Financial information

3

Financial information

3.1 Key figures in 2025

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

		2025	2024	Year-on-year change (%)
Income statement (million euro)	**(A)**			
Net interest income		4,837	5,021	(3.7)
Gross income		6,284	6,337	(0.8)
Pre-provisions income		3,184	3,254	(2.1)
Profit attributed to the Group		1,775	1,827	(2.8)
Balance sheet (million euro)	**(B)**			
Total assets		245,392	239,598	2.4
Gross performing loans		160,708	156,913	2.4
Gross loans to customers		164,864	161,717	1.9
On-balance sheet customer funds		172,265	169,557	1.6
Off-balance sheet funds		52,656	46,171	14.0
Total customer funds		224,921	215,729	4.3
Funds under management and third-party funds		253,563	243,431	4.2
Equity		14,082	15,033	(6.3)
Shareholders' equity		14,631	15,389	(4.9)
Profitability and efficiency (%)	**(C)**			
ROA		0.7	0.8	
RORWA		2.2	2.3	
ROE		11.9	12.4	
ROTE		14.3	14.9	
Cost-to-income		49.3	48.7	
Risk management	**(D)**			
Non-performing assets (million euro)		4,803	5,680	(15.4)
NPL ratio (%)		2.37	2.84	
Credit cost of risk (bps)		21	26	
Total cost of risk (bps)		31	42	
Capital management	**(E)**			
Risk-Weighted Assets (RWAs) (million euro)		80,111	80,485	
Common Equity Tier 1, phase-in (%)	(1)	13.16	13.03	
Tier 1, phase-in (%)	(2)	16.59	15.20	
Total Capital ratio, phase-in (%)	(3)	18.23	17.62	
Leverage ratio, phase-in (%)		5.40	5.20	
Liquidity management (%)	**(F)**			
Loan-to-deposit ratio		93.5	93.2	
LCR		186	210	
NSFR		139	142	
Shareholders and shares (as at reporting date)	**(G)**			
Number of shares outstanding (million) (*)		4,998	5,361	
Share price (euro)		3.365	1.877	
Market capitalisation (million euro)		16,818	10,063	
Earnings Per Share (EPS) (euro)		0.32	0.32	
Book value per share (euro)		2.93	2.87	
P/TBV (price/tangible book value per share)		1.40	0.78	
Price/Earnings ratio (share price/EPS)		10.64	5.84	
Other data				
Branches and offices		1,336	1,350	
Employees		18,736	18,769	

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

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

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

In the Group’s management reporting figures, the results of TSB and its subsidiary undertakings are disclosed in disaggregate form and line by line, just as they had been in previous years, whereas in the Group’s consolidated income statement used for statutory reporting, the results linked to those companies are disclosed in aggregate under the heading “Profit or loss after tax from discontinued operations”. In addition, in connection with the termination of the agreement to sell Paycomet, S.L.U. and the start of the strategic partnership for the merchant acquiring service signed between the Bank and Nexi S.p.A. for the sale of Banco Sabadell’s merchant acquiring business, the management reporting figures for 2024 have not been restated, unlike the statutory reporting figures shown in the Group’s consolidated income statement for that year, shown for the purpose of comparison in the consolidated notes to the accounts, which have been.

The accounting treatment of both operations is described in Note 1.4 to the consolidated annual financial statements for 2025.

The section “Performance measures and reconciliation with management indicators” contained in this Directors’ Report includes a reconciliation between the Group’s consolidated income statement and the profit and loss account used for management reporting.

3.2 Income statement

The Group's net profit amounted to 1,775 million euros as at the end of 2025, bringing its ROTE to 14.3%.

Million euro

	2025	2024	Year-on-year change (%)
Net interest income	**4,837**	**5,021**	**(3.7)**
Net fees and commissions	1,384	1,357	2.0
Core revenue	**6,221**	**6,378**	**(2.5)**
Profit or loss on financial operations and exchange differences	4	87	(95.0)
Equity-accounted income and dividends	181	166	8.9
Other operating income and expenses	(122)	(294)	(58.4)
Gross income	**6,284**	**6,337**	**(0.8)**
Operating expenses	(2,600)	(2,583)	0.7
Staff expenses	(1,576)	(1,531)	2.9
Other general administrative expenses	(1,025)	(1,051)	(2.6)
Depreciation and amortisation	(500)	(501)	(0.2)
Total costs	(3,100)	(3,084)	0.5
Memorandum item:			
Recurrent costs	(3,100)	(3,062)	1.2
Non-recurrent costs	—	(21)	(100.0)
Pre-provisions income	**3,184**	**3,254**	**(2.1)**
Total provisions and impairments	(546)	(714)	(23.5)
Provisions for loan losses	(481)	(567)	(15.2)
Provisions for other financial assets	(39)	(69)	(43.2)
Other provisions and impairments	(27)	(78)	(65.8)
Capital gains on asset sales and other revenue	(37)	(26)	40.7
Profit or loss before tax	**2,601**	**2,514**	**3.5**
Corporation tax	(824)	(685)	20.2
Profit or loss attributed to minority interests	2	2	(0.9)
Profit attributed to the Group	**1,775**	**1,827**	**(2.8)**

The average exchange rate used for the cumulative balance of TSB's income statement is GBP 0.8566 (GBP 0.8463 in 2024).

Net interest income

Net interest income amounted to 4,837 million euros as at the end of 2025, falling by 3.7% year-on-year, mainly as a result of the performance of the business excluding TSB, which fell by -6.6%, essentially due to a reduced credit yield and a smaller contribution by credit institutions, both impacted by lower interest rates, although this was partially offset by the good performance of volumes and by the growth of TSB, in turn driven by the impact of the structural balance sheet hedge.

Consequently, the net interest margin as a percentage of average total assets stood at 1.97% in 2025 (2.07% in 2024).

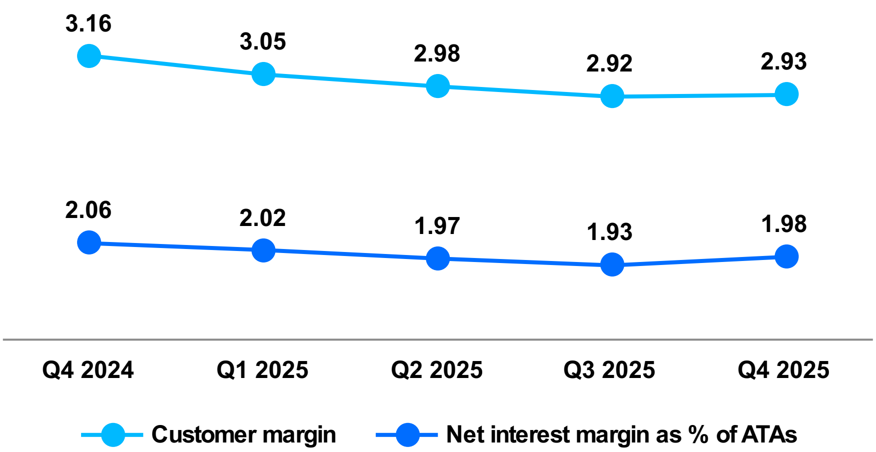
The breakdown of net interest income for the years 2025 and 2024, as well as the different components of the total amounts of investments and funds, is as follows:

Thousand euro

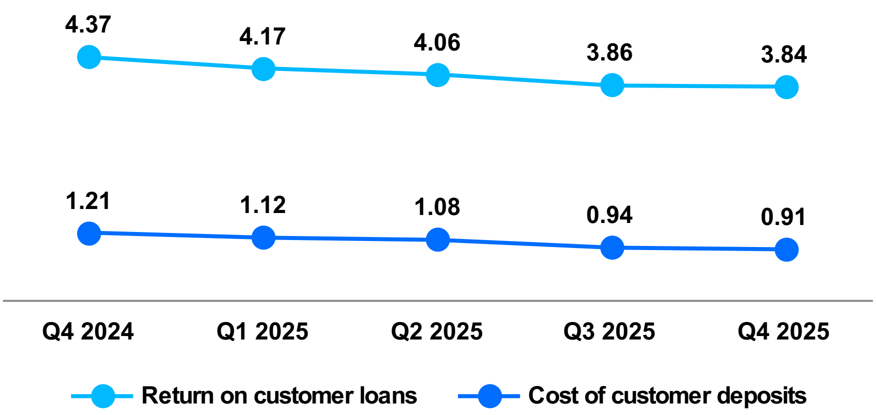
	2025			2024			Variation			Effect	
	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate	Volume	Days
Cash, central banks and credit institutions	31,980,241	921,245	2.88	37,770,825	1,496,204	3.96	(5,790,584)	(574,959)	(396,003)	(174,831)	(4,125)
Loans and advances to customers	159,198,277	6,335,889	3.98	154,131,178	6,726,169	4.36	5,067,099	(390,280)	(590,224)	211,224	(11,280)
Fixed-income portfolio	35,840,571	1,097,469	3.06	30,756,499	1,053,155	3.42	5,084,072	44,314	(81,117)	127,413	(1,982)
Subtotal	**227,019,089**	**8,354,603**	**3.68**	**222,658,502**	**9,275,528**	**4.17**	**4,360,587**	**(920,925)**	**(1,067,344)**	**163,806**	**(17,387)**
Equity portfolio	1,366,939	—	—	1,000,799	—	—	366,140	—	—	—	—
Tangible and intangible assets	4,289,507	—	—	4,497,961	—	—	(208,454)	—	—	—	—
Other assets	12,545,724	224,076	1.79	13,987,412	436,450	3.12	(1,441,688)	(212,374)		(212,374)	—
Total investments	**245,221,259**	**8,578,679**	**3.50**	**242,144,674**	**9,711,978**	**4.01**	**3,076,585**	**(1,133,299)**	**(1,067,344)**	**(48,568)**	**(17,387)**
Central banks and credit institutions	25,278,379	(697,275)	(2.76)	26,372,582	(1,045,965)	(3.97)	(1,094,203)	348,690	260,312	85,409	2,969
Customer deposits	167,305,431	(1,692,547)	(1.01)	162,250,211	(1,997,041)	(1.23)	5,055,220	304,494	331,522	(32,430)	5,402
Capital markets	27,212,740	(955,523)	(3.51)	26,668,161	(1,105,456)	(4.15)	544,579	149,933	168,316	(21,393)	3,010
Subtotal	**219,796,550**	**(3,345,345)**	**(1.52)**	**215,290,954**	**(4,148,462)**	**(1.93)**	**4,505,596**	**803,117**	**760,150**	**31,586**	**11,381**
Other liabilities	10,914,939	(396,628)	(3.63)	12,485,224	(542,181)	(4.34)	(1,570,285)	145,553	—	145,553	—
Own funds	14,509,770	—	—	14,368,496	—	—	141,274	—	—	—	—
Total funds	**245,221,259**	**(3,741,973)**	**(1.53)**	**242,144,674**	**(4,690,643)**	**(1.94)**	**3,076,585**	**948,670**	**760,150**	**177,139**	**11,381**
Average total assets	**245,221,259**	**4,836,706**	**1.97**	**242,144,674**	**5,021,335**	**2.07**	**3,076,585**	**(184,629)**	**(307,194)**	**128,571**	**(6,006)**

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability.

Quarterly evolution of net interest income (%)



Quarterly evolution of customer margin (%)



Gross income

Net fees and commissions came to 1,384 million euros as at the end of 2025, representing an increase of 2.0% year-on-year, which was mainly due to higher asset management and insurance fees, driven by the sharp growth of off-balance sheet customer funds.

Profit or loss on financial operations and exchange differences came to a total of 4 million euros, representing a decrease compared to the end of 2024, mainly due to the impact of the currency hedge in sterling to cover the sale price of TSB, and due to an offer to buy back subordinated bonds.

Dividends received and earnings of companies consolidated under the equity method amounted to 181 million euros, compared with 166 million euros in the previous year, mainly due to higher earnings from the insurance business.

Other operating income and expenses amounted to a total of -122 million euros, compared to -294 million euros in 2024. The positive year-on-year variation is mainly attributable to the bank levy, whose last year of validity was 2024, and which generated an expense of 192 million euros in that year. In 2025, the tax on net interest and commission income of certain financial institutions came into effect, amounting to 123 million euros, which was recognised under the Corporation tax line item.

Pre-provisions income

Total costs stood at 3,100 million euros as at the end of 2025, representing an increase of 0.5% year-on-year, where it is worth calling attention to the increase in staff expenses. In addition, after the strategic deal signed between Nexi S.p.A. and Banco Sabadell (see Note 2 to the consolidated annual financial statements for 2025) came to an end in October 2025, certain expenses related to the assets of the subsidiary Paycomet, which in 2024 were recognised under provisions, were instead recognised as depreciation expenses in 2025.

It is worth noting the improvement in asset quality, which has made it possible to reduce the Group’s provisions.

Total provisions and impairments amounted to 546 million euros as at the end of 2025, compared to 714 million euros as at the end of the previous year, representing a reduction of 23%, due to an improvement in both credit provisions and real estate provisions.

Capital gains on asset sales and other revenue amounted to -37 million euros as at the end of 2025. The negative year-on-year change is due to the recognition of greater losses on asset write-offs.

Profit attributed to the Group

After deducting corporation tax, the tax on net interest and commission income and the portion of profit or loss corresponding to minority interests, net profit attributed to the Group amounted to 1,775 million euros as at the end of 2025, falling by 2.8% year-on-year.

In 2024, 109 million euros (net) of extraordinary impacts were recognised; if we exclude these impacts, the Group’s net profit was actually up by 3.4%.

3.3 Balance sheet

Million euro

	2025	2024	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	17,206	18,382	(6.4)
Financial assets held for trading	3,609	3,439	5.0
Non-trading financial assets mandatorily at fair value through profit or loss	194	168	15.6
Financial assets at fair value through other comprehensive income	6,320	6,370	(0.8)
Financial assets at amortised cost	204,104	196,520	3.9
Debt securities	29,346	24,876	18.0
Loans and advances	174,759	171,644	1.8
Investments in joint ventures and associates	482	525	(8.2)
Tangible assets	1,978	2,078	(4.8)
Intangible assets	2,642	2,549	3.6
Non-current assets and disposal groups classified as held for sale	667	718	(7.1)
Other assets	8,188	8,848	(7.5)
Total assets	**245,392**	**239,598**	**2.4**
Financial liabilities held for trading	2,252	2,381	(5.4)
Financial liabilities at amortised cost	227,444	220,228	3.3
Deposits	195,385	186,341	4.9
Central banks	686	1,697	(59.6)
Credit institutions	19,845	14,822	33.9
Customers	174,853	169,823	3.0
Debt securities issued	26,054	27,437	(5.0)
Other financial liabilities	6,005	6,450	(6.9)
Provisions	370	478	(22.6)
Liabilities included in disposal groups classified as held for sale	—	30	(99.9)
Other liabilities	1,244	1,447	(14.1)
Total liabilities	**231,310**	**224,565**	**3.0**
Shareholders' equity	14,631	15,389	(4.9)
Accumulated other comprehensive income	(584)	(391)	49.2
Minority interests [non-controlling interests]	35	34	0.5
Equity	**14,082**	**15,033**	**(6.3)**
Total equity and total liabilities	**245,392**	**239,598**	**2.4**
Loan commitments given	27,316	28,775	(5.1)
Financial guarantees given	1,835	1,980	(7.3)
Other commitments given	9,714	9,366	3.7
Total memorandum accounts	**38,864**	**40,121**	**(3.1)**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

Gross performing loans to customers ended the year 2025 with a balance of 160,708 million euros, growing by 2.4% year-on-year, driven both by good performance in Spain, which recorded growth across all segments, but particularly in the mortgage book, and by the businesses abroad.

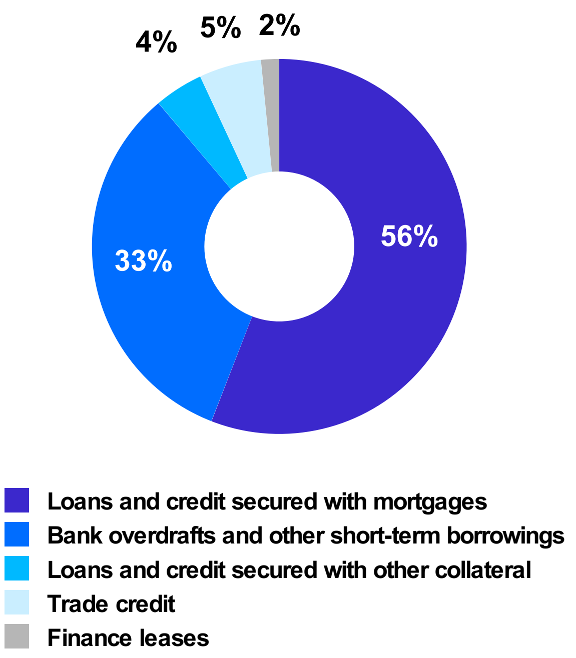
Home equity loans formed the largest single component of gross loans and receivables, amounting to 89,844 million euros as at 31 December 2025 and representing 55.9% of total gross performing loans to customers.

Million euro

	2025	2024	Year-on-year change (%)
Loans and credit secured with mortgages	89,844	89,185	0.7
Loans and credit secured with other collateral	6,771	5,924	14.3
Trade credit	8,605	8,356	3.0
Finance leases	2,527	2,376	6.4
Bank overdrafts and other short-term borrowings	52,961	51,071	3.7
Gross performing loans to customers	**160,708**	**156,913**	**2.4**
Stage 3 assets (customers)	3,909	4,595	(14.9)
Accrual/deferral adjustments	247	208	18.7
Gross loans to customers, excluding reverse repos	**164,864**	**161,717**	**1.9**
Reverse repos	71	—	--
Gross loans to customers	**164,935**	**161,717**	**2.0**
Reserve for loan losses and country risk	(2,498)	(2,844)	(12.2)
Loans and advances to customers	**162,437**	**158,872**	**2.2**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

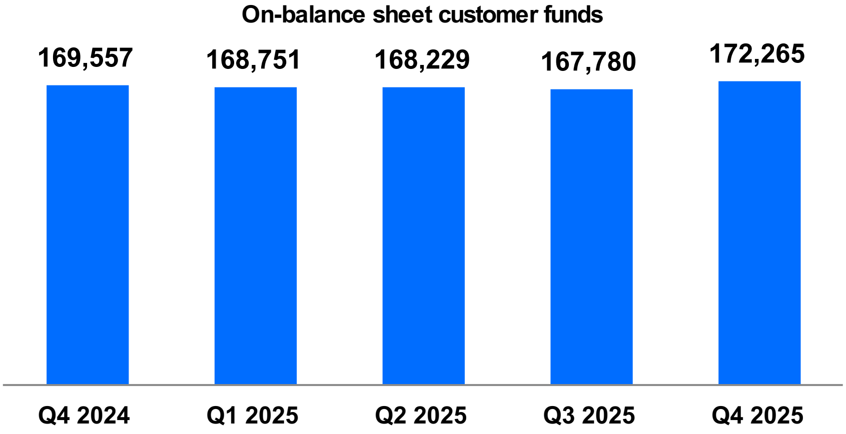
The composition of loans and advances to customers by type of product is shown in the following chart (not including stage 3 assets or accrual/deferral adjustments):



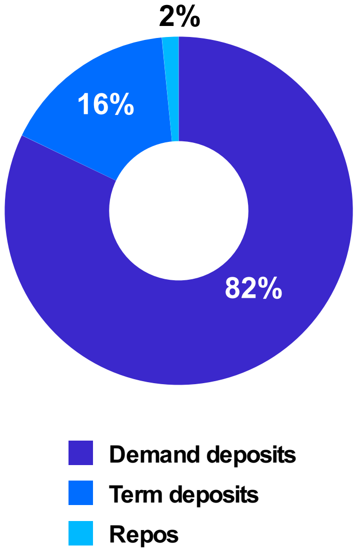
As at the end of 2025, on-balance sheet customer funds amounted to 172,265 million euros, compared to 169,557 million euros as at the end of 2024, increasing by 1.6% due to a larger volume of demand deposits.

Demand deposit balances amounted to 143,400 million euros, representing an increase of 3.7% compared to 2024.

Term deposits came to a total of 28,476 million euros, representing a decrease of 8.3% year-on-year, affected by the shift of funds towards off-balance sheet products.



The breakdown of customer deposits as at 2025 year-end is shown below:



Total off-balance sheet customer funds came to 52,656 million euros as at the end of 2025, reflecting an increase of 14% in year-on-year terms, where it is particularly worth noting the good evolution of mutual funds, mainly explained by positive net subscriptions, as well as the increase in third-party insurance products and assets under management.

Total funds under management as at 31 December 2025 amounted to 253,563 million euros, compared to 243,431 million euros as at 31 December 2024, representing a year-on-year increase of 4.2%, due to the growth of both on-balance sheet customer funds and off-balance sheet funds, as explained above.

Million euro

	2025	2024	Year-on-year change (%)
On-balance sheet customer funds (*)	**172,265**	**169,557**	**1.6**
Customer deposits	174,853	169,823	3.0
Current and savings accounts	143,400	138,347	3.7
Term deposits	28,476	31,047	(8.3)
Repos	2,709	—	--
Accrual/deferral adjustments and hedging derivatives	268	429	(37.5)
Borrowings and other marketable securities	21,788	23,345	(6.7)
Subordinated liabilities (**)	4,265	4,092	4.2
On-balance sheet funds	**200,907**	**197,260**	**1.8**
Collective investment undertakings	31,707	28,308	12.0
Managed	831	674	23.2
Sold but not managed	30,876	27,634	11.7
Assets under management	5,887	4,729	24.5
Pension funds	3,430	3,352	2.3
Personal schemes	2,195	2,166	1.4
Workplace schemes	1,231	1,183	4.1
Collective schemes	3	4	(9.1)
Third-party insurance products	11,632	9,782	18.9
Off-balance sheet customer funds	**52,656**	**46,171**	**14.0**
Funds under management and third-party funds	**253,563**	**243,431**	**4.2**

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

(**) Refers to subordinated debt securities issued.

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8691 as at 31 December 2024.

The balance of non-performing assets was reduced by 877 million euros over the year, while the coverage ratio considering total provisions rose to 59.9%.

Throughout 2025, a reduction in non-performing assets was observed. The quarterly evolution of these assets in 2025 and 2024 is shown below:

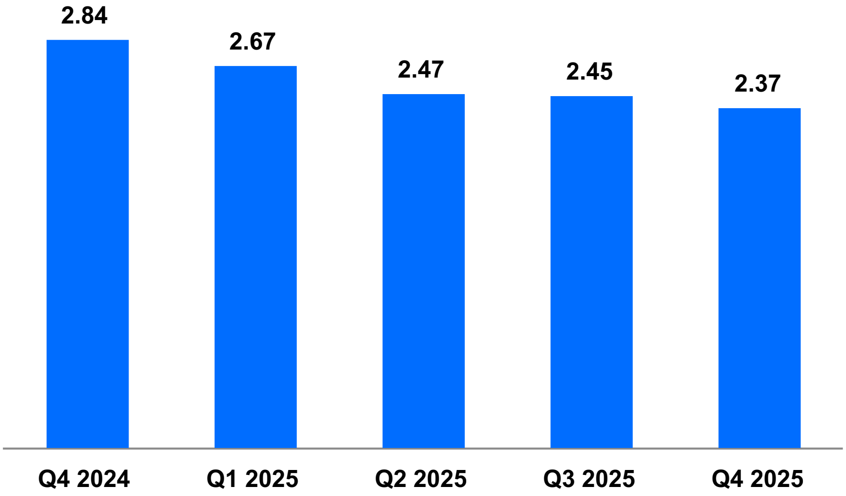
Million euro

	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ordinary net increase in stage 3 loans	(102)	(160)	82	(37)	40	(182)	(27)	(307)
Real estate asset variation	(25)	(38)	(44)	(45)	(32)	(36)	(31)	(36)
Ordinary net increase in stage 3 loans + real estate	**(126)**	**(198)**	**38**	**(81)**	**8**	**(219)**	**(58)**	**(344)**
Write-offs	159	130	108	111	100	97	128	132
Ordinary QoQ change in balance of stage 3 loans and real estate	**(286)**	**(329)**	**(69)**	**(193)**	**(92)**	**(316)**	**(186)**	**(476)**

As a result of the reduction in exposures classified as stage 3, associated with an increase in the risk base, the NPL ratio reached 2.37% as at 2025 year-end, compared to 2.84% as at 2024 year-end (decrease of 47 basis points). The stage 3 coverage ratio with total provisions as at 31 December 2025 was 63.8% compared to 61.7% one year earlier, while the coverage ratio of non-performing real estate assets stood at 36.6% as at 31 December 2025, compared to 40.5% at the end of the previous year.

As at 31 December 2025, the balance of exposures classified as stage 3 in the Group, including contingent exposures, amounted to 4,119 million euros, having declined by 725 million euros in 2025.

NPL ratio (*) (%)



(*) Calculated including contingent exposures.

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

Million euro

	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Stage 3 exposures	4,583	4,292	4,267	4,119	5,718	5,439	5,283	4,844
Total provisions	2,874	2,730	2,722	2,626	3,346	3,247	3,213	2,990
Stage 3 coverage ratio, with total provisions (%)	**62.7**	**63.6**	**63.8**	**63.8**	**58.5**	**59.7**	**60.8**	**61.7**
Stage 3 provisions	2,147	2,034	2,035	1,936	2,433	2,399	2,365	2,245
Stage 3 coverage ratio (%)	**46.8**	**47.4**	**47.7**	**47.0**	**42.5**	**44.1**	**44.8**	**46.3**
Non-performing real estate assets	811	773	729	684	939	902	872	836
Provisions for non-performing real estate assets	327	306	272	251	370	356	352	338
Non-performing real estate coverage ratio (%)	**40.3**	**39.5**	**37.3**	**36.6**	**39.4**	**39.5**	**40.3**	**40.5**
Total non-performing assets	5,394	5,065	4,996	4,803	6,657	6,341	6,155	5,680
Provisions for non-performing assets	3,201	3,036	2,994	2,877	3,715	3,604	3,564	3,329
NPA coverage ratio (%)	**59.3**	**59.9**	**59.9**	**59.9**	**55.8**	**56.8**	**57.9**	**58.6**

Includes contingent exposures.

3.4 Liquidity management

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

In 2025, the funding gap remained stable, recording similar growth in both lending volumes and customer funds. The outstanding nominal balance of instruments issued on capital markets declined compared to the end of 2024, as a portion of the maturities and early repayments on senior debt and senior non-preferred debt trades were not replaced by new issues. The issues of mortgage covered bonds, asset-backed securities, subordinated debt and preferred securities, in aggregate, showed an outstanding nominal balance slightly higher than in the previous year. In 2025, in order to keep an adequate level of instruments above regulatory requirements, specifically the Minimum Requirement for own funds and Eligible Liabilities (MREL), several instruments were issued on capital markets (senior non-preferred debt and Additional Tier 1 (AT1)). The Group's LtD ratio as at 31 December 2025 was 93.5% (93.2% as at 31 December 2024).

The Institution has made use of the different issuance windows to access the capital markets at different times of the year, successfully completing the issuance plan, in an environment in which inflation has continued to cool and central banks have eased their monetary policies by cutting interest rates. Maturities and early repayments in capital markets over the year amounted to 4,375 million euros.

In 2025, Banco Sabadell placed several issues on the market. On 28 March 2025, it conducted one private issuance of mortgage covered bonds under the non-equity securities prospectus, in the amount of 500 million euros with an 8-year maturity. Under the EMTN programme, it issued two senior non-preferred debt deals amounting to a total of 1 billion euros, specifically: on 18 February 2025, it issued one 500 million euro deal with an 8-year maturity and an option for Banco Sabadell to call early in the seventh year; and on 10 September 2025, it issued one 500 million euro deal with a 6.5-year maturity and an option for Banco Sabadell to call early after 5.5 years. Furthermore, on 20 May 2025, Banco Sabadell issued one trade of preferred securities contingently convertible into the Bank's ordinary shares (Additional Tier 1), amounting to 1 billion euros with a fixed coupon rate of 6.5%.

In addition, in 2025 Banco Sabadell, after obtaining the relevant authorisations, exercised the early redemption options on the following issues: (i) Subordinated Debt 1/2020 on 17 January 2025, for 300 million euros, (ii) Senior Non-Preferred Debt 1/2022 on 24 March 2025, for 750 million euros, (iii) Senior Non-Preferred Debt 2/2022 on 8 September 2025 for 500 million euros, and (iv) Subordinated Debt 1/2016 for 500 million euros. For the last of these issues, Banco Sabadell submitted a bid to buy back the full issuance amount, resulting in a repurchased amount of 311.5 million euros on 11 July 2025 and, subsequently, on 13 August 2025, it exercised the redemption option on the remaining outstanding amount (188.5 million euros) due to a capital event, as established in the issue's conditions (instrument released in 2016 under UK law with no contractual recognition of bail-in, meaning that it ceased to qualify as capital on 28 June 2025).

Lastly, on 18 December, Banco Sabadell announced that, as it had obtained the corresponding authorisation, it would exercise the early redemption option to call the Subordinated Debt 1/2021 series, amounting to 500 million euros, on the first call date, 15 January 2026.

Lastly, TSB Bank issued one 600 million euro 5-year mortgage covered bonds trade on 18 February 2025.

After the December closing, Banco Sabadell issued one mortgage covered bonds deal under the Fixed Income Programme amounting to 500 million euros, a 6.8-year maturity and a 2.875% coupon.

Moreover, in 2026, after obtaining the corresponding authorisations, Banco Sabadell announced, (i) on 27 January 2026, that it would be exercising the early redemption option on the Senior Preferred Debt 2/2020 series, amounting to 500 million euros, on the first call date, 11 March 2026, and (ii) on 3 February 2026, that it would be exercising the early redemption option on the AT1 1/2021 series amounting to 500 million euros on the first call date, 15 March 2026.

In relation to securitisation transactions, on 25 February 2025, the traditional securitisation fund TDA Sabadell RMBS 5, F.T. set up by Banco Sabadell was disbursed under its residential mortgage-backed securities programme for a total of 3.5 billion euros. The issuance consisted of two tranches, which were fully retained by Banco Sabadell, with the senior tranche, initially amounting to 3.43 billion euros, deemed eligible as collateral to raise liquidity through the Eurosystem monetary policy instruments. This transaction was combined with the early unwinding of the securitisation fund TDA Sabadell RMBS 4, F.T. on 14 February, whose securities had been retained in full.

On 19 September 2025, the securitisation fund SCF Autos 2, F.T. was disbursed; this was the second operation carried out under the programme of auto loans granted by Sabadell Consumer Finance, amounting to 750 million euros. The fund issued six tranches of securities, all of which were placed on the market, with the exception of the tranche used to finance the reserve fund and initial expenses, which was retained by Sabadell Consumer Finance, and part of the senior tranche, which is eligible for use to raise liquidity through the Eurosystem monetary policy operations and which was subscribed by Banco Sabadell.

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

In terms of the LCR, since 1 January 2018, the regulatory required minimum LCR has been 100%, a level amply surpassed by all of the Institution’s Liquidity Management Units (LMUs). The TSB and Banco Sabadell Spain LMUs have a level of 205% and 209%, respectively, as at 31 December 2025. At the Group level, the LCR remained well above 100% on a stable basis at all times throughout the year, ending 2025 at 186%. As for the Net Stable Funding Ratio (NSFR), which came into force on 28 June 2021, the Institution has remained steadily above the minimum requirement of 100% in all LMUs. As at 31 December 2025, the NSFR stood at 151% for the TSB LMU, 133% for Banco Sabadell Spain and 139% at the Group level.

The key figures and basic liquidity ratios reached as at the end of 2025 and 2024 are shown below:

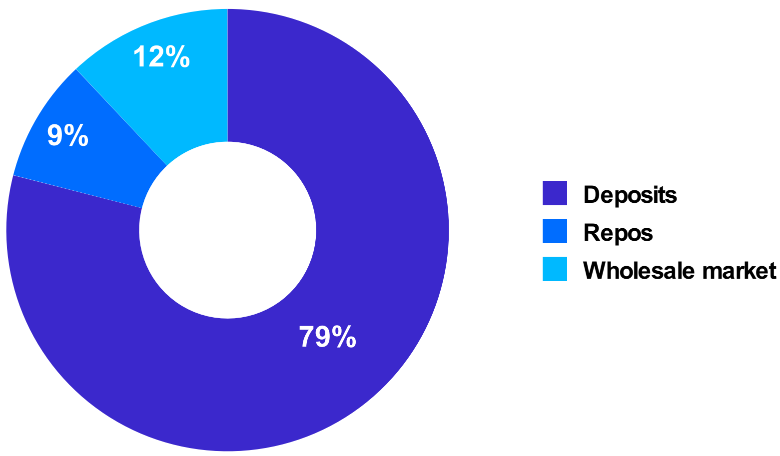
Million euro

	2025	2024
Gross loans to customers, excluding reverse repos	164,864	161,717
Impairment allowances	(2,498)	(2,844)
Brokered loans	(1,300)	(884)
Net loans and advances excluding ATAs, adjusted for brokered loans	**161,066**	**157,988**
On-balance sheet customer funds	172,265	169,557
Loan-to-deposit ratio (%)	**93.5**	**93.2**

The EUR/GBP exchange rate applied to the balance sheet is 0.8726 as at 31 December 2025 and 0.8292 as at 31 December 2024.

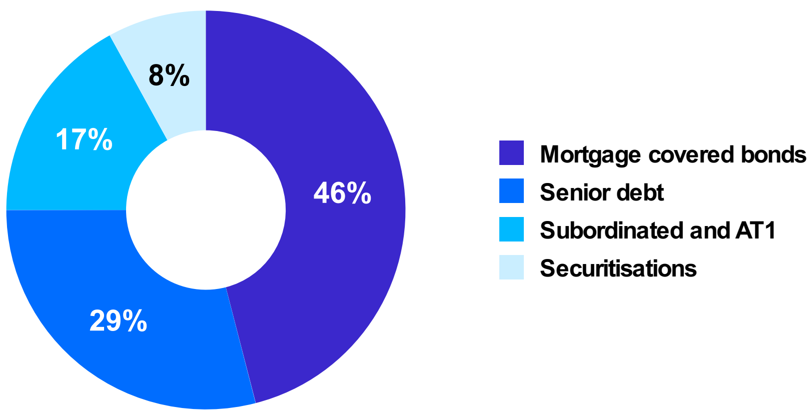
The main sources of funding as at 2025 year-end are shown below, according to the type of instrument and counterparty (in percentages):

Funding structure (*)



(*) Without accrual/deferral adjustments or hedging derivatives.

Details of institutional issues (*)



(*) Without accrual/deferral adjustments or hedging derivatives.

For further details about the Group’s liquidity management, liquidity strategy and liquidity performance during the year, see Note 4.4.3 to the 2025 consolidated annual financial statements.

3.5 Capital management

Key capital figures and solvency ratios

Thousand euro

	31/12/2025		31/12/2024	
	Fully-loaded (*)	**Phase-in**	**Fully-loaded**	**Phase-in**
Common Equity Tier 1 (CET1) capital	10,547,426	10,542,780	10,485,795	10,485,795
Tier 1 (T1) capital	13,297,426	13,292,780	12,235,795	12,235,795
Tier 2 (T2) capital	1,310,691	1,310,691	1,945,475	1,945,475
Total capital (Tier 1 + Tier 2)	14,608,116	14,603,470	14,181,270	14,181,270
Risk-weighted assets	80,454,490	80,110,695	80,484,738	80,484,738
CET1 (%)	13.11%	13.16%	13.03%	13.03%
Tier 1 (%)	16.53%	16.59%	15.20%	15.20%
Tier 2 (%)	1.63%	1.64%	2.42%	2.42%
Total capital ratio (%)	18.16%	18.23%	17.62%	17.62%
Leverage ratio	5.41%	5.40%	5.20%	5.20%

In 2025, following the entry into force of the new provisions of Regulation (EU) 575/2013, the Group applied the transitional arrangements established therein, which concern the calculation of Expected Loss (EL), equity RWAs, and the RWAs of commitments that can be unilaterally cancelled through the STD approach. In 2024, the transitional arrangements arising as a result of IFRS 9 and still in effect had no impact on the Institution's solvency ratios.

(*) Fully-loaded data applying the output floor's regulatory implementation timeline.

During 2025, the Group increased its capital base by 427 million euros in fully-loaded terms.

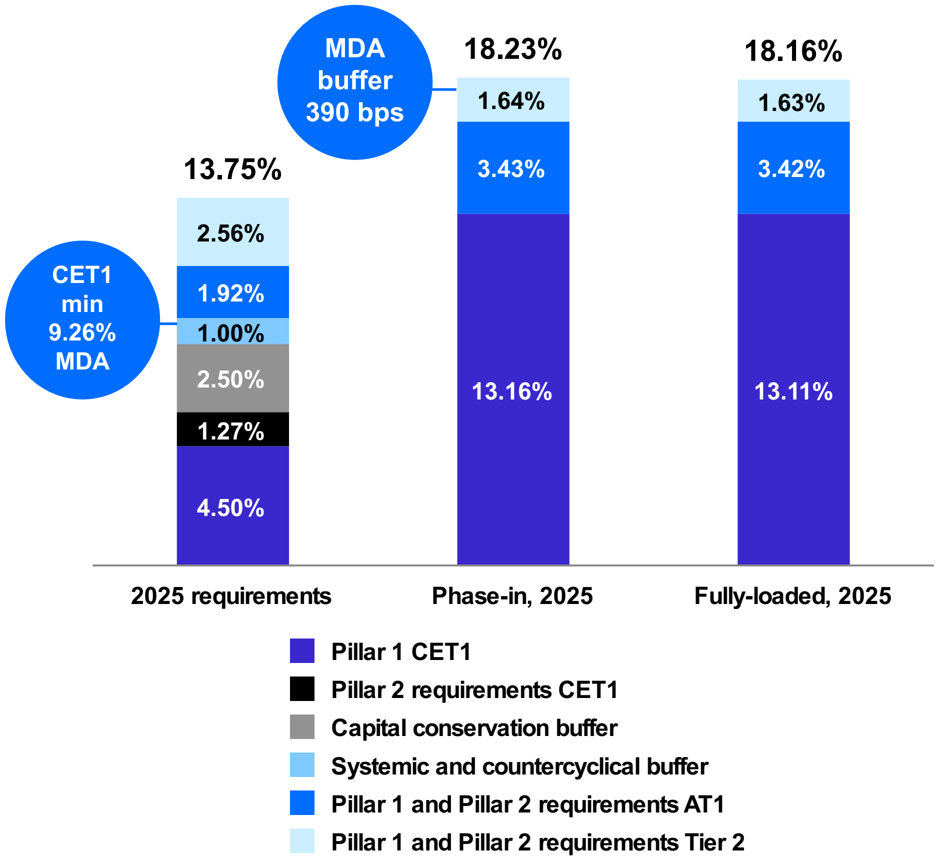
In 2025, Banco Sabadell issued preferred securities contingently convertible into ordinary shares (AT1 CoCos) for 1 billion euros, in a transaction executed on 20 May 2025. Similarly, in relation to Tier 2 capital, in December 2025, following the announcement to the market of the intention to exercise the early call option, the Institution ceased to recognise the Subordinated Debt 1/2021 series, for a nominal amount of 500 million euros and maturing in April 2031, as Tier 2 capital. Once the corresponding regulatory authorisation has been received, the outstanding amount was redeemed in January 2026, as per the conditions of the prospectus. Lastly, also with a negative impact, it is worth noting the loss of eligibility of the Subordinated Debt 1/2016 issuance from 28 June 2025 onwards, according to that set forth in Article 494b of the CRR, as this is an instrument issued prior to 27 June 2019. As at 31 December 2024, this issuance contributed 134 million euros to Tier 2.

In terms of Risk-Weighted Assets (RWAs), three securitisations were carried out during the year: one synthetic securitisation (Galera IV) carried out in May 2025 on a 1.3 billion euro portfolio of loans to SMEs and corporates; one traditional securitisation (Autos 2) carried out in September 2025 on a 758.5 million euro consumer loan portfolio; and one synthetic securitisation (Boreas III) carried out in December 2025 on a 1,443.1 million euro portfolio of project finance and loans to large corporates. Furthermore, the synthetic securitisation Galera II was fully unwound in March 2025.

RWAs declined during the year, mainly due to the impact of the entry into force of CRR III on 1 January 2025. Excluding the impact of CRR III, credit RWAs remained practically stable, as improvements in portfolio density, the securitisations executed and currency movements helped absorb the growth in lending and the impacts on RWAs stemming from planned future model updates that the Institution has decided to frontload. Lastly, the increase in operational RWAs due to the growth of net interest income over the period is worthy of note.

As a result, the fully-loaded CET1 ratio stood at 13.11% as at the end of 2025.

As at 31 December 2025, the Group had a phase-in CET1 capital ratio of 13.16%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2025 was 9.26%, meaning that the aforesaid ratio is 390 basis points above the minimum requirement.



Minimum capital requirements have been calculated taking into account capital requirements in effect as at 2025 year-end for Pillar 1 (8.00%) and Pillar 2R (2.25%), as well as the capital conservation buffer (2.50%), countercyclical buffer (0.75%) and the buffer for other systemically important institutions (0.25%).

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

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

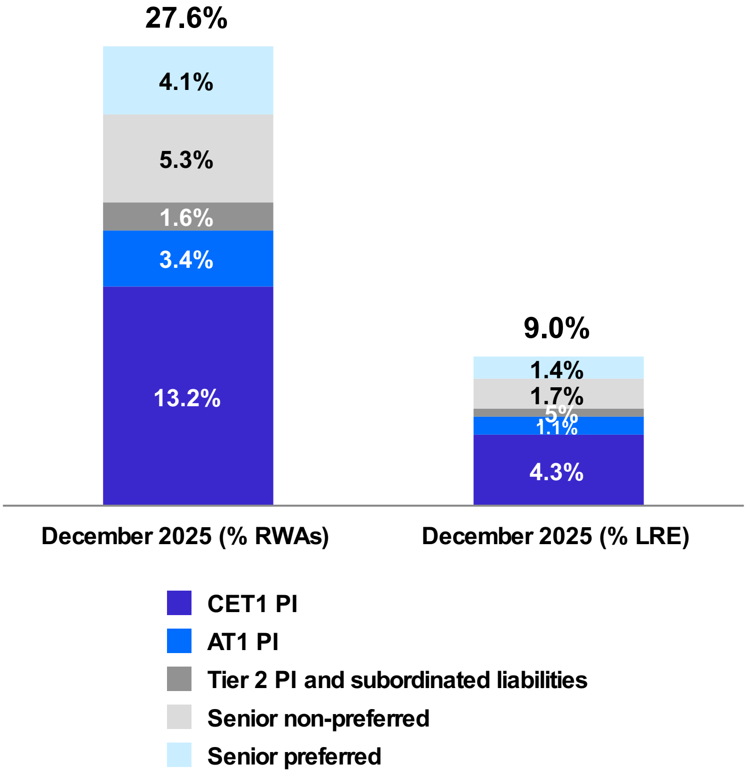
— The MREL is 22.14% of the Total Risk Exposure Amount (TREA) and 6.39% of the Leverage Ratio Exposure (LRE).

— The subordination requirement is 15.84% of the TREA and 6.39% of the LRE.

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

As at the end of 2025 and 2024, Banco Sabadell is compliant with the applicable requirements. Furthermore, the Institution's Funding Plan anticipates that it will continue to comply, comfortably, with the current requirements.

Group MREL



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