duties associated with the position of Chief Executive Officer and promoting an orderly transition, the resignation and appointment will take effect at the end of the Bank's upcoming Annual General Meeting, provided that the European Central Bank's fit and proper assessment for the appointment of Marc Armengol Dulcet has been received by that time. If received after the aforementioned General Meeting, the handover will take place on the date on which such fit and proper assessment is received.

Moreover, at the aforementioned meeting of 5 February 2026, the Board of Directors approved the appointment of Carlos Ventura Santamans as Executive Director of this body, with responsibility for the business in Spain, encompassing Business Banking, Retail Banking, Private Banking and the branch network.

6.5 Other reports related to the Directors' Report

Consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report)

In accordance with prevailing business regulations on non-financial disclosures and in line with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting (CSRD) and with the recommendations of the joint statement issued by the CNMV and Spain's Accounting and Audit Institute (Instituto de Contabilidad y Auditoría de Cuentas, or ICAC) on 19 November 2025, Banco Sabadell Group has prepared the consolidated Non-Financial and Sustainability Disclosures Report of Banco de Sabadell, S.A. and subsidiaries (Sustainability Report) for 2025, which, as established in Article 44 of Spain's Commercial Code, forms part of this Directors' Report and is included as a separate accompanying document. The standalone information corresponding to Banco de Sabadell, S.A. is included in that separate document accompanying the consolidated Directors' Report, which will be filed with the Companies Register of Barcelona.

Annual Corporate Governance Report

The Annual Corporate Governance Report corresponding to the 2025 financial year forms an integral part of the Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the annual financial statements and Directors' Report and is sent separately to the CNMV. From the date of publication of the annual financial statements and Directors' Report, it is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).

Annual Report on Director Remuneration

The Annual Report on Director Remuneration corresponding to the 2025 financial year forms an integral part of the Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the annual financial statements and Directors' Report and is sent separately to the CNMV. From the date of publication of the annual financial statements and Directors' Report, it is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).

www.grupbancsabadell.com

Performance measures and reconciliation with management indicators

In the presentation of its results to the market, and for the purpose of business monitoring and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other unaudited measures commonly used in the banking industry (Alternative Performance Measures, or APMs) as indicators to monitor the management of the Group's assets and liabilities, as well as its financial and economic situation, which facilitates its comparison with other institutions.

Following the ESMA guidelines on APMs (ESMA/2015/1415 of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group indicates below the definition, calculation and reconciliation for each APM.

Following the recommendations of the aforesaid guidelines, details of the APMs used are set out below, as well as the reconciliation of certain management indicators with those contained in the consolidated financial statements as at 2025 year-end. Figures are expressed in millions of euros unless otherwise indicated.

The reconciliation between the public consolidated profit and loss account and the income statement used for management reporting, as shown in this Directors' Report for the years 2025 and 2024, is set out below. The main difference between both is the treatment of the profit and loss generated by TSB and its subsidiary undertakings, following the agreement for its sale to Banco Santander. As explained in Note 1.4 to the consolidated annual financial statements, that sale agreement requires the profit and loss generated by those companies in 2025 and 2024 to be disclosed under the heading "Profit or loss after tax from discontinued operations". In the Group's income statement used for management reporting, on the other hand, the profit and loss of TSB and its subsidiary undertakings is still disclosed in disaggregated form, as it has been in previous years.

Similarly, in October 2025, the Bank and Nexi S.p.A. terminated the agreement for the sale of Paycomet, S.L.U., severing the strategic partnership for the merchant acquiring service signed by both parties in 2023 (see Note 2 to the consolidated annual financial statements for 2025). As a result, the consolidated income statement for 2024, which is included for the purposes of comparison in the notes to the consolidated financial statements for 2025, has been restated, and is thus shown as though no agreement to sell this business had ever been reached. In the income statements used for management reporting, on the other hand, the profit and loss figures for 2024 have not been restated.

Alternative performance measures in the Group

1. Profitability and efficiency

1.1 Return On Assets (ROA)

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Consolidated profit or loss**	**1,777**	**1,829**
Denominator	**(+) Average total assets**	**245,221**	**242,145**
Ratio	**(=) ROA**	**0.7%**	**0.8%**

This ratio comprises the following items:

— **Consolidated profit or loss**: corresponds to the profit or loss for the financial year.

— **Average total assets**: the arithmetic mean of the Group's daily asset balance over the past twelve months.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on the Group's assets.

1.2 Return On Equity (ROE)

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Profit attributed to the Group**	**1,775**	**1,827**
Denominator	**(+) Average shareholders' equity**	**14,952**	**14,738**
Ratio	**(=) ROE**	**11.9%**	**12.4%**

This ratio comprises the following items:

— **Profit attributed to the Group**: corresponds to the profit during the financial year attributable to owners of the parent.

— **Average shareholders' equity**: the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on shareholders' equity.

1.3 Return on Risk-Weighted Assets (RORWA)

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Consolidated profit or loss**	**1,777**	**1,829**
Denominator	**(+) Average risk-weighted assets**	**79,512**	**79,687**
Ratio	**(=) RORWA**	**2.2%**	**2.3%**

This ratio comprises the following items:

— **Consolidated profit or loss**: corresponds to the profit or loss for the financial year.

— **Average risk-weighted assets**: the arithmetic mean of the Group's balance of assets weighted according to their respective risk factors on the last day of each month over the past twelve months. Risk factors reflect the perceived level of risk of a particular asset class.

Relevance of use: this is a more sophisticated ROA metric that indicates the accounting return obtained on risk-weighted assets, thereby introducing a correction factor to profitability figures according to the level of risk taken.

1.4 Return On Tangible Equity (ROTE)

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Profit attributed to the Group**	**1,775**	**1,827**
Denominator	**(+) Average shareholders' equity excl. intangibles**	**12,422**	**12,235**
	(+) Average shareholders' equity	14,952	14,738
	(-) Average intangible assets	2,530	2,503
Ratio	**(=) ROTE**	**14.3%**	**14.9%**

This ratio comprises the following items:

— **Profit attributed to the Group**: corresponds to the profit during the financial year attributable to owners of the parent.

— **Average shareholders' equity excluding intangible assets**: the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months, minus the amount of intangible assets.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on shareholders' equity after deducting intangible assets.

1.5 Cost-to-income ratio

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Total operating costs**	**3,100**	**3,084**
	(+) Total operating costs from continuing operations	2,288	2,234
	(+) Total operating costs from discontinued operations	812	850
Denominator	**(+) Gross income**	**6,284**	**6,337**
	(+) Gross income from continuing operations	4,896	4,958
	(+) Gross income from discontinued operations	1,388	1,379
Ratio	**(=) Cost-to-income ratio**	**49.3%**	**48.7%**

This ratio comprises the following items:

— **Total operating costs**: found by taking the sum of administrative, depreciation and amortisation expenses from the consolidated income statement for the financial year.

— **Gross income**: taken directly from the Gross income line item of the consolidated income statement for the financial year.

Relevance of use: this is one of the main indicators used to measure the productivity of banking activity.

1.6 Customer spread

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Return on customer loans	6,336	6,726
Denominator	(+) Average balance of customer loans	159,198	154,131
(A)	**(=) Average annual rate on customer loans**	**3.98%**	**4.36%**
Numerator	(+) Return on customer deposits	1,693	1,997
Denominator	(+) Average balance of customer deposits	167,305	162,250
(B)	**(=) Average annual rate on customer deposits**	**1.01%**	**1.23%**
(A) - (B)	**(=) Customer spread**	**2.97%**	**3.13%**

The ratio is calculated as the difference between:

— **Average annual rate on customer loans**: obtained by finding the ratio of annualised interest revenue from customer loans relative to the average daily balance of customer loans. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

— **Average annual rate on customer deposits**: obtained by finding the ratio of annualised interest expense on customer deposits relative to the average daily balance of customer funds. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

Relevance of use: reflects the profitability of solely banking activity. It makes it possible to track the spread generated between the average yield on customer loans and the average cost of customer deposits.

2. Risk management

2.1 Credit cost of risk

In million euro and basis points

		31/12/2025	31/12/2024
Numerator	**(+) Provisions for loan losses**	**481**	**567**
	(+) Provisions for loan losses from continuing operations	426	**531**
	(+) Provisions for loan losses from discontinued operations	55	**36**
Numerator	(-) Expenses on NPLs	**109**	**118**
Denominator	**(+) Gross loans, excl. reverse repos**	**164,906**	**161,717**
Denominator	**(+) Financial guarantees and other guarantees given**	**8,540**	**8,699**
Ratio	**(=) Credit cost of risk**	**21**	**26**

This ratio comprises the following items:

— **Provisions for loan losses**: this comprises the Provisions for loan losses heading in the consolidated income statement used for management reporting.

— **Expenses on NPLs**: costs associated with the management of loans classified in stage 3 (Non-Performing Loans, or NPLs).

— **Gross loans, excluding reverse repos**: obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.

— **Financial guarantees and other guarantees given**: consists of financial guarantees and other guarantees given under off-balance sheet exposures.

Relevance of use: this is one of the main indicators used in the banking industry to measure the credit risk performance of institutions, by giving the ratio of credit risk provisions booked over the past twelve months relative to the total loan book.

2.2 Total cost of risk

In million euro and basis points

		31/12/2025	31/12/2024
Numerator	**(+) Total provisions and impairments**	**546**	**714**
	(+) Total provisions and impairments from continuing operations	491	676
	(+) Total provisions and impairments from discontinued operations	55	37
Denominator	**(+) Gross loans, excl. reverse repos**	**164,906**	**161,717**
Denominator	**(+) Financial guarantees and other guarantees given**	**8,540**	**8,699**
Denominator	**(+) Non-performing real estate assets**	**684**	**836**
Ratio	**(=) Total cost of risk**	**31**	**42**

This ratio comprises the following items:

— **Total provisions and impairments**: comprises the following line items included in the consolidated income statement used for management reporting: (i) Provisions for loan losses, (ii) Provisions for other financial assets, and (iii) Other provisions and impairments.

— **Gross loans, excluding reverse repos**: obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.

— **Financial guarantees and other guarantees given**: consists of financial guarantees and other guarantees given under off-balance sheet exposures.

— **Non-performing real estate assets**: consists of real estate assets foreclosed or received in lieu of debt and real estate assets classified in the portfolio of non-current assets and disposal groups classified as held for sale, except for investment properties with significant unrealised capital gains and those under lease for which there is a final agreement for a sale to take place following refurbishment.

Relevance of use: risk metric used to measure the credit risk performance of institutions by giving the ratio of total provisions and impairments booked relative to the total amount of the credit book and non-performing real estate assets.

2.3 Stage 3 coverage ratio, with total provisions

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Total hedging**	**2,626**	**2,990**
	(+) Impairment allowances	2,551	2,848
	(+) Provisions recognised under liabilities on balance sheet	75	142
Denominator	**(+) Stage 3 exposures**	**4,119**	**4,844**
	(+) Stage 3 assets	3,988	4,637
	(+) Stage 3 financial guarantees and other guarantees given	131	207
Ratio	**(=) Stage 3 coverage ratio, with total provisions**	**63.8%**	**61.7%**

This ratio comprises the following items:

— **Total hedging**: formed of the sum of (i) all impairment allowances for assets on the consolidated balance sheet, and (ii) provisions recognised under liabilities on the consolidated balance sheet associated with off-balance sheet exposures.

— **Stage 3 exposures**: formed of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under exposures off the consolidated balance sheet.

Relevance of use: key ratio used in the banking industry to monitor the status and performance of institutions' credit risk. It shows the level of accounting provisions that the Institution has allocated for assets classified as stage 3.

2.4 NPL ratio

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Stage 3 exposures**	**4,119**	**4,844**
	(+) Stage 3 assets	3,988	4,637
	(+) Stage 3 financial guarantees and other guarantees given	131	207
Denominator	**(+) Gross loans, excl. reverse repos**	**164,906**	**161,717**
	(+) Financial guarantees and other guarantees given	**8,540**	**8,699**
Ratio	**(=) NPL ratio**	**2.37%**	**2.84%**

This ratio comprises the following items:

— **Stage 3 exposures**: comprised of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under exposures off the consolidated balance sheet.

— **Gross loans, excluding reverse repos**: obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.

— **Financial guarantees and other guarantees given**: consists of financial guarantees and other guarantees given under exposures off the consolidated balance sheet.

Relevance of use: a key indicator used in the banking industry to monitor the status and performance of the quality of credit risk undertaken with customers. This metric shows balances classified as impaired (stage 3) relative to the total loan book.

3. Liquidity management

3.1 Loan-to-Deposit (LTD) ratio

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Loans and advances to customers, excl. reverse repos and brokered loans**	**161,066**	**157,988**
	(+) Loans and advances to customers, excl. reverse repos	162,366	158,872
	(-) Brokered loans	1,300	884
Denominator	**(+) On-balance sheet customer funds**	**172,265**	**169,557**
Ratio	**(=) LTD**	**93.5%**	**93.2%**

This ratio comprises the following items:

— **Loans and advances to customers, excluding reverse repos and brokered loans**: taken from the consolidated balance sheet line item Loans and advances to customers, not including reverse repos and brokered loans.

— **On-balance sheet customer funds**: comprised of financial liabilities at amortised cost on the consolidated balance sheet, excluding non-retail liabilities, such as deposits from central banks, deposits from credit institutions, institutional issues and other financial liabilities.

Relevance of use: measures the liquidity of a bank by showing the total volume of customer loans relative to funds available in customer deposits. Liquidity is one of the key aspects that define the structure of an institution.

4. Share price indicators

4.1 Earnings Per Share (EPS)

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Adjusted profit attributed to the Group**	**1,630**	**1,729**
	(+) Profit attributed to the Group	1,775	1,827
	(-) Remuneration on Additional Tier 1(AT1) instruments	146	98
Denominator Million shares	**(+) Weighted average number of total ordinary shares minus average number of treasury shares**	**5,152**	**5,376**
Ratio	**(=) EPS**	**0.32**	**0.32**

This ratio comprises the following items:

— **Adjusted profit attributed to the Group**: corresponds to the profit during the financial year attributable to owners of the parent, adjusted by the amount of remuneration paid on Additional Tier 1 (AT1) instruments.

— **Weighted average number of total ordinary shares minus average number of treasury shares**: formed of the average number of shares outstanding (average number of total shares minus the average number of treasury shares, including share buyback programmes, where applicable).

Relevance of use: an economic measurement or market ratio that indicates a company's profitability, and it is one of the measurements used most frequently to assess institutions' performance.

4.2 Book value per share

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Shareholders' equity**	**14,631**	**15,389**
Denominator Million shares	**(+) Number of total shares minus treasury shares as at closing date**	**4,998**	**5,361**
Ratio	**(=) Book value per share**	**2.93**	**2.87**

This ratio comprises the following items:

— **Shareholders' equity**: corresponds to the shareholders' equity stated on the consolidated balance sheet.

— **Number of total shares minus treasury shares**: formed of the total number of shares minus treasury shares including share buyback programmes, where applicable, as at the closing date.

Relevance of use: this is an economic market measurement or market ratio that indicates the book value per share issued.

4.3 Tangible Book Value (TBV) per share

Million euro

		31/12/2025	31/12/2024
Numerator	**(+) Tangible book value**	**11,988**	**12,840**
	(+) Shareholders' equity	14,631	15,389
	(-) Intangible assets	2,642	2,549
Denominator Million shares	**(+) Number of total shares minus treasury shares as at closing date**	**4,998**	**5,361**
Ratio	**(=) TBV per share**	**2.40**	**2.39**

This ratio comprises the following items:

— **Tangible book value**: formed of the consolidated balance sheet line item Shareholders' equity excluding intangible assets.

— **Number of total shares minus treasury shares**: formed of the total number of shares minus treasury shares including share buyback programmes, where applicable, as at the closing date.

Relevance of use: this is an economic market measurement or market ratio that indicates the book value, after deducting intangible assets, per share issued.

4.4 Price to Tangible Book Value (P/TBV)

Euro

		31/12/2025	31/12/2024
Numerator	**(+) Share price**	**3.365**	**1.877**
Denominator	**(+) TBV per share**	**2.40**	**2.39**
Ratio	**(=) P/TBV**	**1.40**	**0.78**

This ratio comprises the following items:

— **Share price**: formed of the price or market value of the share as at the closing date.

— **TBV per share**: consists of the tangible value per share as at the closing date.

Relevance of use: an economic measurement or market ratio commonly used by the market to value listed entities; it represents the share price of a listed entity relative to its book value per share.

4.5 Price to Earnings Ratio (PER)

Euro

		31/12/2025	31/12/2024
Numerator	**(+) Share price**	**3.365**	**1.877**
Denominator	**(+) Earnings Per Share (EPS)**	**0.32**	**0.32**
Ratio	**(=) PER**	**10.64**	**5.84**

This ratio comprises the following items:

— **Share price**: formed of the price or market value of the share as at the closing date.

— **Earnings Per Share (EPS)**: formed of the attributable earnings per share.

Relevance of use: an economic measurement or market ratio commonly used by the market to determine a company's ability to generate future earnings.

Reconciliation between the income statements used for statutory reporting and those used for management reporting

Million euro

Public consolidated income statement	31/12/2025	Adjustments related to the sale of TSB	Other management adjustments	31/12/2025	Income statement used for segment reporting and management reporting
Net interest income	**3,537**	**1,300**	**—**	**4,837**	**Net interest income**
Fee and commission income	1,614	90	—	1,384	Net fees and commissions
Fee and commission expenses	(320)				
	4,831	**1,390**	**—**	**6,221**	**Core revenue**
Dividend income	4	—	—	181	Equity-accounted income and dividends
Profit or loss of entities accounted for using the equity method	177				
Net profit or net loss on financial operations	680	11	—	4	Profit or loss on financial operations and exchange differences
Exchange differences [gain or loss], net	(687)				
Other operating income	51	(12)	—	(122)	Other operating income and expenses
Other operating expenses	(160)				
Gross income	**4,896**	**1,388**	**—**	**6,284**	**Gross income**
Administrative expenses	(1,867)	(733)	—	(2,600)	Operating expenses
Depreciation and amortisation	(421)	(79)	—	(500)	Depreciation and amortisation
	2,608	**576**	**—**	**3,184**	**Pre-provisions income**
Provisions or reversal of provisions	22	4	(65)	(39)	Provisions for other financial assets
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	(486)	(60)	65	(481)	Provisions for loan losses
Profit or loss on operating activities	**2,143**	**521**	**—**	**2,664**	
Impairment or reversal of impairment on investments in joint ventures and associates	—	—	3	(27)	Other provisions and impairments
Impairment or reversal of impairment on non-financial assets	(28)				
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(1)				
Gains or losses on derecognition of non-financial assets, net	(34)	1	(3)	(37)	Capital gains on asset sales and other revenue
Profit or loss before tax from continuing operations	**2,080**	**522**	**—**	**2,601**	**Profit or loss before tax**
Tax expense or income related to profit or loss from continuing operations	(685)	(138)	—	(824)	Corporation tax
Profit or loss after tax from discontinued operations	383	(383)	—	—	
Profit or loss for the year	**1,777**	**—**	**—**	**1,777**	
Attributable to minority interest [non-controlling interests]	2	—	—	2	Profit or loss attributed to minority interests
Attributable to owners of the parent	**1,775**	**—**	**—**	**1,775**	**Profit attributed to the Group**

Million euro

Public consolidated income statement	31/12/2024	Adjustments related to the sale of TSB	Other management adjustments (*)	31/12/2024	Income statement used for segment reporting and management reporting
Net interest income	**3,761**	**1,260**	**—**	**5,021**	**Net interest income**
Fee and commission income	1,561	107	—	1,357	Net fees and commissions
Fee and commission expenses	(311)				
	5,011	**1,367**		**6,378**	**Core revenue**
Dividend income	6	—	—	166	Equity-accounted income and dividends
Profit or loss of entities accounted for using the equity method	160				
Net profit or net loss on financial operations	(276)	35	—	87	Profit or loss on financial operations and exchange differences
Exchange differences [gain or loss], net	328				
Other operating income	68	(23)	—	(294)	Other operating income and expenses
Other operating expenses	(339)				
Gross income	**4,958**	**1,379**	**—**	**6,337**	**Gross income**
Administrative expenses	(1,826)	(765)	8	(2,583)	Operating expenses
Depreciation and amortisation	(436)	(85)	20	(501)	Depreciation and amortisation
	2,696	**529**	**28**	**3,254**	**Pre-provisions income (*)**
Provisions or reversal of provisions	(44)	—	(25)	(69)	Provisions for other financial assets
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	(554)	(38)	25	(567)	Provisions for loan losses
Profit or loss on operating activities	**2,098**	**492**	**28**	**2,618**	
Impairment or reversal of impairment on investments in joint ventures and associates	—	—	(24)	(78)	Other provisions and impairments
Impairment or reversal of impairment on non-financial assets	(40)				
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(14)				
Gains or losses on derecognition of non-financial assets, net	(14)	(8)	(4)	(26)	Capital gains on asset sales and other revenue
Profit or loss before tax from continuing operations	**2,030**	**484**	**—**	**2,514**	**Profit or loss before tax**
Tax expense or income related to profit or loss from continuing operations	(559)	(127)	—	(685)	Corporation tax
Profit or loss after tax from discontinued operations	357	(357)	—	—	
Profit or loss for the year	**1,829**	**—**	**—**	**1,829**	
Attributable to minority interest [non-controlling interests]	2	—	—	2	Profit or loss attributed to minority interests
Attributable to owners of the parent	**1,827**	**—**	**—**	**1,827**	**Profit attributed to the Group**

(*) Management adjustments mainly include the restatement of the consolidated income statement used for statutory reporting following the termination of the strategic agreement between the Bank and Nexi S.p.A. for the sale of Banco Sabadell's merchant acquiring business, resulting in the reclassification of 20 million euros from the heading "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" to the heading "Depreciation and amortisation".

Equivalence of balance sheet and income statement line items in segment reporting and management reporting with those set out in the published consolidated balance sheet and income statement

Balance sheet

Other assets:
— Derivatives – Hedge accounting.
— Fair value changes of the hedged items in portfolio hedge of interest rate risk.
— Tax assets.
— Other assets.

Other liabilities:
— Derivatives – Hedge accounting.
— Fair value changes of the hedged items in portfolio hedge of interest rate risk.
— Tax liabilities.
— Other liabilities.

Income statement

Net fees and commissions:
— Fee and commission income.
— Fee and commission expenses.

Core revenue:
— Net interest income.
— Fee and commission income.
— Fee and commission expenses.

Profit or loss on financial operations and exchange differences:
— Net profit or net loss on financial operations.
— Exchange differences [gain or loss], net.

Equity-accounted income and dividends:
— Dividend income.
— Profit or loss of entities accounted for using the equity method.

Other operating income and expenses:
— Other operating income.
— Other operating expenses.

Operating, depreciation and amortisation expenses:
— Administrative expenses.
— Depreciation and amortisation.

Pre-provisions income:
— Gross income.
— Administrative expenses.
— Depreciation and amortisation.

Total provisions and impairments:

Provisions for loan losses:

— Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains.

— Provisions or reversal of provisions (including only commitments and guarantees given).

Provisions for other financial assets:

— Provisions or reversal of provisions (excluding commitments and guarantees given).

Other provisions and impairments:

— Impairment or reversal of impairment on investments in joint ventures and associates.

— Impairment or reversal of impairment on non-financial assets.

— Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or losses on the sale of interests and other items).

— Gains or losses on derecognition of non-financial assets and interests, net (including only gains or losses on sale of investment properties).

Capital gains on asset sales and other revenue:

— Gains or losses on derecognition of non-financial assets and interests, net (excluding gains or losses on sale of investment properties).

— Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (including only gains or losses on the sale of interests and other items).

Corporation tax:

— Tax expense or income related to profit or loss from continuing operations.

Profit or loss attributed to minority interests:

— Profit or loss attributable to minority interests [non-controlling interests].

Profit attributed to the Group:

— Profit or loss attributable to owners of the parent.

Glossary of acronyms and abbreviations

AEAT	Administración Estatal de Administración Tributaria (State agency for tax administration)
ALCO	Asset and Liability Committee
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AMLA	Anti-Money Laundering Authority
ANA	*Atención a Autónomos, Negocios y Pymes* (customer care for self-employed persons, small businesses and SMEs)
APM	Alternative Performance Measure
AT1	Additional Tier 1
ATA	Average Total Assets
BIS	Bank for International Settlements
BME	Bolsas y Mercados Españoles (Spanish stock market operator)
BoE	Bank of England
BoS	Bank of Spain
BRICS	Brazil, Russia, India, China and South Africa
BRRD	Bank Recovery and Resolution Directive
BSEPP	Banco Sabadell Employee Pension Plan
BSMU	Balance Sheet Management Unit
CAPM	Capital Asset Pricing Model
CBR	Combined Buffer Requirement
CCF	Credit Conversion Factor
CCIRS	Cross Currency Interest Rate Swap
CCM	Market Confidence Charge
CCP	Central Counterparty
CCyB	Countercyclical Capital Buffer
CDS	Credit Default Swap
CEO	Chief Executive Officer
CEOE	Confederación Española de Organizaciones Empresariales (Spanish confederation of employers' organisations)
CESCE	Compañía Española de Crédito a la Exportación (Spanish export credit company)
CET1	Common Equity Tier 1
CGU	Cash Generating Unit
CIRBE	Central de Información de Riesgos del Banco de España (Bank of Spain central credit register)
CMDI	Crisis Management and Deposit Insurance
CME	Chicago Mercantile Exchange
CMOF	*Contrato Marco de Operaciones Financieras* (Spanish master agreement for financial transactions)
CMU	Capital Markets Union
CNAE	*Clasificación Nacional de Actividades Económica*s (Spanish national classification of economic activities)
CNMC	Comisión Nacional de los Mercados y la Competencia (Spanish national markets and competition commission)
CNMV	Comisión Nacional del Mercado de Valores (Spanish national securities market commission)
CONESTUR	Consejo Español de Turismo (Spanish tourism council)
CRD	Capital Requirements Directive
CRE	Commercial Real Estate
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSRBB	Credit Spread Risk in the Banking Book
CSRD	Corporate Sustainability Reporting Directive
CTA	Collateral Transfer Agreement
CVA	Credit Valuation Adjustment
CXI	Customer Experience Indicator
DANA	*Depresión Aislada en Niveles Altos* (isolated high altitude depression phenomenon)
DGF	Deposit Guarantee Fund
DGS	Deposit Guarantee Scheme
DIF	Deposit Insurance Fund
DLT	Distributed Ledger Technology
DORA	Digital and Operational Resilience Act
DVA	Debt Valuation Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
EBICS	Electronic Banking Internet Communication Standard
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECB	European Central Bank
ECL	Expected Credit Loss
ECP	Euro Commercial Paper
EDIS I	European Deposit Insurance Scheme (Phase I)
EIB	European Investment Bank
EIF	European Investment Fund
EIR	Effective Interest Rate
EL	Expected Loss
EMIR	European Market Infrastructure Regulation
EMTN	Euro Medium Term Note
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange Traded Fund
EU	European Union
EU-IFRS	IFRS as adopted by the European Union
EWI	Early Warning Indicator
FCR	First Call Resolution
Fed	Federal Reserve (USA)
FIFO	First In First Out
FPC	Financial Policy Committee
FSB	Financial Stability Board
FVA	Funding Value Adjustment
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GMRA	Global Master Repurchase Agreement
GMSLA	Global Master Securities Lending Agreement
HAT	*Herramienta de Alertas Tempranas* (early warnings tool for companies)
HQLA	High Quality Liquid Asset
I.R.U.S.	*Identificador Registral Único de la Sociedad* (unique company identifier)
IAS	International Accounting Standard

IASB	International Accounting Standards Board
IBEX	Índice Bursátil Español (Spanish stock market index)
ICAAP	Internal Capital Adequacy Assessment Process
ICAC	Instituto de Contabilidad y Auditoría de Cuentas (Spanish accounting and auditing institute)
ICO	Instituto de Crédito Oficial (Spanish official credit institute)
ICT	Information and Communication Technology
IDD	Insurance Distribution Directive
IDEC	*Impuesto sobre Depósitos de Entidades de Crédito* (Spanish tax on deposits of credit institutions)
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
ILAAP	Internal Liquidity Adequacy Assessment Process
IMF	International Monetary Fund
IMIC	*Impuesto sobre el Margen de Intereses y Comisiones* (tax on net interest and commission income)
INE	Instituto Nacional de Estadística (Spanish office for national statistics)
IRB	Internal Ratings-Based
IRCA	*Indicador de Riesgo Climático y Ambiental* (climate-related and environmental risk indicator)
IRP	Insured Retirement Plan
IRRBB	Interest Rate Risk in the Banking Book
IRS	Interest Rate Swap
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KPI	Key Performance Indicator
LBO	Leveraged Buy Out
LCP	Liquidity Contingency Plan
LCR	Liquidity Coverage Ratio
LEI	Legal Entity Identifier
LGD	Loss Given Default
LMU	Liquidity Management Unit
LRE	Leverage Ratio Exposure
LSE	London Stock Exchange
LTD	Loan-to-Deposit ratio
LTV	Loan To Value
M&A	Mergers and Acquisitions
MDA	Maximum Distributable Amount
MiCA	Markets in Crypto Assets
MiFID	Markets in Financial Instruments Directive
MPM	Management Performance Measure
MREL	Minimum Requirement for own funds and Eligible Liabilities
MRR	*Mecanismo de Recuperación y Resiliencia* (recovery and resilience mechanism)
MtM	Mark to Market
NBCA	New Basel Capital Accord
NFDR	Non-Financial Disclosures Report
NGEU	Next Generation European Union
NGFS	Network of central banks and supervisors for Greening the Financial System
NIF	*Número de Identificación Fiscal* (Spanish tax identification number)
NIM	Net Interest Margin
NPL	Non-Performing Loan
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
NYCB	New York Community Bancorp
NYSE	New York Stock Exchange
OECD	Organisation for Economic Co-operation and Development
OM	Organised Market
OTC	Over The Counter
P/BV	Price to Book Value
P/TBV	Price to Tangible Book Value
PD	Probability of Default
PEPP	Pandemic Emergency Purchase Programme
PER	Price to Earnings Ratio
PERTE	*Proyectos Estratégicos para la Recuperación y Transformación Económica* (strategic projects for economic recovery and transformation)
PMA	Post Model Adjustment
POCI	Purchased or Originated Credit Impaired
POS	Point Of Sale
PRA	Prudential Regulation Authority
PRIIP	Packaged Retail and Insurance-based Investment Product
QT	Quantitative Tightening
RAF	Risk Appetite Framework
RaRoC	Risk-adjusted Return on Capital
RAS	Risk Appetite Statement
RIC	*Reglamento Interno de Conducta* (internal code of conduct relating to the securities market)
RICS	Royal Institution of Chartered Surveyors
RO	Representative Office
ROA	Return On Assets
ROE	Return On Equity
RoRAC	Return on Risk-Adjusted Capital
RORWA	Return on Risk Weighted Assets
ROTE	Return On Tangible Equity
RRP	Reverse Repurchase Agreement
RWA	Risk Weighted Asset
SA	Standardised Approach
SAC	*Servicio de Atención al Cliente* (customer care service)
SAP/SAPE	*Servicio Atención Preferente / Servicio Atención Preferente Empresas* (preferential care service / preferential care service for business banking customers)
SAT	*Servicio de Administración Tributaria* (tax administration service)
SDG	Sustainable Development Goal
SGIIC	*Sociedad Gestora de Instituciones de Inversión Colectiva* (UCITS management company)
SICAV	*Société d'Investissement à Capital Variable* (open-ended investment company)
SICR	Significant Increase in Credit Risk
SIP	Share Incentive Plan
SIU	Savings and Investments Union
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprise
SPPI	Solely Payments of Principal and Interest
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
T1	Tier 1 capital
T2	Tier 2 capital
TBV	Tangible Book Value
TCFD	Task Force on Climate-related Financial Disclosures
TEAC	*Tribunal Económico-Administrativo Central* (Spanish central tax appeal board)

TFSME	Bank of England Term Funding Scheme for Small and Medium-sized Enterprises
TLAC	Total Loss-Absorbing Capacity
TLTRO	Targeted Longer-Term Refinancing Operations
TREA	Total Risk Exposure Amount
TSB	TSB Banking Group plc
UN	United Nations
USMCA	United States-Mexico-Canada Agreement
VaR	Value at Risk
VAT	Value Added Tax







Sabadell