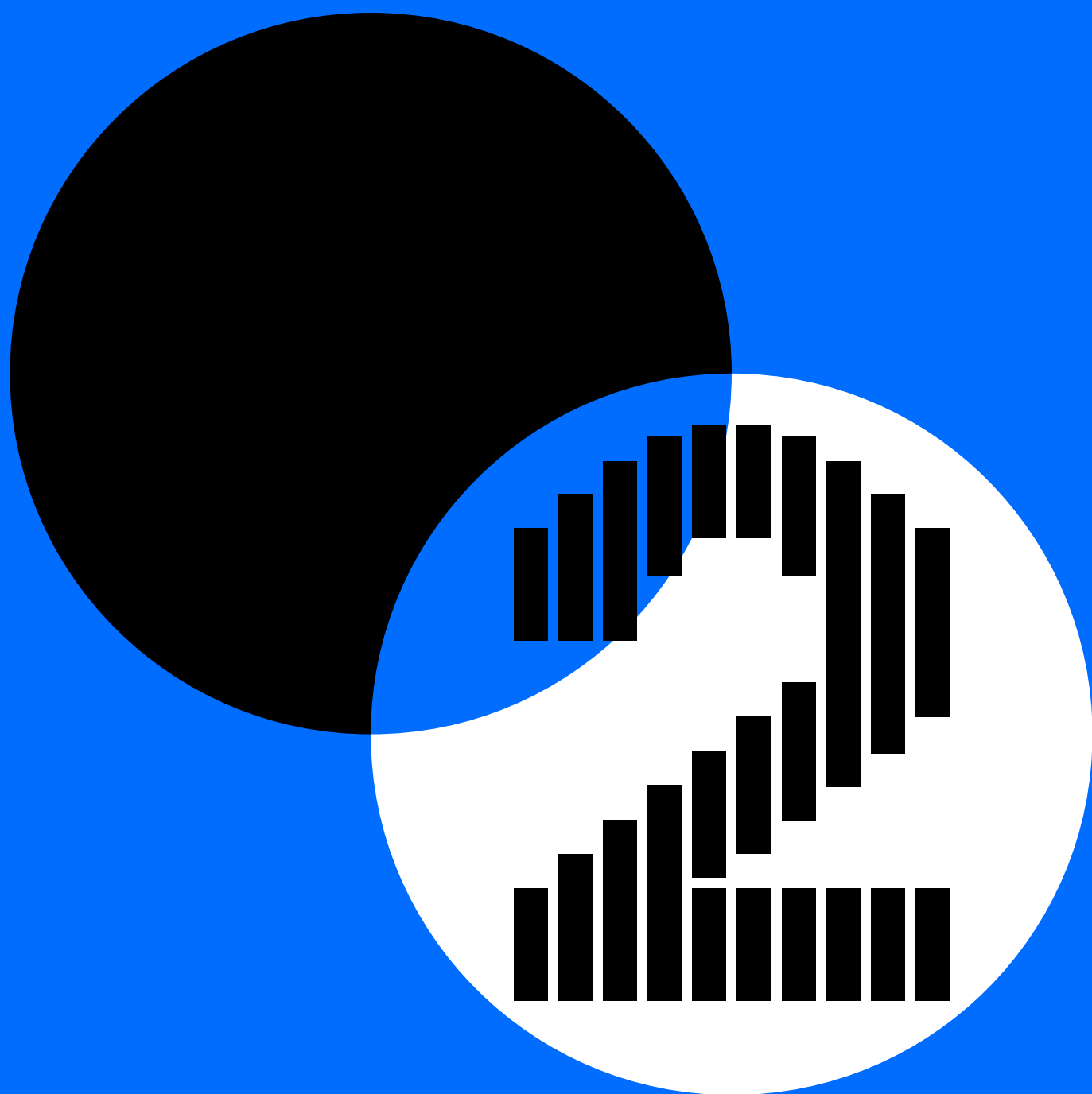


Letters from the Chairman and the Chief Executive Officer





Josep Oliu, Chairman

Dear fellow shareholder,

In 2024, Banco Sabadell achieved its strongest performance ever. Earnings reached a record high, we made forward strides in transforming our business, and, yet again, our people demonstrated their firm commitment to the bank's goals. All of this reinforced customer trust in our business model and earned clear recognition from the market. As a result, our share price rose by double digits, as it has done every year since 2021.

Banco Sabadell performed strongly in 2024, posting record attributed profit of 1,827 million euro, up 37% from last year. ROTE reached 14.9%, while solvency and capital adequacy ratios continued to improve. The CET1 ratio, before distribution of excess capital, stood at 14.0%, up 83 basis points from the previous year.

In 2024, the share price rose by 79%, making it the year's second-best performer in the IBEX 35 and the top performer among Spain's listed banks. Over the past four years, Banco Sabadell has been the best-performing stock of the IBEX 35 and ranks among the strongest of the more than 40 banks in Europe's banking sector index.

Banco Sabadell's impressive performance in 2024 came against a fairly steady economic backdrop. Global growth remained in line with previous years, even though benchmark interest rates began the year at their highest levels in decades and there was considerable geopolitical tension. Inflation in developed economies continued to ease, allowing central banks to begin lowering interest rates in the second half of the year.

Despite weaker conditions elsewhere in Europe, the Spanish economy continued its robust performance in 2024, achieving overall annual growth of more than 3%. Private consumption and exports played a key role, supported by strong labour market performance.

The UK economy picked up in 2024, aided by slower inflation and lower interest rates. Mexico, by contrast, weakened as tight monetary policy and political uncertainty at home and abroad took their toll.

Spain's banks continued to strengthen, improving their metrics and further cementing the stability and resilience they have shown in recent years. Their valuation multiples are rising in recognition of their proven strength and the prospect of steady future earnings. Spanish banks outperform most of their Eurozone peers in profitability, liquidity, and efficiency. They thrived in 2024 as a result of buoyant lending, fuelled by falling interest rates and Spain's strong economic growth.

Given these results and looking ahead, the Board has asked shareholders to approve a final dividend of 12.44 cent gross per share, to be paid in cash. This follows the 8 cent gross per share paid on 1 October 2024, bringing the total cash dividend to 20.44 cent gross per share, 241% higher than in 2023.

In addition, the Board of Directors has proposed that the Meeting approve resumption of the 247 million euro share buyback that commenced in 2023 and was paused last May in response to BBVA's takeover bid. The Board will also seek to raise the payout to shareholders by distributing any excess capital above a CET1 ratio of 13% (the level the bank considers to be sufficient for operational needs) through an additional 755 million euro buyback.

In corporate governance, the bank complies with all the applicable recommendations of the Code of Good Governance of the CNMV, Spain's stock market regulator. The bank also made significant progress towards its sustainability goals under our own ESG framework, the Sabadell Sustainable Commitment 2021-2025. We strengthened our decarbonisation strategy to meet global climate neutrality targets and are contributing actively to shifting the economy towards a more sustainable model. Our progress has been recognised by various organisations and publications, including TIME magazine and CDP. The bank is also a member of the prestigious Dow Jones Sustainability Index World.

The bank maintains its commitment to society through a range of initiatives. Sogeviso provides social funding and helps middle- and low-income households access housing, while the Banco Sabadell Foundation awarded more than 450 prizes and merit-based scholarships in 2024, and supported nearly 140 projects. These efforts underscore our dedication to culture, the arts, research, and young talent.

On 9 May 2024, BBVA launched a hostile takeover bid for the bank, after Banco Sabadell's Board had rejected an unsolicited conditional merger proposal made on 30 April 2024. We rejected the proposal after a thorough review of how best to create value for shareholders. We concluded that the bid undervalued Banco Sabadell's strategy and growth prospects as an independent bank.

The takeover bid is ongoing, pending the pertinent authorisations, approval by the CNMV, publication of the BBVA bid prospectus, and the subsequent initiation of the share exchange period, during which Banco Sabadell's shareholders will be able to choose whether to accept BBVA's bid or, instead, support Banco Sabadell's continued existence as an independent venture. Moreover, in January, the Board decided to move the bank's registered office back to Sabadell, the city where it was founded in 1881. The institution had remained there for 136 years before relocating in 2017 due to exceptional circumstances. The Board judged that the time was right to return to its origins, as the circumstances that prompted the move more than seven years ago no longer apply. The change of registered office does not affect the bank's dealings with its customers.

To conclude, I am confident that Banco Sabadell's strong balance sheet and sound management will drive greater value creation while safeguarding its strategic independence and its identity as a unique enterprise.



Josep Olliu
Chairman



César González-Bueno, CEO

Dear fellow shareholder,

In 2024, Banco Sabadell achieved its largest-ever net profit, over 1,800 million euro. Consequently, the return on tangible equity (ROTE) climbed to 14.9%.

Banco Sabadell continues to outperform. This is the result of focused execution of our strategic roadmap over the past few years. In 2024, business volume grew strongly, the NPL ratio dropped to its lowest since 2009, and the bank demonstrated its powerful ability to generate capital.

The prospects for the future are exciting. The bank has a strong franchise among SMEs and companies, it has significantly enhanced its capabilities and value proposition in all business areas, and exposure to volatile emerging markets is minimal. Banco Sabadell is poised to continue its expansion while improving its risk profile, as in 2024: we are confident that our high profitability can be sustained moving forward.

The bank's impressive performance, solid capital generation and encouraging outlook mean that the payout to shareholders can be expected to increase significantly. The bank estimates that total shareholder remuneration out of 2024 and 2025 earnings will amount to 3,300 million euro.

Looking at the year's figures in detail, profit rose 37.1% from the previous year to 1.827 billion euro, driven by strong performance across the key items of the income statement.

Gross income climbed 8.1% from 2023 to 6.337 billion euro, boosted mainly by a 6.3% rise in net interest income. Outstanding gross loans and advances increased by 4.7%, and customer funds by 7.1%.

Meanwhile, total costs grew by a modest 2.3%. The cost-to-income ratio, including depreciation and amortisation, improved to 48.7% in 2024, from 51.4% in 2023.

Total provisions and impairments were down 21.6% year-on-year, while the total cost of risk improved to 42 basis points, from 55 basis points in 2023. Stage 3 risks decreased significantly, by 16.2%, while the ratio of total provisions for this category stood at 61.7%, compared to 58.3% the previous year.

As for capital adequacy, in 2024 the bank increased its CET1 ratio by 85 basis points. After the distribution of capital above the 13% lower bound proposed to the General Meeting of Shareholders, the ratio will stand at 13.02%. Banco Sabadell is robustly capitalised, with a buffer of 406 basis points above the regulatory minimum.

All business units performed well and made solid progress on their strategic priorities in 2024.

The Business Banking area increased new loans and credit facilities by 31% with respect to 2023. The bank further strengthened its acknowledged franchise in this segment during the year, driving growth and enhancing risk quality. For example, the specialised management model used for large companies was extended to the SME segment, reinforcing the team with nearly 300 new account managers and enhancing operational and service support for customers. In the business and individual entrepreneurs segment, we enhanced our value proposition with a more specialised offering tailored to each area. At the same time, we strengthened the risk framework and sharpened our ability to optimise the credit portfolio.

In Retail Banking, new home loans rose 53% from 2023, while consumer loans grew 21% year-on-year. In recent years, we have undertaken a far-reaching transformation to better respond to our customers' needs and grow in key product areas. For instance, we built a digital model for products that customers expect to access instantly and manage on their own. In 2024, more than half of new customers signed up online, and over 80% of consumer loans were arranged remotely. But we also built a specialised, tailored model to support products for which customers seek expert advice. For instance, we further improved the mortgage expert programme, with over 200 specialists providing remote support to the entire branch network.

The Corporate and Investment Banking division expanded its loan book by nearly 20% in 2024. This business maintained its focus on profitable growth through customer-by-customer management based on RAROC (risk-adjusted return on capital) and further strengthened its specialist expertise, particularly in investment banking and structured finance.

TSB, our UK subsidiary, contributed 253 million euro in earnings, its highest contribution since its acquisition in 2015. TSB continues to prioritise cost reduction while strengthening its core business, mortgage lending. The UK subsidiary lowered costs by over 5% with respect to 2023, while increasing new mortgage production by 19%.

Sabadell Mexico posted a profit of 57 million euro, 28.8% more than in 2023. In 2024, our Mexican unit introduced a digital account for private individuals to lower its cost of funding. Additionally, it strengthened the commercial capabilities of its core segments, Corporate Banking and Business Banking.

In summary, 2024 was an outstanding year for Banco Sabadell, in which we delivered record results and strong performance across all business areas. We look to the future with confidence, convinced that Banco Sabadell still holds immense potential to create value and have a meaningful positive impact on our shareholders, our customers, and society as a whole.

A handwritten signature in black ink, appearing to read 'C. Bueno', written over a horizontal line.

César González-Bueno
CEO