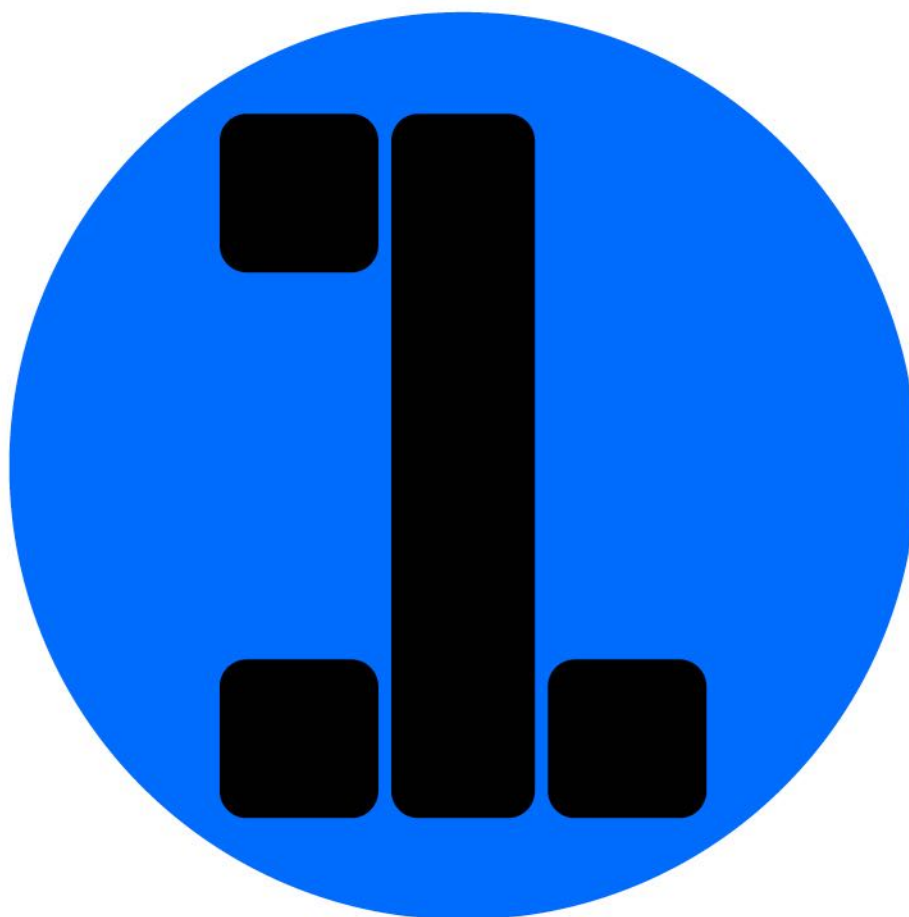


Banco Sabadell Group



18	Mission, values and business model
20	Strategic priorities
23	Banco Sabadell share performance and shareholders
28	Corporate governance
39	Customers
52	Other information (tender offer)

Banco Sabadell Group

Banco de Sabadell, S.A. (hereinafter also referred to as Banco Sabadell, the Bank, the Company, or the Institution), with tax identification number (NIF) A08000143 and with registered office¹ 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.

In 2024, 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/ payment solutions such as cards and 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 customers in the United States and the venture capital business carried out through BS Capital. 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

¹ The Board of Directors of Banco Sabadell, in its meeting held on 22 January 2025, resolved to amend Article 2 of the by-laws to set the registered office at Sabadell, Plaça de Sant Roc no. 20. The registered office was previously located in Alicante, at Avenida Óscar Esplá, 37.

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.

Banco Sabadell is the parent undertaking of a group of companies that, as at 31 December 2024, numbered a total of 84. Of these, aside from the parent company, 61 are considered subsidiaries and 22 are considered associates (as at 31 December 2023, there were 83 companies: the parent company, 60 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.

Over the last thirteen years, Banco Sabadell has expanded its geographical footprint in Spain and increased its market share with a series of acquisitions, the most significant of which was its acquisition of Banco CAM in 2012. In 2013, Banco Sabadell was able to undertake other corporate operations as part of the restructuring of banks under suitable economic terms, such as the acquisition of the branch network of the former Caixa d'Estalvis del Penedès in Catalonia and Aragon and the acquisitions of Banco Gallego and Lloyds' business in Spain.

As a result of these acquisitions and the organic growth of recent years, Banco Sabadell has strengthened its position in some of Spain's most prosperous regions (Catalonia, Valencian Community and Balearic Islands) and it has also increased its market share in other key areas. According to the most recent information available, Banco Sabadell has a market share of 8% in loans and 7% in deposits at the domestic level. 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 17%.

With regard to international business, Banco Sabadell has always been a benchmark. This has not changed in 2024 and Banco Sabadell continues to be present in strategic areas, supporting companies in their international activity. Over the last few years, Banco Sabadell has expanded its international footprint. The main milestones have been the acquisition of British bank TSB in 2015 and the creation of a bank in Mexico in 2016.

With these developments, the Group has become one of the largest institutions in Spain's financial system. It has a geographically diverse business (74% in Spain, 23% in the UK and 3% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this whilst safeguarding its solvency and liquidity.

2024 was a year characterised, in economic terms, by an acute contrast between the economic performance of the United States, which was better than initially expected, and that of the Eurozone, weighed down by weakness in Germany, which experienced an all but stagnant economy. Spain, for its part, continued to perform well, with robust growth. Inflation also continued to converge with central bank targets throughout 2024, allowing central banks to begin cutting official interest rates towards the middle of the year, although they indicated that they would continue to follow a cautious approach to interest rate adjustments going forward. 2024 was also a year marked by political and geopolitical events, such as the conflict in the Middle East and Trump's victory in the US presidential elections, Geopolitical risks thus increased, generating an additional source of uncertainty for the economic environment. Lastly, in relation to the financial markets, 2024 was once again a positive year, particularly for risk assets.

Against this backdrop, in year-on-year terms, Banco Sabadell significantly increased its net profit, supported by good performance both in Spain and in the UK (TSB). It is worth noting the year-on-year growth of net interest income, the reduced cost of risk, the active and growing commercial momentum, and the contained increase in costs.

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 a high-quality and transparent customer service.

In addition to complying with 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 priorities

In 2024, Banco Sabadell Group's strategic priorities were to (i) continue strengthening the Bank's competitive position in the domestic market and (ii) keep on improving the profitability of its businesses abroad, both in the United Kingdom and in other geographies, in addition to efficient cost control and adequate risk management.

By business line, in Retail Banking, the approach involved continuing with the profound transformation undertaken in recent years, which has resulted in a profound change in the products and services on offer and in the customer relationship model, consolidating a fundamentally digital and remote offering of products for which the customer wants autonomy, immediacy and convenience, such as consumer loans, accounts and cards. For more complex products, such as mortgages, insurance and savings/investment products, where the customer requires support, the approach is to reinforce the role of product specialists and offer multichannel support, along with greater process digitalisation.

As at the end of 2024, mortgages specialists generated over 50% of the total new business in this product. On the other hand, digital sales of consumer loans represented over 83% of the total, while pre-approved loans accounted for 87% of total new lending. Furthermore, 54% of new customers registered using the digital channel.

The goal in Retail Banking is to increase the customer base, responding better to their needs and being the main bank of more customers.

In Business Banking, the goal was to strengthen the Bank's sizeable franchise in this segment by establishing specific levers to achieve profitable growth, such as sector-specific solutions for businesses, support for customers in their internationalisation process and the expansion of specialised solutions for SMEs. This is to be reinforced with an optimal risk management framework, complementing the insights of risk experts and business experts with new business intelligence and data analytics tools. In terms of capabilities, a digital account was launched for self-employed professionals and the middle market team was bolstered to broaden the knowledge base already in use in Corporate Banking.

In 2024, the granting of new lending items continued to be steered better, so that more than 80% were granted to priority customers and sectors, and the 34 sector-specific product and service offerings for businesses and self-employed professionals were consolidated, delivering a significant increase in new business acquired from those sectors. The market share of Point-of-Sale (PoS) terminals rose to over 20%.

Private Banking already has 500 personal bankers assigned to it, and the product offering and advice tools have been enhanced with a clear growth objective for both turnover and customers.

The goal in Business Banking is to drive growth while safeguarding credit quality and boosting profitability.

The approach in Corporate Banking Spain was to develop plans to improve the profitability of each customer and increase the contribution of specialised product units to the generation of income. To that end, greater focus was placed on the continuous monitoring of customer profitability, measuring that profitability as the risk-adjusted return for each customer, and action plans were set in motion to increase profitability. As at the end of 2024, around 75% of customers had a Risk-Adjusted Return On Capital (RAROC) above 10%.

The goal in this business line is to obtain adequate profit per customer and to meet their needs.

TSB's priority was to focus on what it does best and what it is known for in the market: retail mortgages. TSB has an excellent platform, with

high operational capabilities for mortgage management and a well-established network of brokers, a key factor in the British market where a substantial portion of new mortgages are arranged through this channel.

After radically turning around its financial results in recent years, TSB remains focused on its core business and on reducing costs. To that end, it has launched an efficiency plan in order to increase its contribution to the Group's profitability.

In the Group's other international businesses, the priority was to actively manage the capital allocated to them by the Group. Supplementary to this, specific priorities have been defined for each geography: in Mexico, the aim is to increase profitability, focusing on improving its cost of risk and reducing its cost of funding in pesos, launching the Sabadell Mexico digital account to that end. In the case of Miami, the goal is to further strengthen the Private Banking business, while other foreign branches will prioritise the provision of support to Spanish customers in their international activities.

The financial targets for 2024 have been met.

Upon conclusion of the strategic plan for 2021-2023, whose financial targets were amply met, at the start of the year Banco Sabadell disclosed its guidance for 2024. Economic and financial developments unfolded against a backdrop of interest rates that were, on average, lower than in the previous year, although they remained at levels that were ideal for banking intermediation activity and for the recovery of demand for credit.

The Institution remains firmly committed to shareholder remuneration.



The guidance set out in the Group's business plan was reflected in the following way in the income statement for this year:

Net interest income posted growth in the mid-single digits, as estimated in June, having improved the target to twice the one set at the beginning of the year. This positive change is explained by the positive contribution of the customer margin at the ex-TSB level, thanks to upward repricing of the loan book during the first half of the year and a cost of deposits that remained at contained levels. In addition, the positive evolution of lending activity began to come through this year, driving up net interest income, and it is expected to drive it up even further in 2025. In the meantime, at TSB, net interest income gradually recovered with each passing quarter, although it ended the year with a drop in the low single digits, as expected. All in all, the target was met, since net interest income went up by 6.3% in the year at the Group level.

In terms of fees and commissions, these were expected to record a drop of around 3%, explained by weaker performance of service fees, particularly those associated with current accounts, in a context of high interest rates. This target was upgraded after the sale of the merchant acquiring business was postponed due to the tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). Lastly, fees and commissions were down by 2%, a slight improvement on the guidance for the year.

In terms of costs, an annual increase in recurring costs of around 2.5% was estimated; this cost containment is mainly explained by the savings delivered by the efficiency plan in TSB announced in 2023. Annual recurring costs at the Group level increased by 2.7%, as expected. It should be noted that in 2024, 21 million euros of extraordinary costs were recognised in connection with TSB's new efficiency plan.

Furthermore, the total cost of risk target was upgraded twice during the year, thanks to a diversified balance sheet, risk management actions and improved asset quality. In September, it was estimated that it would end the year at levels of around 45 basis points. That target was met, as total cost of risk stood at 42 basis points in 2024, equivalent to 714 million euros of provisions and impairments.

Similarly, profitability recorded for 2024, measured in terms of Return on Tangible Equity (ROTE), was 14.9%, in line with the profitability or ROTE target of >13%, which was also upgraded several times during the year. In addition, in 2025, the resilience of the Group's income statement is expected to allow it to keep its profitability at around 14%, measured in terms of tangible equity.

Lastly, in relation to shareholder remuneration, Banco Sabadell's Board of Directors confirmed its shareholder remuneration commitment, committing to distribute, on a recurrent basis, its excess capital above the 13% CET1 ratio (post- impact of Basel IV²). Assuming fulfilment of the current business plan, it is thought that the excess capital generated in 2024 and 2025, along with recurring dividends and the buyback of shares pending execution following the tender offer announced by BBVA, will reach 3.3 billion euros (0.61 euros gross per share), of which 2,098 million euros or 0.3913 euros (gross) per share would correspond to 2024 and around 1,200 million euros or 0.22 euros (gross) per share would correspond to 2025, equivalent to more than 32% of the market capitalisation³. This represents a material improvement on the 2.9 billion euros (0.53 euros gross per share) announced previously, although part of the remuneration for 2025 may be subject to supervisory approval and to delivering on that business plan.

The remuneration in 2024 alone represents around 64% of the total committed shareholder remuneration amount for the next two years.

Therefore, the main financial targets set at the start of the year had been amply surpassed by the end.

² Basel IV marks the final phase of the Basel III standards.

³ Data as at 2024 year-end.

1.3 Banco Sabadell share performance and shareholders

As at 31 December 2024 and 2023, the Bank's share capital stood at 680,027,680.875 euros and was represented by 5,440,221,447 registered shares with a par value of 0.125 euros each.

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 thousand euros, through the redemption of all the treasury shares acquired under the Share Buyback Programme approved on 10 April 2024 at Banco Sabadell's Annual General Meeting, until the suspension of that programme on 9 May 2024, i.e. 52,531,365 shares. As at the sign-off date of the consolidated annual financial statements, the entry into the Companies Register of the public deed for this capital reduction remained pending.

2024 was marked by the start of an accommodative cycle by central banks, with inflation on a downward path and macroeconomic indicators in the main developed economies giving mixed signals throughout the year, due to a generally more negative bias. In geopolitical terms, the war in Ukraine remained stagnant while tensions rose in the Middle East. In the United States, Donald Trump emerged as the clear winner of the presidential elections, which heightened the uncertainty surrounding the possible establishment of tariffs and restrictions on global trade.

In Spain, economic activity continued to be dynamic, with GDP growth far above the average of countries in the European Union and with upward revisions for the coming years. In addition, the unemployment rate fell to a ten-year low, while inflation was below 2%.

In financial markets, the first half of the year was characterised by a very positive tone, specifically in the financial sector. However, as the year went on and as a result of inflation rapidly dropping closer to central banks' targets, together with macroeconomic indicators that fuelled fears of a recession, central banks began a cycle of interest rate cuts. Against this backdrop, the financial sector underwent a stock market correction given the volatility of interest rate curves, which priced in an accelerated pace of interest rate cuts as well as a lower terminal rate.

In the Eurozone, the European Central Bank began its accommodative monetary policy in June, introducing four interest rate cuts from that month onwards and reducing the deposit facility rate by 100 basis points to 3.00%. In addition, the 12-month Euribor ended the year at around 2.5%.

Similarly, the Bank of Spain, in line with the majority of the Eurozone economies, activated the countercyclical buffer (CCyB), placing it at 0.5%, which will be applicable as from October 2025. Thereafter, if the cyclical systemic risks remain, the plan is to raise the CCyB to 1% as from October 2026.

All in all, over the year the banking industry's profitability continued to converge towards levels close to the cost of capital that banks are required to attain, thanks to higher levels of profit, in turn explained by an interest rate environment that has offered increased capacity to intermediate in the economy.

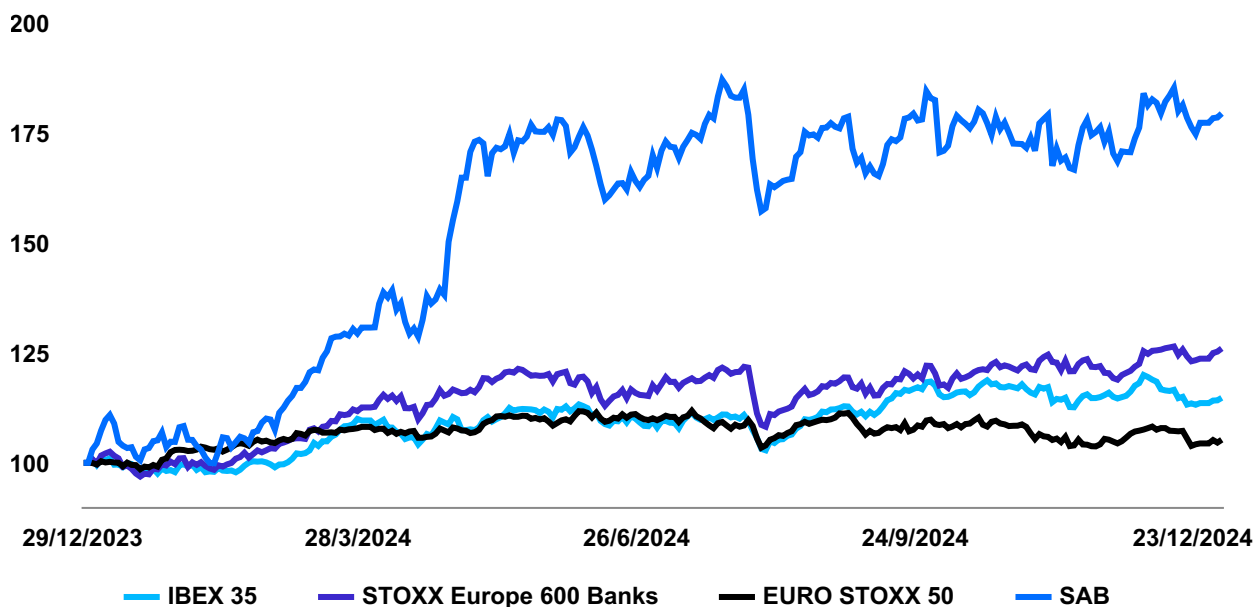
As regards Banco Sabadell's share price performance, it kept the good tone of recent years, with a revaluation, adjusted to account for dividends, of +79% in the year, ranking second on the IBEX 35 in 2024. On a like-for-like basis, the market revaluation was above the European banking industry benchmark (STOXX Europe 600 Banks), which rose by +35.4%, and also above general indices such as EURO STOXX 50 and IBEX 35, which cumulatively increased by +5.3% and +14.8%, 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 the idiosyncratic factors of Banco Sabadell, certain influencing factors worth noting include, on one hand, the Institution's improved financial position and profit estimations and, on the other, since 9 May, everything related to the events in connection with the

tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A.

As at the end of 2024, 100% of equity analysts covering Banco Sabadell had a Buy or Hold recommendation on the stock.

Banco Sabadell's market capitalisation stood at 10,063 million euros at year-end, with a Price/Tangible Book Value (P/TBV) ratio of 0.78.



	Million	Million euro	Euro	Million euro	Euro
	Average number of shares (*)	Profit attributable to the Group	Profit attributable to the Group, per share	Own funds	Book value per share
2021	5,586	530	0.080	13,357	2.39
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

(*) The average number of shares is shown net of the treasury stock position.

(**) La información correspondiente al año 2022 ha sido reexpresada teniendo en consideración la aplicación de la NIIF 17 (véase nota 1.4 de las Cuentas anuales consolidadas de 2023).

Share performance

Below are a number of indicators of the Bank's share performance:

	2024	2023	Year-on-year change (%)
Shareholders and trading			
Total number of shares outstanding (million) (*)	5,361	5,403	(0.8)
Average daily trading (million shares)	23	30	(22.0)
Share price (euro)			
Opening	1.113	0.881	—
High	2.050	1.364	—
Low	1.105	0.873	—
Closing	1.877	1.113	—
Market capitalisation (million euro)	10,063	6,014	—
Market ratios			
Earnings per share (EPS) (euro)	0.32	0.23	—
Book value per share (euro)	2.87	2.65	—
P/TBV (price/tangible book value per share)	0.78	0.51	—
Price/earnings ratio (share price/EPS)	5.84	4.94	—

(*) Total number of shares minus final treasury stock position (including shares in buyback programmes, where applicable).

Shareholder remuneration in cash increased by 241% in the year, distributing 60% of 2024 earnings.

The Bank's shareholder remuneration commitment, in accordance with its Articles of Association, is proposed by the Board of Directors and submitted to the Annual General Meeting for approval every year. In addition, Banco Sabadell has a Shareholder Remuneration Policy that lays down the principles that determine the shareholder remuneration framework.

In the meeting held on 22 July 2024, Banco Sabadell's Board of Directors agreed to set the percentage of profits to be distributed to shareholders, in other words the Group's payout ratio, at 60% of the Group's net attributable profit for 2024. This payout ratio is at the top of the range established by the Group's Shareholder Remuneration Policy.

In addition to setting a payout ratio of 60%, the Board of Directors agreed to distribute an interim dividend in cash, to be paid out of its earnings of 2024, of 0.08 euros (gross) per share, which was paid on 1 October 2024.

The Board of Directors also updated the potential shareholder remuneration amount to be distributed charged to earnings in the 2024 and 2025 financial years to 2,650 million euros (0.49 euros per share), part of it subject to the supervisor's approval.

In line with the request received from the CNMV on 13 May 2024, the Bank released an Other Relevant Information disclosure regarding the interim suspension of the share buyback programme in light of the publication of the prior announcement of the tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A. The operation of the buyback programme was paused when approximately 27.31% of the buyback programme's maximum pecuniary amount had been executed, meaning that approximately 72.69% of the aforesaid maximum amount remains pending execution (see Note 3 to the annual financial statements). If one considered the currently suspended share buyback programme, this would raise the potential total shareholder remuneration over the next two years to 2.9 billion euros (0.53 euros gross per share).

Later, on 6 February 2025, Banco Sabadell's Board of Directors agreed to submit a proposal for the distribution of a final dividend of 0.1244 euros (gross) per share, to be approved at the next Annual General Meeting. This, together with the interim dividend of 0.08 euros (gross) per share, entail a total cash dividend to be paid out of the earnings of 2024 of 0.2044 euros (gross) per share, equivalent to a 60% payout ratio, representing an increase in cash-based shareholder remuneration of 241% compared to 2023.

In the aforesaid meeting of 6 February 2025, the Board of Directors of Banco Sabadell, having obtained prior authorisation from the competent authority, agreed to submit a proposal at the next Annual General Meeting to distribute the excess capital above the 13% CET1 ratio (post-impact of Basel IV⁴) through a treasury share buyback programme for the subsequent redemption of those shares for an amount of 755 million euros, equivalent to 0.1408 euros (gross) per share and resuming execution of the treasury share buyback programme in the amount of 247 million euros, equivalent to 0.0461 euros (gross) per share, which was temporarily suspended due to publication of the announcement of the tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A.

Based on the foregoing, total shareholder remuneration in 2024 will amount to 2,098 million euros, or 0.3913 euros (gross) per share, of which 1,096 million euros (0.2044 euros gross per share) correspond to the cash dividend and 1,002 million euros (0.1869 euros gross per share) correspond to buyback programmes.

Thus, Banco Sabadell's Board of Directors seized the opportunity and updated its total shareholder remuneration for the next two years, improving it from the previously announced 2.9 billion euros (0.53 euros gross per share) to 3.3 billion euros (0.61 euros gross per share) of which, as mentioned, 2,098 million euros (0.3913 euros gross per share) would correspond to 2024 and around 1.2 billion euros (0.22 euros gross per share) would correspond to 2025).

⁴ Basel IV marks the final phase of the Basel III standards.

Credit ratings

In 2024, the four agencies that assessed Banco Sabadell's credit quality were S&P Global Ratings, Morningstar DBRS, Fitch Ratings and Moody's Investors Service.

On 29 April 2024, S&P Global Ratings affirmed Banco Sabadell's long-term issuer rating at 'BBB+', improving the outlook to positive from stable, reflecting the possibility that it could raise the long-term rating over the next 18-24 months if industry risks for banks operating in Spain were to ease and, at the same time, Banco Sabadell strengthens its financial ratios further. The short-term rating was also maintained at 'A-2'.

On 10 May 2024, Morningstar DBRS confirmed Banco Sabadell's long-term issuer rating at 'A (low)' with a stable outlook, reflecting the significantly improved profitability and the restructuring plan that the Bank has implemented, enabling it to boost its operating efficiency. It also praised its good access to wholesale markets and liquidity, as well as its solid capitalisation. The short-term rating remained at 'R-1 (low)'. The full report on the revision was published on 7 June.

On 8 October 2024, Moody's Investors Service affirmed Banco Sabadell's long-term deposit rating at 'Baa1' and its long-term senior unsecured debt rating at 'Baa2', maintaining the positive outlook for both ratings. The affirmed ratings reflect the strength of the Bank's credit profile, with stronger asset-quality metrics and improved profitability during the first quarter of 2024. The short-term rating was kept at 'P-2'. The full report on the revision was published on 15 October.

On 10 January 2025, 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 Banco Sabadell's asset quality, profitability and capitalisation, as well as the improved assessment of the operating environment for Spanish banks. Prior to this upgrade, on 29 May 2024, Fitch Ratings had already improved Banco Sabadell's long-term rating to 'BBB' from 'BBB-' and its short-term rating to 'F2' from 'F3'.

During 2024, Banco Sabadell has been in continuous contact with the four agencies. In its meetings with analysts from those agencies, both face-to-face and virtual meetings, aspects such as progress with results, capital, liquidity, risks, credit quality, and management of NPAs were discussed.

The table below details the current ratings and the last date on which any publication reiterating this rating was made.

	Long-term	Short-term	Outlook	Last updated
S&P Global Ratings	BBB+	A-2	Positive	29/04/2024
Morningstar DBRS	A (low)	R-1 (low)	Stable	07/06/2024
Moody's Investors Service	Baa2	P-2	Positive	15/10/2024
Fitch Ratings	BBB+	F2	Stable	10/01/2025

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 2024, which, in accordance with Article 49 of the Spanish Commercial Code, forms part of the consolidated Directors' Report for 2024. 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 2024

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 adopted its own Regulation, which sets out the principles and basic rules of action (available on the corporate website under "Shareholders' General Meeting – Regulations of the Shareholders' Meeting"), safeguarding shareholder rights and transparency.

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 the Annual General Meeting of 10 April 2024, so that they were able to attend in person as well as remotely through a live broadcast, continuing the approach adopted in 2022, 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 Annual General Meeting.

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 Annual General Meeting for 2024, convened on 22 February 2024, took place on 10 April 2024, on second call.

The Ordinary Annual General Meeting, held on 10 April 2024, approved all items on the agenda, among them the annual financial statements and corporate management corresponding to the financial year 2023 and, in relation to appointments, the re-election as member of the Board of Directors of Mireya Giné Torrens, in the capacity of Independent Director. On 13 February 2024, José Manuel Martínez Martínez resigned from his role as Independent Director of Banco Sabadell, effective from the date of the next Ordinary Annual General Meeting. To fill this vacancy, during the aforesaid Annual General Meeting, at the proposal of the Board Appointments and Corporate Governance Committee, shareholders agreed to appoint Ana Colonques García-Planas as Independent Director, who joined the Board for the first time at the meeting of 30 May 2024, having received the corresponding regulatory authorisations.

In the interest of complying with the aforementioned principle of transparency, and in response to the participation of investors and proxy advisors in the corporate governance roadshows, in 2023 the Bank approved a new Director Remuneration Policy and announced several new measures, including new remuneration for the Chief Executive Officer for his executive duties. This new remuneration was reported in the Director Remuneration Report of 2023, which was put to an advisory

vote at the 2024 Annual General Meeting, receiving 96.91% of votes in favour.

The aforesaid Annual General Meeting approved, under item four of the agenda and with 99.23% of votes in favour, a resolution to reduce Banco Sabadell's share capital by the par value of the treasury shares that may be acquired by the Institution under the share buyback programme, against earnings for 2023, for a maximum pecuniary amount of 340 million euros.

On 25 April 2024, Banco Sabadell released an Inside information disclosure entered in the CNMV's register under number 2,203 to announce the terms and commencement of the share buyback programme approved by the Board of Directors on 24 April 2024. 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.

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 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 it due to unforeseen circumstances. As at the date of this report, the public deed for the capital reduction had not yet been entered in the Companies Register.

As regards sustainability, it is also important to note that for the fourth consecutive year, Banco Sabadell has obtained certification of its Annual General Meeting 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 Annual General Meeting for 2024. 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.

Information regarding the 2024 Annual General Meeting 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 2024, the Board of Directors was formed of 15 members: its Chairman (in the capacity of Other External Director), ten Independent Directors, two Executive Directors, one Other External Director and one Proprietary 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 24 April 2024, as a result of the most recent Board appointment of Ana Colonques García-Planas.

As at 2024 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. Women account for 40% of the Board of Directors, with this percentage having been attained ahead of the timeframes provided in Organic Law 2/2024 of 1 August on equal representation and balanced presence of women and men, and fulfilling the Bank's commitment stated in Sabadell's Commitment to Sustainability for 2024. Similarly, the presence of a new female director adds to the age diversity of the Board of Directors.

In relation to knowledge, skills and experience, the incorporation of Ana Colonques García-Planas has increased and reinforced the diversity of banking knowledge and experience and, in particular, the financial profile with executive and business experience, with knowledge about accounting and auditing, risk management and control, planning and strategy, corporate governance and sustainability and the ability to apply such knowledge and skills to the banking business. All of that, combined with the multi-disciplinary and executive capabilities of the new female Director, have helped to consolidate the collective suitability of the Board of Directors and to maintain its collective ability to challenge the Bank's

Board of Directors

31 de diciembre de 2024

Presidente

Josep Oliu Creus

Vicepresidente

Pedro Fontana García

Consejero Delegado

César González-Bueno Mayer

Female directors

Aurora Catá Sala
Ana Colonques García-Planas
María José García Beato
Mireya Giné Torrens
Laura González Molero
Alicia Reyes Revuelta

Male directors

Lluís Deulofeu Fuguet
David Martínez Guzmán
Manuel Valls Morató
Pedro Viñolas Serra

Consejero Independiente Coordinador

George Donald Johnston III

Consejero Director General

David Vegara Figueras

Secretario no Consejero

Miquel Roca i Junyent

Vicesecretario no Consejero

Gonzalo Baretino Coloma

executives and to perform its overarching supervisory and control functions.

The Banco Sabadell Director Selection Policy of 25 February 2016 (amended on 29 September 2022 and reviewed with no amendments on 19 September 2024) 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 suitable 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 composition that is balanced between women and men.

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. In addition, the Lead Independent Director coordinates the Succession Plan for the Chairman and Chief Executive Officer, approved in 2016 and reviewed in January 2024, and 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

Pursuant to the Articles of Association, the Board of Directors has 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.

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.

On 10 April 2024, José Manuel Martínez Martínez ceased to be a member of the Board Appointments and Corporate Governance Committee and of the Board Remuneration Committee following his resignation from the role of Director. At its meeting held on that same date, the Board of Directors agreed to appoint Independent Director and Deputy Chair of the Board of Directors, Pedro Fontana García, as Chair of the Board Appointments and Corporate Governance Committee, while in parallel he ceased to be a member of the Board Audit and Control Committee, a position he had held since December 2017.

At its meeting of 30 May 2024, the Board of Directors agreed, following a report from the Board Appointments and Corporate Governance Committee, to change the composition of the Board Committees. The changes were made after Ana Colonques García-Planas joined the Board of Directors as Independent Director and after the analysis carried out by the Board Appointments and Corporate Governance Committee of the composition of the Board Committees in order to continuously improve the Institution’s corporate governance arrangements.

Ana Colonques García-Planas was appointed voting member of the Board Audit and Control Committee and voting member of the Board Remuneration Committee, given her skills in accounting and auditing, human resources, culture, talent and remuneration, as well as her valuable business experience in these Board Committees. As a result, the presence of women, as the under-represented sex, has increased, as has the age diversity of those occupying the roles.

The composition and number of meetings of these Board Committees as at 31 December 2024 are shown in the table below:

Composition of the Board Committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments & 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	César González- Bueno Mayer	Laura González Molero	María José García Beato	Laura González Molero	Alicia Reyes Revuelta
Voting member	María José García Beato	Alicia Reyes Revuelta	Pedro Viñolas Serra	Mireya Giné Torrens		Manuel Valls Morató
Voting member	César González- Bueno Mayer (*)	Pedro Viñolas Serra				
Voting member	George Donald Johnston III					
Secretary Non-voting member	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Gonzalo Baretino Coloma
Meetings in 2024	15	35	11	13	12	11

(*) 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 full voting and speaking privileges, 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 Institution's Consolidated Non-Financial Disclosures 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, resolve 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 three 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; 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 set a target for representation of the under-represented sex on the Board and produce guidelines on how to achieve that target.

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 division and the Risk Control & Regulation division 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 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

Banco Sabadell has made customer experience a part of each of the Company's strategic forums and each of its decisions related to the design of both the products and services that it offers to its customers.

In a context of lower inflation and the ensuing commencement of interest rate cuts introduced by both the United States Federal Reserve (Fed) and the ECB, and despite the uncertainty of the current geopolitical landscape (war in Ukraine, Israel conflict in the Middle East, presidential elections in the US), Spain's economic performance has been positive, with GDP rising above the EU average, driven by positive developments in the external sector and the good performance of internal demand.

Spanish banks, including Banco Sabadell, have helped to boost the Spanish economy by providing companies and households with cheaper borrowing costs thanks to the lower price of money. This translated into an increase in lending through mortgages and consumer loans granted to individuals and credit granted to companies.

All of these efforts were made whilst upholding Banco Sabadell's values of placing customers at the core every time they interact with the Bank using any of its channels and adapting products to their needs.

Banco Sabadell was the bank that recorded the biggest growth in its main customer experience indicator through the Net Promoter Score (NPS) over the past three years in Retail Banking. It is particularly worth noting that it was the bank most recommended by companies⁵.

Banco Sabadell has made customer experience a part of each of the Company's strategic forums and each of its decisions related to the design of both the products and services offered to customers. The objective is clear: to offer products and services that can be adapted to customers' needs, through what is called a customer-centric approach, offering a wide range of products for each type of customer and combining this with an omnichannel experience between 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 (AI), 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 make it possible to transform and adapt processes by making them more customer-centric in order to improve the experience of customers.

⁵ According to the survey's last edition of the year (Accenture survey, September-December 2024) for companies with turnover in excess of 2 million euros.

Measuring customer experience

Understanding the behaviours and needs of customers through customer insights 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 least explicit part 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. All of them help the Bank to identify the needs of its customers and to innovate by offering them products and services that meet their current expectations.

In 2024, Banco Sabadell secured a position as one of the banks with the best mortgage offers, both fixed-rate and variable-rate, offering one of the most competitive interest rates in the market both for first-time buyers and for those wishing to purchase a second home. All of this was achieved by adapting to the needs of customers, through the offer of in-person support at branches and also through the various remote channels, which this year were the key to enriching the customer experience throughout the process.

2024 was also vital for Banco Sabadell, as it continues to be one of the leading banks when it comes to innovation, having become the first bank in Spain to include the option to finance purchases made using bank cards issued by any institution directly from the dataphone. Thanks to the new InstantCredit application created by Sabadell Consumer Finance, the Group's consumer finance specialist, merchants that have a Banco Sabadell Smart PoS device and which have opted into that service can offer their customers the option to finance their purchases in a quick, secure and 100% digital manner, regardless of whether they are customers of the Bank or not.

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 Net Promoter Score (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.

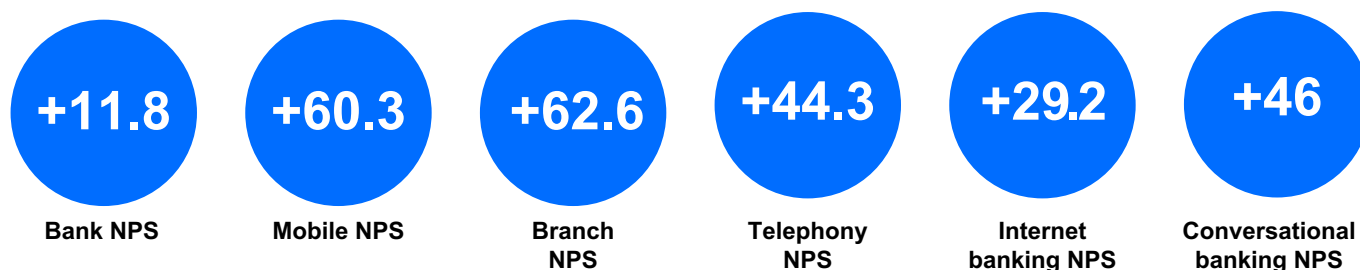
Banco Sabadell Spain's position in the ranking



Source: Accenture benchmarking of major Spanish financial institutions (2024 data).

In light of the digital transformation, the measurement of customer satisfaction in digital channels has become more important. The mobile app NPS for the Retail segment reached 50% (increase of 6 percentage points compared to 2023), while the telephony channel NPS was 19% (increase of 10 percentage points compared to 2023).

TSB data



Source: Internal NPS tracking studies, December 2024, 13-week rolling score

The results obtained during 2024 confirm that Banco Sabadell is on the right track. With regard to Banco Sabadell Spain, those results were very positive in relation to customer satisfaction.

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 around 900,000 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, which is why it has focused its efforts on measuring customer satisfaction and improving their experience with online banking for individuals (*BSOnline Particulares*) and for businesses

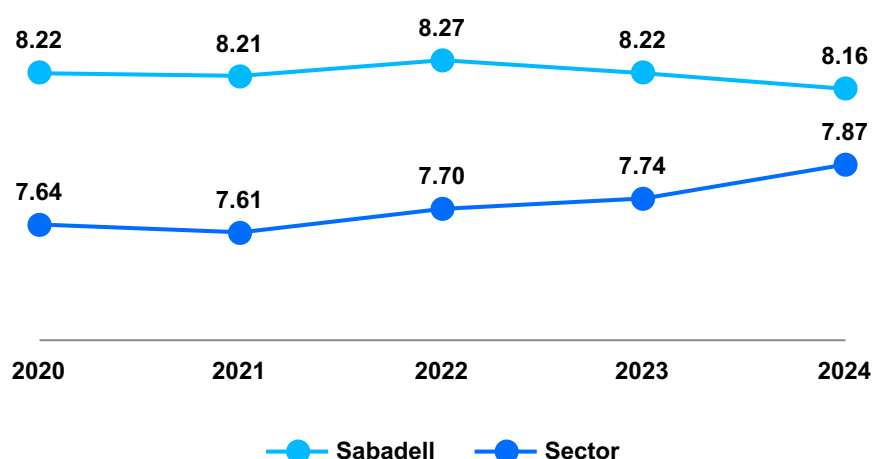
(BSOnline Empresas), with the mobile app, etc. In particular, it is worth noting the outstanding results of the internal NPS survey, in which both the retail banking segment and the business banking segment improved by 13 percentage points.

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.

Level of service quality



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 amendment to that regulation was approved by the Bank of Spain in December 2023.

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 its associated institutions: 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 2024, 104,621 complaints and claims were received: 99,558 processed in the first instance by the SAC, 4,289 through the Customer Ombudsman, 750 through the Bank of Spain and 24 through the CNMV. This year, 105,355 complaints were managed, of which 55,429 were accepted for processing and resolved, 49,740 were not accepted for processing as they did not meet the requirements set in the Regulation, and 186 complaints were pending submission of allegations.

See Note 42 to the consolidated annual financial statements for further details.



Multichannel strategy

During 2024, Banco Sabadell consolidated its multi-channel strategy, mainly by supporting the development of new capabilities in its digital and in-person channels, while various improvements were made in the current digital customer onboarding process. This, together with the launch of the digital onboarding offer for self-employed professionals, cemented Banco Sabadell's position as one of the leading players in terms of onboarding at the domestic level, in a highly competitive environment. All of this made it possible to meet the ambitious targets for newly onboarded customers set by the Group at the start of the year.

In parallel, more intensive action was taken to activate and engage digital customers, focusing heavily on providing customers with what they

initially need from the Bank. In addition, powerful campaigns were launched to attract salary and Bizum payments, aimed at digital customers and customers of the branch network, which substantially increased the ratio of salaries paid into customer accounts, as well as the number of customers with Bizum registered with the Institution.

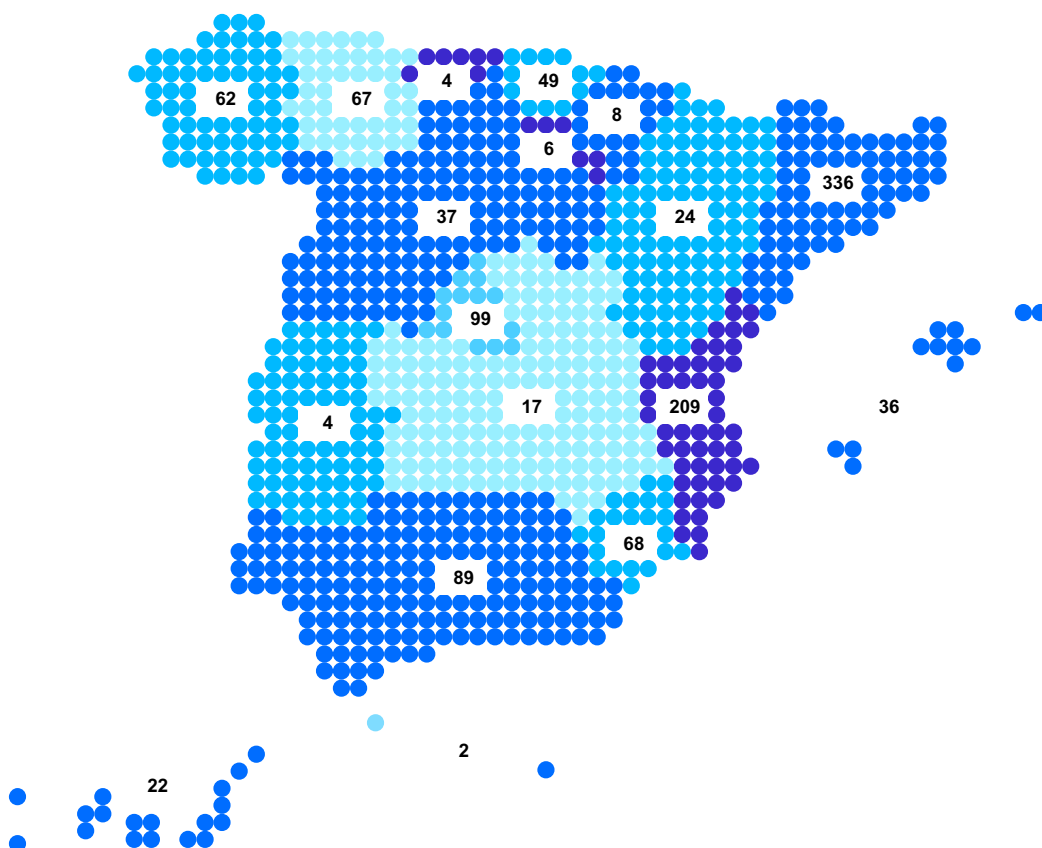
All this was further supported by the consolidation of several teams of specialists in savings & investment and mortgages & insurance, with the aim of helping and advising customers in matters that may require greater specialisation and expertise, thus enabling customers to make the best decisions.

Branch network

The Group ended 2024 with a network of 1,350 branches, representing a reduction of 70 branches with respect to 31 December 2023.

Of the total number of branches and offices in Spain of Banco Sabadell and its Group, 842 operate under the Sabadell brand (including 25 business banking branches and 2 corporate banking branches), 62 operate as SabadellGallego (3 business banking branches), 85 as SabadellHerrero in Asturias and Leon (3 business banking branches), 62 as SabadellGuipuzcoano (5 business banking branches) and 7 as SabadellUrquijo, with a further 81 branches operating under the Solbank brand. The other 211 branches and offices make up the international network, of which 186 correspond to TSB and 12 to Mexico.

Number of branches, by autonomous community



Banco Sabadell in the world



ATM network

Banco Sabadell ended the year with a fleet of 2,351 ATMs in Spain, including 1,745 in-branch and 606 out-of-branch ATMs. Compared to 2023, the number of ATMs decreased by 5%, mainly due to the sale of out-of-branch ATMs and branch closures.

In terms of ATM transactions carried out in 2024, the downward trend observed during the previous year continued, with approximately 72 million transactions carried out, which is a decrease of approximately 6.7% in the total number of 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 2024 were to improve the overall availability of the fleet, modernise the technology by upgrading around 100 ATMs, thereby complying with the updated European Accessibility Act (Law 11/2023 on the transposition of EU Directives, which transposed Directive 2019/882), enhance customer experience and, above all, review the appearance and cleanliness of ATMs.

Companies Hub (*Hub Empresa*)

The Companies Hub is Banco Sabadell's centre for business connections, an initiative that reinforces the Bank's position as the banking institution that best understands the challenges of transformation faced by companies and the one that can best help them with that process, showcasing Banco Sabadell's specialisation in the world of business and its close relationship with customers.

The Companies Hub comprises:

- A digital environment with activities organised by the Bank's experts and external professionals. In 2024, 102 activities took place (46 webinars, 48 in-person events live-streamed from the Companies Hub in Valencia, and 8 in-person events streamed from other regions), in which over 15,000 professionals took part. The recordings also had more than 20,000 post-event viewings.
- An important physical space for companies in the heart of Valencia, with workspaces for business meetings. In 2024, 104 activities were held (in-house, co-hosted and third-party events), which more than 4,500 people attended in person. In addition, 3,400 people booked meeting rooms at the Companies Hub in Valencia (897 room bookings) and more than 1,815 external professionals took part in activities organised by business banking customers.

In 2024, it is worth highlighting some events that made it possible to explore other formats, such as the live broadcast of radio programmes and the recording of business podcasts. Similarly, the in-person format that is permanently used in the Companies Hub in Valencia was carried over to other regions, organising five events in Madrid, Barcelona and Seville.

In total, the number of participants this year came to 25,108, and the number of organised in-house activities was 121. Companies continue to rate the activities very highly, with an average overall rating of 9.12 out of 10 (4,135 surveys answered).

The impact of the activities is amplified with the creation of articles or videos that are distributed through the press and social media: 70 summary videos of the activities were created for the Bank's social media and it also collaborated in more than 26 articles and news publications in print and digital media. All of this resulted in 197 news articles being published in media (both print and digital) and 794 mentions in social networks.

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. It is worth noting the "Inspiring stories" (*Historias inspiradoras*) cycle of conferences held with customers such as Olivé Slowfoods, DornaSports (Moto GP), Carmencita and Kampaoh.

We continue to hold cycles of conferences on Next Generation EU funds, Artificial Intelligence, Internationalisation and Sustainability as well as others on current topics such as electronic invoices, pension plans for the self-employed, solutions for the hotel and catering industries and the special DANA cycle related to the assistance measures put in place to help those affected by the flash floods, which attracted a lot of interest.

Direct Branch

During 2024, Direct Branch (DB) contacts decreased by 4.24% compared to those recorded in 2023 and numbered 4.4 million contacts, including phone calls, social media interactions and contacts by email and through the web chat service.

This reduced number of contacts compared to the previous year is due to the drop in the number of phone calls in relation to certain topics in the Servicing Programme (11%), the smaller number of social media interactions (20%) and the reduced use of the email channel (58%).

Of the total number of remote interactions with customers, 89% took place through the telephony channel. Considering the importance of that channel, one of the priorities for 2024 was to boost customer experience through various initiatives aimed at reducing wait times and improving the resolution capacity on first contact, to avoid customers having to visit the branch network.

As regards service levels, the Service Level Agreement (SLA) percentage for telephone enquiries was above 95%, followed by the chat service at 87% and the email channel at 79%.

Also in 2024, Direct Branch carried out a segmentation project between business banking and retail banking customers, to ensure customers receive specialised assistance and enjoy an improved experience on the telephony channel. This new customer service model was completed in November.

In relation to preferential services (SAP and SAPE), in 2024 the volume increased by 65% (65,137 calls) compared to the same period in 2023, reaching an SLA percentage of over 96%. This growth was due to:

- The routing of calls from customers in the Private Banking, Wealth Management and Large Corporates segments who contacted the branch, in order to relieve the branch of these customer service tasks.
- The segmentation of generic telephone helplines and customer identification (by phone or with their tax identification number), so that target customers who had previously contacted the Bank using other services could be correctly rerouted to preferential services.
- 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.

In addition, the following aspects should be noted:

- Digital support for companies: this service, under the responsibility of the SAPE team, includes supporting customers the first time they use online banking features and offering them assistance and troubleshooting when sending files (among others, for reverse factoring, factoring, transfers, and direct debits).
- Corporate Banking and Business Operations Centres (BOCs): the specialist team at SAPE uses specific mailboxes to resolve highly critical cases involving customers in the Large Corporates segment with turnover in excess of 100 million euros.
- Customer Care Space: the first secure text-based customer service channel exclusively for use by business banking customers was set up in October 2023. This channel has been gradually rolled out to more customers and, although the process is still ongoing, in 2024 interactions were up by 137% (5,624 interactions) compared to 2023.

Social media

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 Service Level Agreement (SLA) ratio, at 98%.

Another text-based customer care service that Banco Sabadell offers is its web chat service, which this year recorded a 14% increase in usage by customers compared to 2023. 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.

Among the improvements introduced to this web chat service is the expansion of the chatbot autonomy, to avoid having to divert customers to other channels such as the telephony channel or their local branch. The resolution capacity is expected to continue improving throughout 2025.

Digital transformation and customer experience

In banking, as in many other businesses, the digitalisation of consumer habits is profoundly transforming the sector. Interactions that previously took place in person at branches are now increasingly taking place online. Banco Sabadell Group believes that it is necessary to offer its customers an optimal level of digital services to enable them to do their banking using their mobile device if they wish, while continuing to offer in-person services through its network of branches and specialists when it really matters to its customers. For that reason, in recent years Banco Sabadell Group has made considerable efforts to equip itself with the best possible technological infrastructure, developing a scalable and efficient platform with recognised levels of cybersecurity.

After several years of preparation, developing its technology platform, Banco Sabadell is now better positioned to offer its customers the best digital services. This is reflected in the increased number of digital retail banking customers, which grew by 66.6% in 2024 (an increase of 2.5 percentage points compared to 2023), which translates into 2.6 million customers who contacted the Bank through a digital channel in the last three months of 2024.

It is also worth mentioning other examples of the increased level of digitalisation of customers in other areas:

- Customer acquisition: 54% of new customers acquired through digital channels.
- Issuance of debit cards: 51% through digital self-service channel.
- Loans to retail banking customers: 83% through remote channels.

Digitalisation also opens new avenues for improving processes, making it possible to offer superb customer experience in processes that are currently seen as cumbersome. The Group already has good examples of this, such as the process for requesting certificates, which can be completed from start to finish on the app; the 100% online customer registration process, which is already available for self-employed customers; and the possibility of applying for a personal loan or a credit card entirely through digital channels.

Sabadell Digital

Sabadell Digital is Banco Sabadell Group's IT subsidiary. Its mission is to develop the best technological solutions to allow the Bank to drive forward its digital transformation. Sabadell Digital's contribution to the Group is based on three principles:

- Focus on customers' needs through proximity and empathy. This makes it possible to deliver the best technological and digital solutions to meet customers' needs.
- Smart innovation, to innovate, adapt to change and challenge the status quo through experience-based decisions.
- Digital talent community as a source of knowledge shared between digital and technology experts, focusing especially on collaboration and mutual trust among the people that make up Sabadell Digital.

Since the creation of Sabadell Digital in 2023, the management of technological and digital talent has been one of the priorities. Thanks to the initiatives introduced in 2023 and 2024, this year Sabadell Digital has been able to attract new digital talent through an ambitious plan, under which 90 new employees joined the workforce in 2024.

Main deliveries in 2024

Digital onboarding

New customers acquired through the digital onboarding process numbered more than 184,000 in 2024 (growth of 7% compared to 2023) and currently represent 54% of the total new customers acquired by the Institution.

The process was improved in 2024, expanding the online application feature to the self-employed segment and allowing those with joint contracts to be digitally onboarded and perform digital banking. Digitally onboarded customers with joint contracts already account for 3% of all newly onboarded customers. Digital onboarding has therefore become a key element for processes to apply for the Institution's other core products, such as mortgages.

In addition, the incorporation of self-employed professionals seeking products, services or accounts for business purposes, which represent approximately 25% of the new customers in this segment in 2024, and the possibility of registering as a customer with new identity documents, such as a passport in the case of foreign residents, has made it possible to access a wider range of potential market segments, with these representing approximately 7% and 10% of newly onboarded customers, respectively.

In the same way, in 2024 the Institution focused on promoting the engagement and activation of these new digital customers. As a result, 36% of customers brought their salary or regular income payments to the Bank, 43% used their debit cards, and 33% linked Bizum, thus boosting transaction numbers and its image as their main bank.

Transformation of the mortgage model

In 2024, the Group continued with the digital transformation of its mortgage model, with two very clear focus areas:

- The customer: focus on optimising and improving the digital process, making it easier and more convenient for customers, making improvements to the stream to increase customer conversion rates.
- The support model: the Group improved efficiency to allow relationship managers to devote their time and effort to value-added tasks for customers.

This year, digital transformation made it possible to increase new mortgage loans granted on digital channels by 100%, but the biggest impact is expected to come through in 2025, with a focus on digitalisation and support from specialists as part of an omnichannel mortgage application process.

Digital loans

Digital loans are one of the main pillars of the sales model transformation in the retail banking customer segment.

Over the past two years, the Bank has made huge efforts to turn digital channels into the main source of consumer loan sales.

From 2022 to the end of 2024, the volume of loans originated digitally increased by almost 223% and the digital conversion rate per single customer was up by over 50%. Total retail loans taken out in remote channels represented more than 83% of the total loans taken out.

This year, the Bank improved the process, broadening its scope and optimising the experience:

- Developing a new process to apply for pre-approved loans with a new bespoke system, substantially improving customer experience and delivering the main improvements proposed by customers in relation to the previous stream.
- Improving the stream for reactive loans, making it a more frictionless process by reducing the number of questions and necessary fields, expanding the perimeter of customers and improving the design.

Servicing Programme

The Servicing Programme aims to offer the best customer experience by giving customers the option to do their banking whenever and wherever they want. The transformation being carried out is having a very material impact on the programme's key indicators:

- Service activities in branches have been reduced by 15%, allowing the branch network to focus on value-added commercial operations.
- Calls to Direct Branch have fallen by 11% thanks to enhanced self-service digital capabilities. The operational model is more efficient and significant improvements have been made in the daily banking of customers, introducing features that give them greater control over their money, such as the new system to search for specific transactions and the improved identification of purchases through the geolocation of retail outlets.
- Customers' experience with the Banco Sabadell mobile app has significantly improved. The benchmark satisfaction indicator, NPS, went up by 6 basis points from 44% in 2023 to 50% in 2024.

Marketing tools in digital processes

The personalisation of content according to customer profiles in the digital channel is key to conveying a proposed offering that is suitable for each customer, which can improve conversion rates and increase the volume of digital sales. This project promotes the integration of marketing tools on Banco Sabadell's mobile app, enabling the app to show personalised content, segmented by stakeholder groups and geared towards customers' needs, thus improving marketing efficiency and user satisfaction.

The Group is also using marketing tools to optimise its commercial and customer service processes by implementing A/B testing, with continuous improvement forming the foundation of all digital platform developments. Ongoing testing through personalisation tools helps to identify and/or rule out improvements in usability and navigation prior to

going live, thus saving time and resources in the process of continuous development.

Evolution of the design system: Galatea

The Bank's design system was further developed and expanded in 2024, with expected savings at the end of the year of 3.9 million euros and 87,000 hours of work. The projects used pre-existing components in 97% of cases, resulting not only in improved efficiency but also in more consistency across digital channels.

Similarly, the functional development of the current design system through tokenisation will make it possible to reuse more components and increase the profitability of the system, as it will allow it to be used in other channels, such as, PoS terminals or ATMs, and in other geographies, such as Mexico.

File management

File management is a key aspect of companies' day-to-day business. Initiatives aimed at improving experience and usability were launched in 2024. Improvements centred on viewing files in both BSOonline and BSMovil and on the generation of files in BSOonline, enhancing transaction banking in digital channels by companies.

Customer Care Space

The Customer Care Space was launched in 2024. It is a text-based customer service channel where self-employed professionals, businesses and corporates can interact with the Bank in a secure and swift manner. Customers can chat to customer care teams through the BSOonline and BSMovil services for business banking customers, or through WhatsApp. They can also exchange documentation, see the contact details of their relationship manager or local branch and book appointments to see them.

Digital applications and services for business banking customers

In 2024, Banco Sabadell expanded its capabilities for digital applications and services to include key products such as business loans, business credit cards, factoring, reverse factoring, pension plans for self-employed professionals and savings/investment products. These new capabilities allow self-employed professionals, businesses and corporates to access the offering of financial products and services on an autonomous basis, which improves user experience and increases the use of digital channels.

1.6. Other information (tender offer)

Voluntary tender offer for the acquisition of shares of Banco Sabadell put forward by Banco Bilbao Vizcaya Argentaria, S.A.

As explained in Note 1.5 to the annual financial statements for 2024, 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. for a merger (the Proposal). 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 pro forma Basel IV⁶ to its shareholders. The overall excess capital amount to be generated over 2024 and 2025, together with recurrent dividends during this period according to a successful completion of the current business plan, was projected to be 2.4 billion euros, 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 (the 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

⁶ Basel IV marks the final phase of the Basel III standards.

following the tender offer) further conditional upon approval by the General Shareholders' Meeting of BBVA 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 requires 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.

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 that accept the offer.

On 5 July 2024, during 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.

In September 2024, BBVA obtained authorisation from the PRA in relation to the acquisition of indirect control over TSB and the ECB's decision not to oppose the takeover of Banco Sabadell.

As at the sign-off date of this consolidated Directors' Report, the tender offer remains pending receipt of regulatory authorisation from the CNMC (which on 12 November 2024 announced that its concentration analysis was moving to phase 2) and from the CNMV. It also remains pending acceptance of the offer by a number of shares a number of shares that allows BBVA to acquire at least more than half of the effective voting rights of Banco Sabadell at the end of the offer acceptance period (therefore excluding any treasury shares held by Banco Sabadell at that time), in accordance with the amended offer released by BBVA on 9 January 2025 through an Inside Information disclosure entered in the CNMV's register under number 2,544.

For as long as the tender offer remains pending, it will generate uncertainty for the Group, which is inherent in the very nature of the offer put forward. At the present time, there can be no certainty as to the duration of the regulatory review process or of how long it will take for the tender offer to be authorised, nor of the ultimate outcome of the tender offer, if approved.

