Financial information

Financial information

3.1 Key figures in 2024

The Group's main figures, which include financial and non-financial indicators that are key to determine the direction in which the Group is moving, are set out here below:

		2024	2023	Year-on-year change (%)
Income statement (million euro)	**(A)**			
Net interest income		5,021	4,723	6.3
Gross income		6,337	5,862	8.1
Pre-provisions income		3,254	2,847	14.3
Profit attributable to the Group		1,827	1,332	37.1
Balance sheet (million euro)	**(B)**			
Total assets		239,598	235,173	1.9
Gross performing loans		156,913	149,798	4.7
Gross loans to customers		161,717	155,459	4.0
On-balance sheet customer funds		169,557	160,888	5.4
Off-balance sheet funds		46,171	40,561	13.8
Total customer funds		215,729	201,449	7.1
Funds under management and third-party funds		243,431	226,682	7.4
Equity		15,033	13,879	8.3
Shareholders' equity		15,389	14,344	7.3
Profitability and efficiency (%)	**(C)**			
ROA		0.76	0.54	
RORWA		2.29	1.70	
ROE		12.40	9.49	
ROTE		14.93	11.50	
Cost-to income with amortisation/depreciation		48.66	51.44	
Risk management	**(D)**			
Stage 3 exposures (million euro)		4,844	5,777	(16.2)
Non-performing assets (million euro)		5,680	6,748	(15.8)
NPL ratio (%)		2.84	3.52	
Stage 3 coverage ratio, with total provisions (%)		61.7	58.3	
NPA coverage ratio (%)		58.6	55.6	
Capital management (*)	**(E)**			
Risk-weighted assets (RWAs) (million euro)		80,559	78,428	
Common Equity Tier 1 phase-in (%)	(1)	13.02	13.19	
Tier 1, phase-in (%)	(2)	15.19	15.42	
Total Capital ratio, phase-in (%)	(3)	17.60	17.76	
Leverage ratio, phase-in (%)		5.20	5.19	
Liquidity management	**(F)**			
Loan-to-deposit ratio (%)		93.2	94.0	
Shareholders and shares (as at reporting date)	**(G)**			
Total number of shares outstanding (million) (*)		5,361	5,403	
Share price (euro)		1.877	1.113	
Market capitalisation (million euro)		10,063	6,014	
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 (P/E)		5.84	4.94	
Other data				
Branches and offices		1,350	1,420	
Employees		18,769	19,316	

(*) Information corresponding to the consolidated annual financial statements for the year ended 31 December 2024.

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

(***) This gives the ratio of net profit attributable to the Group, adjusted by the amount of the Additional Tier 1 coupon over the past twelve months, relative to the average number of shares outstanding over the past twelve months (average number of total shares minus average treasury stock, including buyback programmes, where applicable).

(A) This section sets out the margins of the income statement that are thought to be the most significant over the last two years.
(B) These key figures are presented in order to provide a concise overview of the year-on-year changes in the main items of the Group's consolidated balance sheet, focusing particularly on items related to lending and customer funds.
(C) These ratios have been provided to give a meaningful picture of profitability and efficiency over the past two years.
(D) This section shows the key balances related to risk management in the Group, as well as the most significant ratios related to risk.
(E) These ratios have been provided to give a meaningful picture of solvency over the past two years.
(F) The aim of this section is to give a meaningful insight into liquidity over the past two years.
(G) The purpose is to provide information regarding the share price and other indicators and ratios related to the stock market.

(1) Common equity capital / Risk-Weighted Assets (RWAs).
(2) Tier one capital / Risk-Weighted Assets (RWAs).
(3) Capital base / Risk-Weighted Assets (RWAs).

3.2 Profit/(loss) for the year

Record-breaking Group net profit, amounting to 1,827 million euros as at the end of 2024, placing the Group's ROTE at 14.9%.

Million euro

	2024	2023	Year-on-year change (%)
Net interest income	**5,021**	**4,723**	**6.3**
Fees and commissions, net	1,357	1,386	(2.1)
Core revenue	**6,378**	**6,109**	**4.4**
Profit or loss on financial operations and exchange differences	87	68	27.4
Equity-accounted income and dividends	166	131	26.5
Other operating income and expenses	(294)	(447)	(34.3)
Gross income	**6,337**	**5,862**	**8.1**
Operating expenses	(2,583)	(2,496)	3.5
Staff expenses	(1,531)	(1,495)	2.5
Other general administrative expenses	(1,051)	(1,002)	5.0
Depreciation and amortisation	(501)	(519)	(3.5)
Total costs	(3,084)	(3,015)	2.3
Memorandum item:			
Recurrent costs	(3,062)	(2,982)	2.7
Non-recurrent costs	(21)	(33)	(35.2)
Pre-provisions income	**3,254**	**2,847**	**14.3**
Provisions for loan losses	(567)	(813)	(30.3)
Provisions for other financial assets	(69)	(18)	287.7
Other provisions and impairments	(78)	(80)	(1.9)
Capital gains on asset sales and other revenue	(26)	(46)	(43.0)
Profit/(loss) before tax	**2,514**	**1,891**	**33.0**
Corporation tax	(685)	(557)	23.0
Profit or loss attributed to minority interests	2	1	28.1
Profit attributable to the Group	**1,827**	**1,332**	**37.1**
Memorandum item:			
Average total assets	242,145	245,173	(1.2)
Earnings per share (euros)	0.32	0.23	

The average exchange rate used for the cumulative balance of TSB's income statement is GBP 0.8463 (GBP 0.8706 in 2023).

Net interest income

Net interest income followed a positive trend, reaching 5,021 million euros as at the end of 2024, representing year-on-year growth of 6.3%, mainly due to a higher loan yield and increased revenue from the fixed-income portfolio, underpinned by higher interest rates, all of which served to offset higher cost and volume of deposits and wholesale funding.

Consequently, the net interest margin as a percentage of average total assets stood at 2.07% in 2024 (1.93% in 2023).

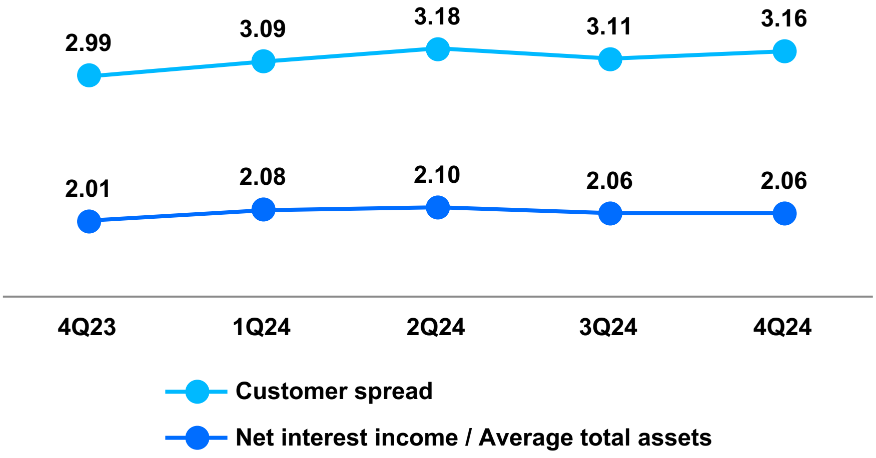
The breakdown of net interest income for the years 2024 and 2023, as well as the different components of total investment and funds, was as follows:

Thousand euro

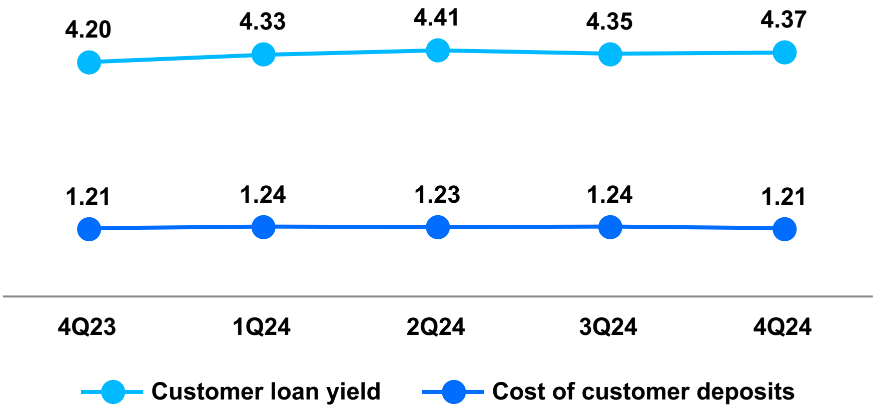
	2024			2023			Change			Effect	
	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Volume	Days
Cash, central banks and credit institutions	37,770,825	1,496,204	3.96	42,117,993	1,476,738	3.51	(4,347,168)	19,466	151,291	(135,900)	4,075
Loans and advances to customers	154,131,178	6,726,169	4.36	153,978,221	5,839,767	3.79	152,957	886,402	836,163	40,347	9,892
Fixed-income portfolio	30,756,499	1,053,155	3.42	28,531,645	832,967	2.92	2,224,854	220,188	193,126	25,450	1,612
Subtotal	**222,658,502**	**9,275,528**	**4.17**	**224,627,859**	**8,149,472**	**3.63**	**(1,969,357)**	**1,126,056**	**1,180,580**	**(70,103)**	**15,579**
Equity portfolio	1,000,799	—	—	859,258	—	—	141,541	—	—	—	—
Tangible and intangible assets	4,497,961	—	—	4,576,149	—	—	(78,188)	—	—	—	—
Other assets	13,987,412	436,450	3.12	15,110,214	508,059	3.36	(1,122,802)	(71,609)	—	(71,609)	—
Total investment	**242,144,674**	**9,711,978**	**4.01**	**245,173,480**	**8,657,531**	**3.53**	**(3,028,806)**	**1,054,447**	**1,180,580**	**(141,712)**	**15,579**
Central banks and credit institutions	26,372,582	(1,045,965)	(3.97)	31,484,501	(1,064,832)	(3.38)	(5,111,919)	18,867	(229,133)	251,329	(3,329)
Customer deposits	162,250,211	(1,997,041)	(1.23)	160,564,046	(1,432,303)	(0.89)	1,686,165	(564,738)	(430,055)	(130,997)	(3,686)
Capital markets	26,668,161	(1,105,456)	(4.15)	26,379,723	(876,225)	(3.32)	288,438	(229,231)	(204,199)	(22,663)	(2,369)
Subtotal	**215,290,954**	**(4,148,462)**	**(1.93)**	**218,428,270**	**(3,373,360)**	**(1.54)**	**(3,137,316)**	**(775,102)**	**(863,387)**	**97,669**	**(9,384)**
Other liabilities	12,485,224	(542,181)	(4.34)	13,183,674	(560,954)	(4.25)	(698,450)	18,773	—	18,773	—
Own funds	14,368,496	—	—	13,561,536	—	—	806,960	—	—	—	—
Total funds	**242,144,674**	**(4,690,643)**	**(1.94)**	**245,173,480**	**(3,934,314)**	**(1.60)**	**(3,028,806)**	**(756,329)**	**(863,387)**	**116,442**	**(9,384)**
Average total assets	**242,144,674**	**5,021,335**	**2.07**	**245,173,480**	**4,723,217**	**1.93**	**(3,028,806)**	**298,118**	**317,193**	**(25,270)**	**6,195**

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes negative interest on the balances of credit institutions on the liabilities side, the most significant item being TLTRO III borrowing in 2023.

Quarterly evolution of net interest income (%)



Quarterly evolution of customer margin (%)



Core results performed well in the year,[7] growing by 6.0% due to higher net interest income and improved provisions.

Gross margin

Net fees and commissions reached 1,357 million euros as at the end of 2024, representing a decline of 2.1% year-on-year, which was mainly due to lower service fees, especially payment card and current account fees.

Profit or loss on financial operations and exchange differences reached a total of 87 million euros, representing an increase compared to the end of 2023, mainly due to higher gains on derivatives.

Dividends received and earnings of companies consolidated under the equity method amounted to 166 million euros, compared with 131 million euros in the previous year due to a higher contribution from the insurance business and greater earnings from BSCapital investees.

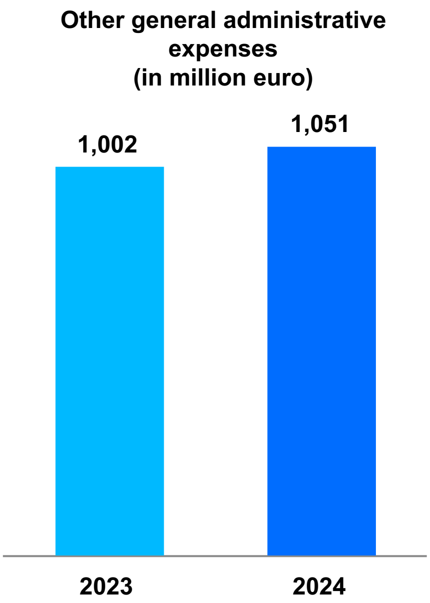
Other operating income and expenses amounted to -294 million euros, compared to -447 million euros in 2023. The positive year-on-year

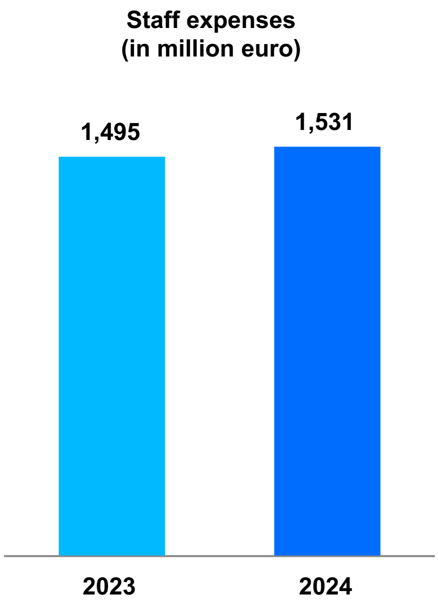
[7] Net interest income + fees and commissions – recurrent costs

variation is mainly explained by the fact that in the previous year -132 million euros were recognised for the contribution to Banco Sabadell's Deposit Guarantee Fund (DGF) and -76 million euros for the contribution to the Single Resolution Fund (SRF), which offset the negative variation caused by the recognition of a more severe impact of the bank levy in 2024, which was -192 million euros compared to -156 million euros recognised in the previous year.

Pre-provisions income

Total costs stood at -3,084 million euros as at year-end 2024, representing an increase of 2.3% year-on-year. Recurring costs rose by 2.7% year-on-year, due to an increase in both staff expenses and general expenses, which partially counterbalanced the reduction in amortisation/ depreciation.





The cost-to-income ratio including amortisation/depreciation for 2024 improved, standing at 48.7% compared to 51.4% in 2023.

Core results (net interest income + fees and commissions – recurrent costs) improved in the year, standing at 3,315 million euros as at 2024 year-end, having grown by 6.0% year-on-year as a result of the good evolution of net interest income.

Total provisions and impairments amounted to -714 million euros as at the end of 2024, compared to -910 million euros at the end of the previous year, representing a reduction of 21.6%, mainly due to fewer provisions for loan losses.

Capital gains on asset sales and other revenue amounted to -26 million euros as at the end of 2024. The positive year-on-year change is due to the recognition of lower IT asset write-offs.

Profit attributable to the Group

After deducting corporation tax and minority interests, net profit attributable to the Group amounted to 1,827 million euros as at the end of 2024, growing 37.1% year-on-year.

3.3 Balance sheet

Million euro

	2024	2023	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	18,382	29,986	(38.7)
Financial assets held for trading	3,439	2,706	27.1
Non-trading financial assets mandatorily at fair value through profit or loss	168	153	9.9
Financial assets at fair value through other comprehensive income	6,370	6,269	1.6
Financial assets at amortised cost	196,520	180,914	8.6
Debt securities	24,876	21,501	15.7
Loans and advances	171,644	159,413	7.7
Investments in joint ventures and associates	525	463	13.4
Tangible assets	2,078	2,297	(9.5)
Intangible assets	2,549	2,483	2.7
Other assets	9,567	9,902	(3.4)
Total assets	**239,598**	**235,173**	**1.9**
Financial liabilities held for trading	2,381	2,867	(16.9)
Financial liabilities at amortised cost	220,228	216,072	1.9
Deposits	186,341	183,947	1.3
Central banks	1,697	9,776	(82.6)
Credit institutions	14,822	13,840	7.1
Customers	169,823	160,331	5.9
Debt securities issued	27,437	25,791	6.4
Other financial liabilities	6,450	6,333	1.8
Provisions	478	536	(10.8)
Other liabilities	1,477	1,818	(18.8)
Total liabilities	**224,565**	**221,294**	**1.5**
Shareholders’ equity	15,389	14,344	7.3
Accumulated other comprehensive income	(391)	(499)	(21.6)
Minority interests (non-controlling interests)	34	34	0.6
Equity	**15,033**	**13,879**	**8.3**
Total equity and total liabilities	**239,598**	**235,173**	**1.9**
Loan commitments given	28,775	27,036	6.4
Financial guarantees given	1,980	2,064	(4.1)
Other commitments given	9,366	7,943	17.9
Total memorandum accounts	**40,121**	**37,043**	**8.3**

The EUR/GBP exchange rate used for the balance sheet was 0.8292 as at 31 December 2024.

Gross performing loans to customers ended the year 2024 with a balance of 156,913 million euros, growing by 4.7% year-on-year, driven both by good performance in Spain, where it is particularly worth noting the growth of lending to corporates and individuals, and by the businesses abroad, particularly Miami and TSB, in the latter case positively impacted by the appreciation of the pound sterling.

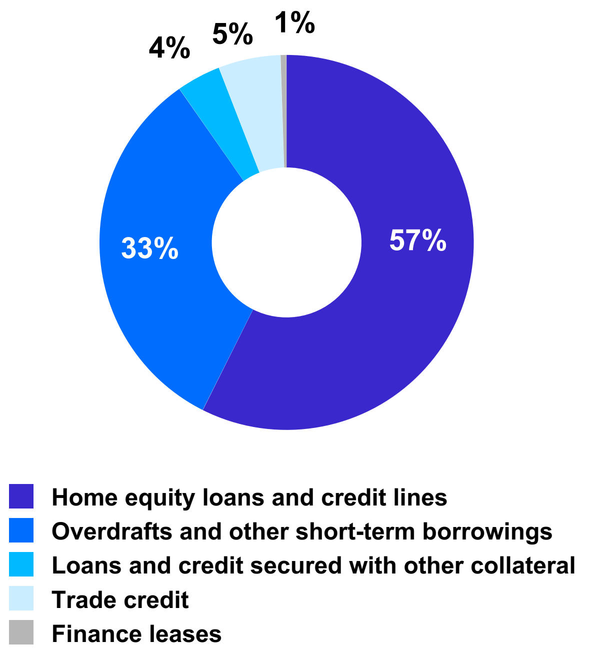
Home equity loans formed the largest single component of gross loans and receivables, amounting to 89,185 million euros as at 31 December 2024 and representing 57% of total gross performing loans to customers.

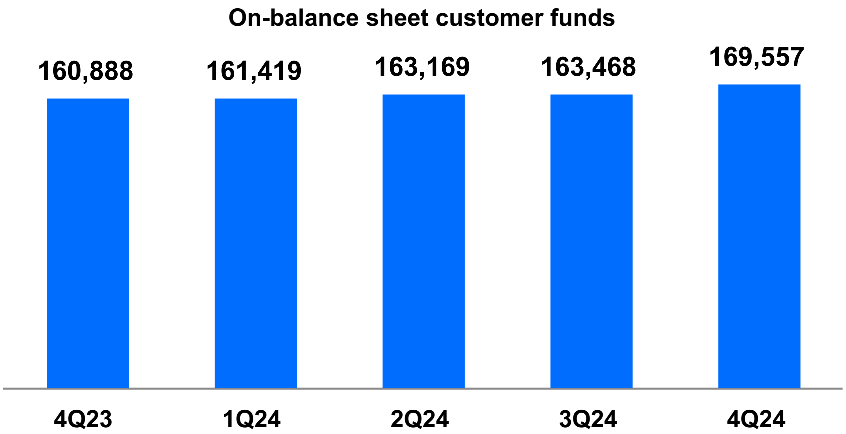
Million euro

	2024	2023	Year-on-year change (%)
Loans and credit secured with mortgages	89,185	86,162	3.5
Loans and credit secured with other collateral	5,924	5,064	17.0
Trade credit	8,356	7,465	11.9
Finance leases	2,376	2,236	6.3
Bank overdrafts and other short-term borrowings	51,071	48,870	4.5
Gross performing loans to customers	**156,913**	**149,798**	**4.7**
Stage 3 assets (customers)	4,595	5,472	(16.0)
Accrual adjustments	208	172	21.3
Gross loans to customers, excluding reverse repos	**161,717**	**155,442**	**4.0**
Reverse repos	—	17	(100.0)
Gross loans to customers	**161,717**	**155,459**	**4.0**
Reserve for loan losses and country risk	(2,844)	(3,199)	(11.1)
Loans and advances to customers	**158,872**	**152,260**	**4.3**

The EUR/GBP exchange rate used for the balance sheet was 0.8292 as at 31 December 2024.

The composition of loans and advances to customers by type of product is shown in the following figure (not including stage 3 assets or accrual adjustments):



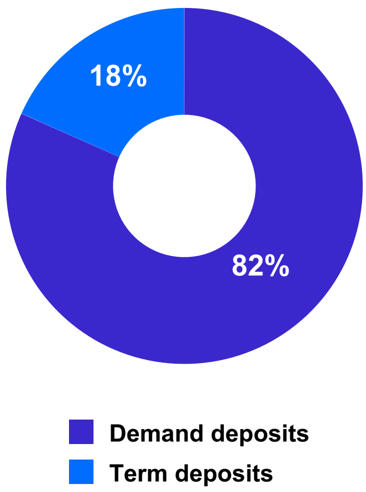


As at the end of 2024, on-balance sheet customer funds amounted to 169,557 million euros, compared to 160,888 million euros as at the end of 2023, increasing by 5.4% due to a higher volume of both demand deposits and term deposits.

Demand deposit balances amounted to 138,347 million euros, representing an increase of 3.1% compared to 2023.

Term deposits came to a total of 31,047 million euros, representing growth of 21.3% year-on-year.

The breakdown of customer deposits as at 2024 year-end is shown below:



Total off-balance sheet customer funds came to 46,171 million euros as at the end of 2024, reflecting an increase of 13.8% in year-on-year terms, driven by the good performance of mutual funds, mainly as a result of a positive level of net inflows.

Total funds under management as at 31 December 2024 amounted to 243,431 million euros, compared to 226,682 million euros as at 31 December 2023, representing a year-on-year increase of 7.4%, due to the growth of both on-balance sheet and off-balance sheet customer funds mentioned above.

Million euro

	2024	2023	Year-on-year change (%)
On-balance sheet customer funds (*)	**169,557**	**160,888**	**5.4**
Customer deposits	169,823	160,331	5.9
Current and savings accounts	138,347	134,243	3.1
Term deposits	31,047	25,588	21.3
Repos	—	200	--
Accrual adjustments and hedging derivatives	429	299	43.3
Borrowings and other marketable securities	23,345	22,198	5.2
Subordinated liabilities (**)	4,092	3,593	13.9
On-balance sheet funds	**197,260**	**186,122**	**6.0**
Undertakings for collective investment in transferable securities	28,308	24,093	17.5
UCITS managed	674	589	14.5
UCITS sold but not managed	27,634	23,504	17.6
Assets under management	4,729	3,598	31.4
Pension funds	3,352	3,249	3.2
Personal schemes	2,166	2,103	3.0
Workplace schemes	1,183	1,141	3.7
Collective schemes	4	5	(21.8)
Insurance products sold	9,782	9,621	1.7
Off-balance sheet customer funds	**46,171**	**40,561**	**13.8**
Funds under management and third-party funds	**243,431**	**226,682**	**7.4**

(*) Includes customer deposits (excl. repos) and other liabilities placed via the branch network: straight bonds issued by Banco Sabadell, commercial paper and others.

(**) Refers to subordinated debt securities issued.

The EUR/GBP exchange rate used for the balance sheet was 0.8292 as at 31 December 2024.

The balance of non-performing assets was reduced by 1,068 million euros over the year, while the coverage ratio considering total provisions rose to 58.6%.

Non-performing assets were reduced over the year 2024. The quarterly performance of these assets in 2024 and 2023 is shown below:

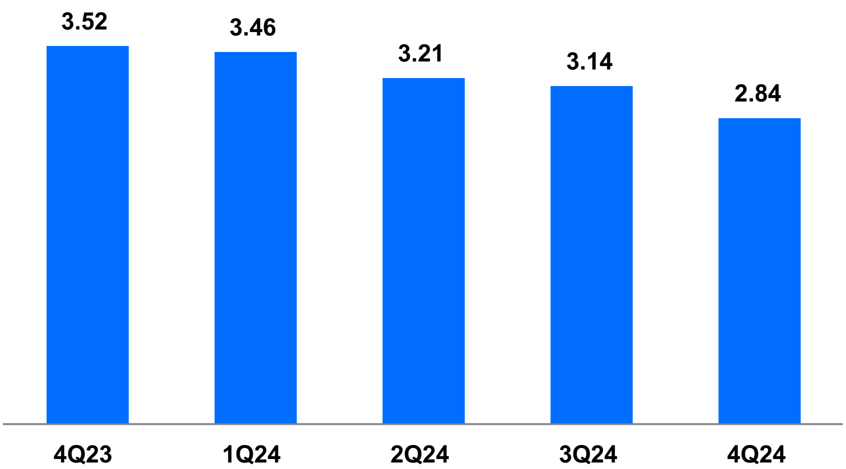
Million euro

	2024				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ordinary net increase in stage 3 loans	40	(182)	(27)	(307)	183	111	85	(35)
Real estate asset balance variation	(32)	(36)	(31)	(36)	(40)	(34)	(44)	(68)
Ordinary net increase in stage 3 loans + real estate	**8**	**(219)**	**(58)**	**(344)**	**143**	**77**	**41**	**(103)**
Write-offs	100	97	128	132	106	114	82	79
Ordinary QoQ change in balance of stage 3 loans and real estate	**(92)**	**(316)**	**(186)**	**(476)**	**37**	**(37)**	**(41)**	**(182)**

As a result of the reduction in exposures classified as stage 3, associated with an increase in the risk base, the NPL ratio reached 2.84% as at 2024 year-end, compared to 3.52% as at 2023 year-end (decrease of 68 basis points). The stage 3 coverage ratio with total provisions as at 31 December 2024 was 61.7% compared to 58.3% one year earlier, while the coverage ratio of non-performing real estate assets stood at 40.5% as at 31 December 2024, compared to 39.6% at the end of the previous year.

As at 31 December 2024, the balance of exposures classified as stage 3 in the Group amounted to 4,844 million euros (including contingent exposures), a decline of 933 million euros in 2024.

NPL ratio (*) (%)



(*) Calculated including contingent exposures.

The trend followed by the Group's coverage ratios is shown in the table below:

Million euro

	2024				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Exposures classified as stage 3	5,718	5,439	5,283	4,844	5,891	5,888	5,891	5,777
Total provisions	3,346	3,247	3,213	2,990	3,219	3,280	3,329	3,368
Stage 3 coverage ratio, with total provisions (%)	**58.5**	**59.7**	**60.8**	**61.7**	**54.6**	**55.7**	**56.5**	**58.3**
Stage 3 provisions	2,433	2,399	2,365	2,245	2,328	2,361	2,402	2,445
Stage 3 coverage ratio (%)	**42.5**	**44.1**	**44.8**	**46.3**	**39.5**	**40.1**	**40.8**	**42.3**
Non-performing real estate assets	939	902	872	836	1,117	1,083	1,039	971
Provisions for non-performing real estate assets	370	356	352	338	429	419	404	385
Non-performing real estate coverage ratio (%)	**39.4**	**39.5**	**40.3**	**40.5**	**38.4**	**38.7**	**38.9**	**39.6**
Total non-performing assets	6,657	6,341	6,155	5,680	7,008	6,971	6,930	6,748
Provisions for non-performing assets	3,715	3,604	3,564	3,329	3,648	3,699	3,733	3,752
NPA coverage ratio (%)	**55.8**	**56.8**	**57.9**	**58.6**	**52.1**	**53.1**	**53.9**	**55.6**

Includes contingent exposures.

3.4 Liquidity management

The Group's liquidity position is sound, with a balanced funding structure.

During 2024, the funding gap turned positive, with a sharper increase in customer funds than in lending. Funding in capital markets increased at the level of both securitisations and debt issuances compared to 2023, senior non-preferred debt and subordinated debt being the items with the greatest net increase, in order to keep an adequate level of own funds and eligible liabilities above the applicable regulatory requirement (Minimum Requirement for own funds and Eligible Liabilities, or MREL). The Group's Loan-to-Deposit (LTD) ratio as at 31 December 2024 was 93.2% (94.0% as at 31 December 2023).

The Institution has made use of the different issuance windows to access the capital markets at different times in the year, successfully completing the issuance plan, in an environment in which inflation continued to cool off and central banks have eased their monetary policies by cutting interest rates. Maturities and early repayments in capital markets over the year amounted to 4,088 million euros (net). On the other hand, Banco Sabadell carried out two issues under the current Base Prospectus of Non-Equity Securities amounting to a total of 1.75 billion euros, specifically the following: one issue of mortgage covered bonds on 5 June 2024 for 1 billion euros with a 10-year maturity, and another issue of mortgage covered bonds on 15 October 2024 for 750 million euros with a 5.5-year maturity. Furthermore, under the EMTN Programme, Banco Sabadell carried out five issues for a total amount of 2,793 million euros, specifically the following: one issue of senior preferred debt on 15 January 2024 for 750 million euros with a 6-year maturity and an early call option in favour of Banco Sabadell in the fifth year; one issue of senior non-preferred debt on 13 March 2024 for 500 million euros with a 6.5-year maturity and an early call option in favour of Banco Sabadell in the second half of the fifth year; one issue of Tier 2 subordinated bonds on 27 March 2024 for 500 million euros with a 10.25-year maturity and an early call option in favour of Banco Sabadell in the fifth year; its first-ever issue in pounds sterling of senior preferred debt on 13 September 2024 for 450 million pounds with a 5-year maturity; and one issue of senior non-preferred debt on 27 November 2024 for 500 million euros with a 6.5-year maturity and an early call option in favour of Banco Sabadell in the second half of the fifth year. In addition, TSB Bank carried out two issues of mortgage covered bonds: its first-ever issue in euros for 500 million with a 5-year maturity on 5 March 2024, and another issue for 500 million pounds sterling with a 5-year maturity on 11 September 2024.

During 2024, having obtained the corresponding authorisation, Banco Sabadell exercised the early redemption option on the Senior Debt 2/2019 series amounting to 500 million euros on 7 November 2024. Furthermore, having obtained the corresponding authorisation, Banco Sabadell released an announcement to the market in November regarding the early redemption of the Subordinated Debt 1/2020 series in the amount of 300 million euros, which was subsequently exercised on 17 January 2025.

In relation to securitisation transactions, on 23 May 2024, TSB Bank set up the securitisation fund of residential mortgage loans, Duncan Funding 2024-1 PLC, through which it securitised one portfolio of mortgage loans in the amount of 557.7 million pounds sterling. The entire senior tranche of 500 million pounds was placed on the market.

On 26 September 2024, Banco Sabadell disbursed the traditional securitisation Sabadell Consumo 3, F.T. under its consumer loan securitisation programme. This is the third operation of the programme enabling the credit risk of a 750 million euro consumer loan portfolio to be financed and transferred. The issue consists of seven classes of bonds that were placed on the market, with the exception of the first loss tranche of 9.2 million euros to fund the reserve fund and initial expenses, and 76.3 million euros from the senior series which was subscribed by Banco de Sabadell, S.A.

The Institution has maintained a liquidity buffer in the form of liquid assets to meet potential liquidity needs.

In terms of the LCR, since 1 January 2018, the regulatory required minimum LCR has been 100%, a level amply surpassed by all of the Institution’s LMUs. The TSB and Banco Sabadell Spain LMUs have a level of 200% and 248%, respectively, as at 31 December 2024. At the Group level, the Institution’s LCR remained well above 100% on a stable basis at all times throughout the year, ending 2024 at 210%. As for the Net Stable Funding Ratio (NSFR), which came into force on 28 June 2021, the Institution has remained steadily above the minimum requirement of 100% in all LMUs. As at 31 December 2024, the NSFR stood at 153% for the TSB LMU, 137% for Banco Sabadell Spain and 142% for the Group.

The key figures and basic liquidity ratios reached at the end of 2024 and 2023 are shown here below:

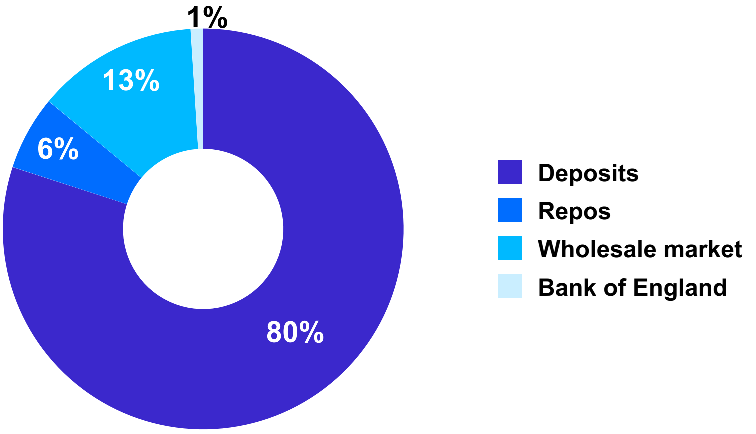
Million euro

	2024	2023
Gross loans to customers, excluding reverse repos	161,717	155,442
Impairment allowances	(2,844)	(3,199)
Brokered loans	(884)	(953)
Net loans and advances excluding ATAs, adjusted for brokered loans	**157,988**	**151,290**
On-balance sheet customer funds	169,557	160,888
Loan-to-deposit ratio (%)	**93**	**94**

The EUR/GBP exchange rate used for the balance sheet is 0.8292 as at 31 December 2024 and 0.8691 as at 31 December 2023.

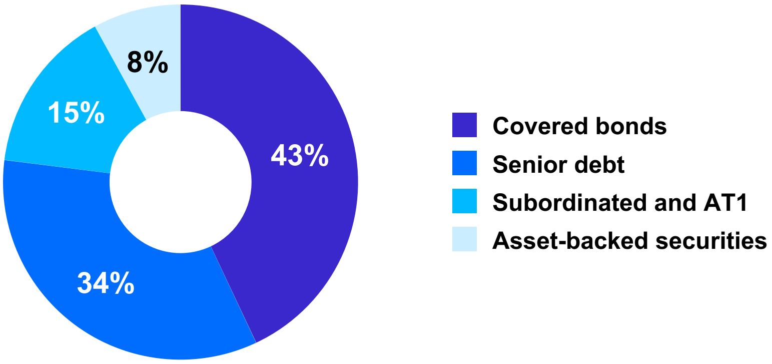
The main sources of funding as at 2024 year-end are shown below according to the type of instrument and counterparty (in %):

Funding structure (*)



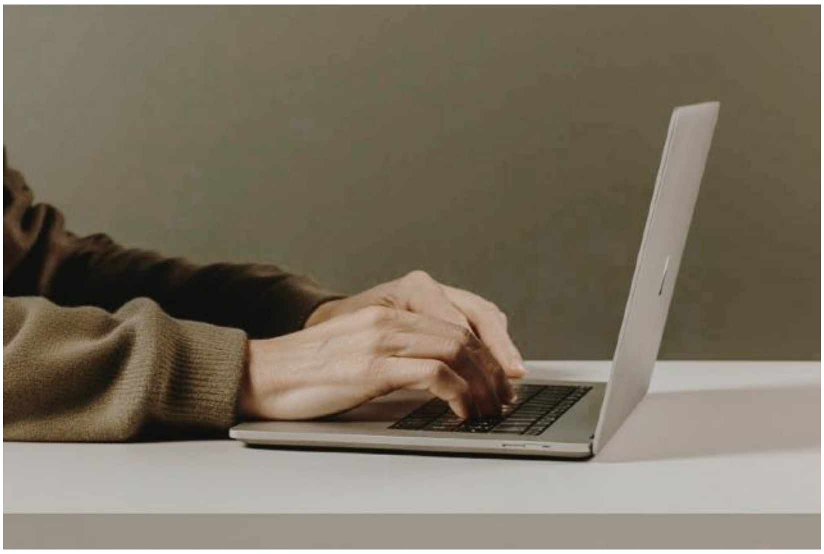
(*) Without accrual adjustments or hedging derivatives.

Loans and advances



(*) Without accrual adjustments or hedging derivatives.

For further details about the Group's liquidity management, liquidity strategy and liquidity performance during the year, see Note 4 to the 2024 consolidated annual financial statements.



3.5 Capital management

Key capital figures and solvency ratios

Thousand euro

	31/12/2024		31/12/2023	
	Fully-loaded	**Phase-in**	**Fully-loaded**	**Phase-in**
Common Equity Tier 1 (CET1) capital	10,484,954	10,484,954	10,346,761	10,346,761
Tier 1 (T1) capital	12,234,954	12,234,954	12,096,761	12,096,761
Tier 2 (T2) capital	1,945,862	1,945,862	1,829,460	1,829,460
Total capital (Tier 1 + Tier 2)	14,180,816	14,180,816	13,926,221	13,926,221
Risk weighted assets	80,559,227	80,559,227	78,427,616	78,427,616
CET1 (%)	13.02%	13.02%	13.19%	13.19%
Tier 1 (%)	15.19%	15.19%	15.42%	15.42%
Tier 2 (%)	2.42%	2.42%	2.33%	2.33%
Total capital ratio (%)	17.60%	17.60%	17.76%	17.76%
Leverage ratio	5.20%	5.20%	5.19%	5.19%

In 2018, following the entry into force of IFRS 9, the Group opted to apply the transitional arrangements established in Regulation (EU) 2017/2395. In 2023 and 2024, the transitional arrangements arising as a result of IFRS 9 and still in effect had no impact on the Institution's solvency ratios.

During 2024, the Group increased its capital base by 255 million euros in fully-loaded terms.

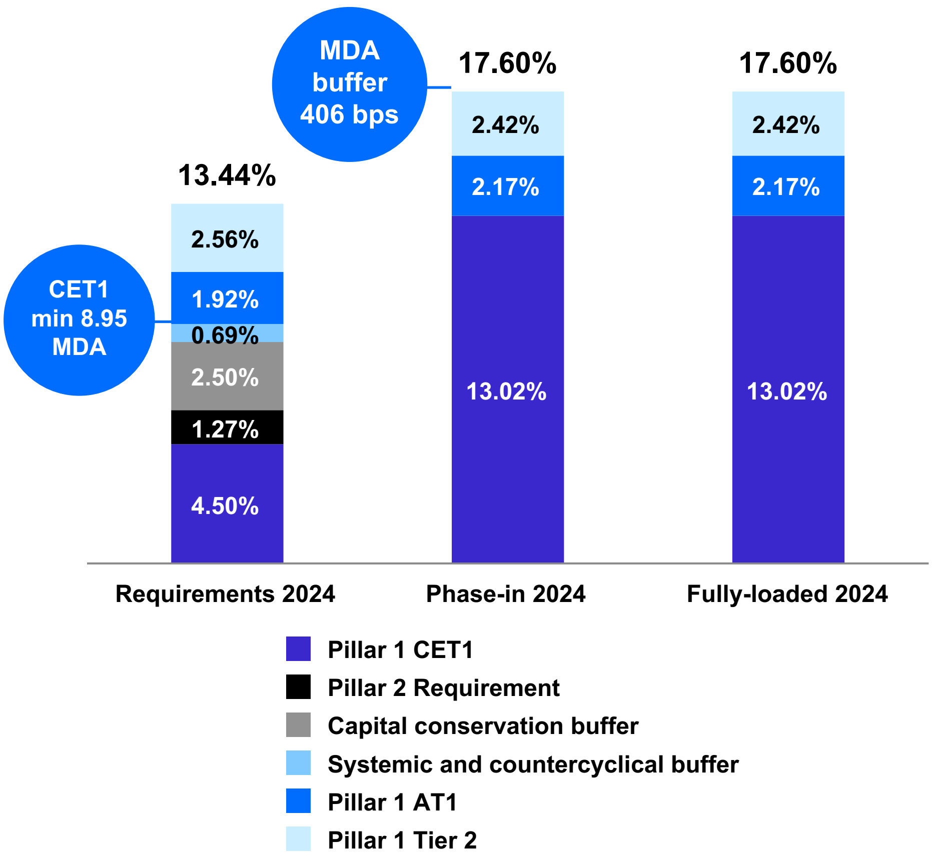
In 2024, the Bank carried out the issue of Subordinated Debt 1/2024 for 500 million euros on 27 March 2024. The loss of eligibility of the Subordinated Debt issue 1/2020 in the amount of 300 million euros also occurred, after it was announced, on 18 November 2024, that the early redemption option was to be exercised on 17 January 2025, in accordance with the issue's terms and conditions.

In terms of Risk-Weighted Assets (RWAs), three securitisation operations were carried out during the year: one synthetic securitisation carried out in June 2024 on a 1.1 billion euro project finance portfolio; one traditional securitisation carried out in September 2024 on a 750 million euro consumer loan portfolio; and one synthetic securitisation carried out in December 2024 on a 1.23 billion US dollar portfolio of corporate loans and project finance.

Furthermore, at Banco Sabadell ex-TSB, the increase in credit RWAs is noteworthy due to the growth in lending and the implementation of new models for corporates and groups and for retail card and loan exposures. In addition, market risk grew over the period mainly as a result of the increased open forex position. Finally, the update to operational RWAs led to a rise in RWAs, given the increase in the material risk indicator in 2024.

As a result, the fully-loaded CET1 ratio stood at 13.02% as at year-end 2024.

As at 31 December 2024, the Group had a phase-in CET1 capital ratio of 13.02%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2024 was 8.95%, meaning that the aforesaid ratio is 406 basis points above the minimum requirement.



Minimum capital requirements have been calculated taking into account capital requirements in effect as at 2024 year-end for Pillar 1 (8%) and Pillar 2R (2.25%), as well as the capital conservation buffer (2.5%), countercyclical buffer (0.44%) and the buffer for other systemically important institutions (0.25%).

In May 2024, the SRB published the MREL Policy under the Banking Package, which integrates the regulatory changes of the aforesaid resolution framework reform. The new requirements from the SRB are based on balance sheet data as at December 2023 and set the final MREL target, which is binding from 17 December 2024, the same day that Banco Sabadell received a communication from the Bank of Spain regarding the decision made by the Single Resolution Board (SRB) concerning the Minimum Requirement for own funds and Eligible Liabilities (MREL) and the subordination requirement applicable to the Institution on a consolidated basis.

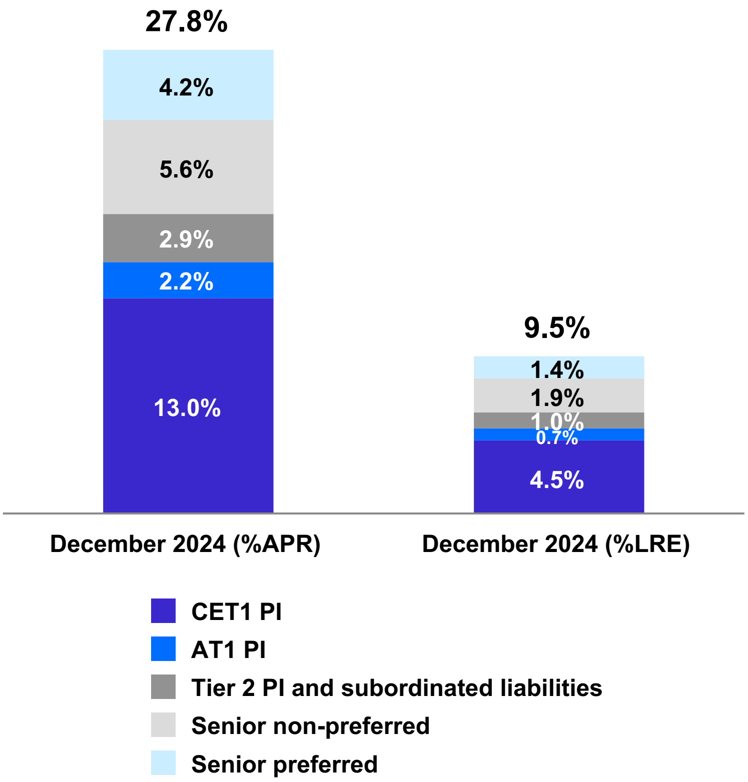
The requirements that must be met from 17 December 2024 are as follows:

— The MREL is 22.14% of the Total Risk Exposure Amount (TREA) and 6.39% of the Leverage Ratio Exposure (LRE).
— The subordination requirement is 15.84% of the TREA and 6.39% of the LRE.

The own funds used by the Institution to meet the Combined Buffer Requirement (CBR), comprising the capital conservation buffer, the systemic risk buffer and the countercyclical buffer, will not be eligible to meet the MREL and subordination requirements expressed in terms of the TREA.

As at the end of 2024 and 2023, Banco Sabadell meets the applicable requirements. Furthermore, the Institution's Funding Plan anticipates that it will continue to comply, comfortably, with the current requirements.

Group MREL



The RWAs percentage includes the capital earmarked to meet the Combined Buffer Requirement (CBR). This serves as a mechanism to accumulate capital to protect against cyclical and structural systemic risks, in order to build up own funds during periods of prosperity and thus be able to protect the regulatory minimum during periods of adverse economic conditions.