



# **Auditor's Report on Banco de Sabadell, S.A. and Subsidiaries**

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

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



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## **Independent Auditor's Report on the Consolidated Annual Financial Statements**

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

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

### **REPORT ON THE CONSOLIDATED FINANCIAL ANNUAL STATEMENTS**

#### **Opinion**

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

In our opinion, the accompanying consolidated annual financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **Basis for Opinion**

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

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

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

## Key Audit Matters

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

### Impairment of loans and advances to customers

See notes 1.3.4.1, 2, 4.4.2, 11 and 13 to the consolidated annual financial statements

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>The Group's portfolio of loans and advances to customers classified as financial assets at amortised cost reflects a net balance of Euros 120,770 million at 31 December 2025, while allowances recognised at that date for impairment total Euros 2,302 million.</p> <p>In addition, at 31 December 2025, as a result of the agreement for the sale of all the shares representing the share capital of TSB Banking Group plc to Banco Santander, S.A., as mentioned in note 2, the Group recognises the assets from this entity under non-current assets and disposal groups classified as held for sale on the consolidated balance sheet, which includes loans and advances to customers classified as financial assets at amortised cost in a net amount of Euros 41,667 million, with the corresponding impairment allowances totalling Euros 196 million (see note 13).</p> <p>For the purposes of estimating impairment, loans and advances to customers measured at amortised cost are classified into three categories (Stage 1, 2 or 3) according to whether a significant increase in credit risk since their initial recognition has been identified (Stage 2), whether the financial assets are credit-impaired (Stage 3) or whether neither of the foregoing circumstances apply (Stage 1). For the Group, establishing this classification is a relevant process inasmuch as the calculation of allowances and provisions for credit risk varies depending on the category in which the financial asset has been included.</p> <p>Impairment is calculated based on models for estimating expected losses, which the Group estimates on both an individual and a collective basis. This calculation entails a considerable level of judgement as this is a significant and complex estimate.</p> <p>Allowances and provisions for credit risk determined individually consider estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>In the case of allowances and provisions calculated collectively, expected losses are estimated using internal models that use large databases, different macroeconomic scenarios, parameters to estimate provisions, segmentation criteria and automated</p> | <p>Our audit approach in relation to the estimate made by the Group, which includes TSB Banking Group plc, of impairment of loans and advances to customers due to credit risk mainly consisted of assessing the methodology applied to calculate expected losses, particularly as regards the methods and assumptions used to estimate exposure at default, probability of default and loss given default; and determining the future macroeconomic scenarios. We also reviewed the mathematical accuracy of the calculations of expected losses and the reliability of the data used. To this end, we brought in our credit risk specialists.</p> <p>Our procedures related to the control environment focused on the following key areas:</p> <ul style="list-style-type: none"> <li>• Credit risk management framework and assessing the compliance of the Group's accounting policies with the applicable regulations.</li> <li>• Classification of the loans and advances to customers portfolio based on credit risk, in accordance with the criteria defined by the Group, particularly the criteria for identifying and classifying refinancing and restructuring transactions.</li> <li>• Relevant controls relating to the monitoring of transactions.</li> <li>• Correct functioning of the internal models for estimating both individual and collective allowances and provisions for credit risk, and for the management and valuation of collateral.</li> <li>• Aspects observed by the internal validation unit in its periodic reviews and in the contrast testing of the models for estimating collective allowances and provisions.</li> <li>• Integrity, accuracy and updating of the data used and of the control and management process in place.</li> <li>• Governance over the estimate of additional adjustments (post model adjustments or overlays) to the expected loss models recorded by the Group and review of the updates by the internal validation unit.</li> </ul> <p>Our tests of detail on the estimated expected losses included the following:</p> |

## Impairment of loans and advances to customers

See notes 1.3.4.1, 2, 4.4.2, 11 and 13 to the consolidated annual financial statements

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>   |
|---|--|
| <p>processes, which are complex in their design and implementation and require past and present information and future forecasts to be considered. The Group regularly conducts tests of its internal models in order to improve their predictive capabilities based on actual historical experience.</p> <p>The current geopolitical landscape, along with heightened uncertainty in international trade, continues to generate uncertainty about the future trajectory of the macroeconomic environment, potentially affecting the economies and business activities of the countries in which the Group and its customers operate. Calculating expected credit risk losses therefore entails greater uncertainty and requires a higher degree of judgement, primarily as regards estimating macroeconomic scenarios. The Group supplements its estimate of expected losses resulting from its credit risk models with certain additional adjustments, known as post model adjustments or overlays.</p> <p>The consideration of this matter as a key audit matter is based both on the significance of the Group's loans and advances to customers portfolio, and thus of the related allowance and provision for impairment, as well as on the relevance of the process for classifying these financial assets for the purpose of estimating impairment thereon and the complexity and judgement applied to calculating expected losses.</p> | <ul style="list-style-type: none"> <li>• With regard to the appropriate classification of the portfolio of loans and advances to customers based on credit risk, we assessed the accounting classification methodology and criteria used by the Group. We also replicated the accounting classification process applied by the Group, including a review of the appropriate accounting classification for a sample of transactions.</li> <li>• With regard to the impairment of individually significant transactions, we reviewed the methodology and appropriateness of the discounted cash flow models used by the Group. We also selected a sample from the population of significant transactions and assessed the appropriateness of both the credit risk classification and the corresponding allowance and provision recognised.</li> <li>• With respect to the allowances and provisions for impairment estimated collectively, we reviewed the methodology used by the Group, testing the integrity and accuracy of the input data for the process and the correct functioning of the calculation engine by replicating the calculation process, taking into account the segmentation and assumptions used by the Group.</li> <li>• We evaluated the methods and assumptions used to estimate exposure at default, probability of default and loss given default.</li> <li>• We reviewed the macroeconomic scenario variables used by the Group in its internal models to estimate expected losses.</li> <li>• We analysed a sample of guarantees associated with credit transactions, checking their valuation, with the involvement of our real estate valuation specialists.</li> <li>• We reviewed the main additional adjustments (post model adjustments or overlays) to the internal expected loss estimation models recorded by the Group at 31 December 2025, assessing the calculation methodology applied as well as the completeness and accuracy of the data used in estimating these adjustments.</li> </ul> <p>Likewise, we analysed whether the disclosures in the notes to the consolidated annual financial statements were prepared in accordance with the criteria set out in the financial reporting framework applicable to the Group.</p> |

**Risks associated with information technology**

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>   |
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| <p>The Group operates in a complex technological environment that is constantly evolving and which must efficiently and reliably meet business requirements. The high level of dependence on these systems with regard to the processing of the Group's financial and accounting information make it necessary to ensure that these systems function correctly.</p> <p>In this context, it is critical to ensure that management of the technological risks that could affect information systems is adequately coordinated and harmonised in relevant areas such as data and program security, systems operation, and development and maintenance of IT applications and systems used to the prepare financial information. We have therefore considered the risks associated with information technology to be a key audit matter.</p> | <p>With the assistance of our specialists in information systems, we carried out tests, at each of the Group entities that are considered relevant for the purpose of the audit, relating to the internal control over the processes and systems involved in generating financial information in the following areas:</p> <ul style="list-style-type: none"> <li>• Understanding of the information flows and identification of the key controls that ensure the appropriate processing of the financial information.</li> <li>• Testing of the key automated processes that are involved in generating the financial information.</li> <li>• Testing of the controls over the applications and systems related to accessing and processing the information and those related to the security settings of those applications and systems.</li> <li>• Testing of the controls over the operation, maintenance and development of applications and systems.</li> </ul> |



## **Other Information: Consolidated Directors' Report**

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

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

- a) Determine, solely, whether the Consolidated Non-Financial Information and Sustainability Statement, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual financial statements, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual financial statements. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

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

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

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

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

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



## **Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements**

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's Directors.
- Conclude on the appropriateness of the Bank's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and execute the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the Group as the basis to form an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and review of the work performed for the Group audit. We remain solely responsible for our audit opinion.



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

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

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format**

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We have examined the digital files of Banco de Sabadell, S.A. and its subsidiaries for 2025 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual financial statements for the aforementioned year and the XBRL files tagged by the Bank, which will form part of the annual financial report.

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

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



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

### **Additional Report to the Bank's Audit and Control Committee**

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

### **Contract Period**

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

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

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

*(Signed on original in Spanish)*

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

20 February 2026

This report  
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