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

(Together with the condensed consolidated interim financial statements and the consolidated interim directors' report of Banco de Sabadell, S.A. and subsidiaries for the period ended 30 June 2025)

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

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report on the Condensed Consolidated Interim 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Opinion

We have audited the condensed consolidated interim financial statements of Banco de Sabadell, S.A. (the "Bank") and its subsidiaries (hereinafter the "Group"), which comprise the balance sheet at 30 June 2025, and the income statement, statement of recognised income and expense, statement of total changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes (all condensed and consolidated).

In our opinion, the accompanying condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2025 have been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information.

Basis for Opinion

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 Condensed Consolidated Interim 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 condensed consolidated interim 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the condensed consolidated interim financial statements of the current period. These matters were addressed in the context of our audit of the condensed consolidated interim 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, 4.2 and 10 to the condensed consolidated interim financial statements

Key audit matter	*How the matter was addressed in our audit*
The Group's portfolio of loans and advances to customers classified as financial assets at amortised cost reflects a net balance of Euros 162,475 million at 30 June 2025, while allowances and provisions recognised at that date for impairment total Euros 2,599 million. For the purposes of estimating impairment, financial assets 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. 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. Allowances and provisions for credit risk determined individually consider estimates of future business performance and the market value of collateral provided for credit transactions. 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 processes, which are complex in their design and implementation and require past and present information and future forecasts to be considered.	Our audit approach in relation to the Group's estimate 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. Our procedures related to the control environment focused on the following key areas: – Credit risk management framework and assessing the compliance of the Group's accounting policies with the applicable regulations. – 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. – Relevant controls relating to the monitoring of transactions. – 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. – 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.

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

Impairment of loans and advances to customers

See notes 1, 4.2 and 10 to the condensed consolidated interim financial statements

Key audit matter	*How the matter was addressed in our audit*
The Group regularly conducts tests of its internal models in order to improve their predictive capabilities based on actual historical experience. 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 operates. 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. 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.	– Integrity, accuracy and updating of the data used and of the control and management process in place. – 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. Our tests of detail on the estimated expected losses included the following: – 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. – 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. – 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. – We evaluated the methods and assumptions used to estimate exposure at default, probability of default and loss given default.

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<table>
<tr><th colspan="2">Impairment of loans and advances to customers
See notes 1, 4.2 and 10 to the condensed consolidated interim financial statements</th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td></td><td>– We reviewed the macroeconomic scenario variables used by the Group in its internal models to estimate expected losses.

– We analysed a sample of guarantees associated with credit transactions, checking their valuation, with the involvement of our real estate valuation specialists.

– We reviewed the main additional adjustments (post model adjustments or overlays) to the internal expected loss estimation models recorded by the Group at 30 June 2025, assessing the calculation methodology applied as well as the completeness and accuracy of the data used in estimating these adjustments.

We also analysed whether the disclosures in the explanatory notes to the condensed consolidated interim financial statements were prepared in accordance with the criteria set out in the financial reporting framework applicable to the Group.</td></tr>
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Risks associated with information technology	
Key audit matter	*How the matter was addressed in our audit*
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. 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.	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: – Understanding of the information flows and identification of the key controls that ensure the appropriate processing of the financial information. – Testing of the key automated processes that are involved in generating the financial information. – 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. – Testing of the controls over the operation, maintenance and development of applications and systems.

Emphasis of Matter

We draw your attention to explanatory note 1 to the accompanying condensed consolidated interim financial statements, which states that such condensed consolidated interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying condensed consolidated interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2024. Our opinion is not modified in respect of this matter.

We also draw attention to note 35 to the accompanying consolidated explanatory notes, which states that on 1 July 2025 the Board of Directors of Banco Sabadell, S.A., after receiving a binding offer for the acquisition of TSB Banking Group plc, resolved to submit to the shareholders at the Extraordinary General Meeting convened for 6 August 2025, approval of the sale of all the shares representing the share capital of TSB Banking Group plc. This note sets out the main implications of the sale for the Group. Our opinion is not modified in respect of this matter.

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Other Information: Consolidated Interim Directors' Report

Other information solely comprises the consolidated interim directors' report for the six-month period ended 30 June 2025, the preparation of which is the responsibility Bank's Directors and which does not form an integral part of the condensed consolidated interim financial statements.

Our audit opinion on the condensed consolidated interim financial statements does not encompass the consolidated interim directors' report. Our responsibility for the consolidated interim directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated interim directors' report with the condensed consolidated interim financial statements, based on knowledge of the Group obtained during the audit of the aforementioned condensed consolidated interim financial statements, and assessing and reporting on whether the content and presentation of the consolidated interim 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 in the preceding paragraph, the information contained in the consolidated interim directors' report is consistent with that disclosed in the condensed consolidated interim financial statements for the six-month period ended 30 June 2025 and 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 Condensed Consolidated Interim Financial Statements

The Bank's Directors are responsible for the preparation of the accompanying condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information, and for such internal control as they determine is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated interim 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 these 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 condensed consolidated interim financial statements.

Auditor's Responsibilities for the Audit of the Condensed Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements, including the disclosures, and whether the condensed consolidated interim financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Plan and execute the audit of the Group 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 condensed consolidated interim 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.

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 condensed consolidated interim financial statements for the six-month period ended 30 June 2025 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

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 financial statements since the year ended 31 December 2020.

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Services Provided

Non-audit services provided by KPMG Auditores, S.L. to the Group in the six-month period ended 30 June 2025 consisted of limited reviews of financial statements, the issuance of comfort letters in debt issue processes, reports on agreed-upon procedures and work in connection with different regulatory requirements prescribed by supervisors.

KPMG Auditores, S.L.
On the Spanish Official Register of

(Signed on original in Spanish)

Dídac Feliubadaló Prat
On the Spanish Official Register of Auditors ("ROAC") with No. 23,923

23 July 2025

"Translation of the Condensed interim consolidated financial statements originally issued in Spanish and prepared in accordance with IAS 34, as adopted by the European Union. In the event of a discrepancy the Spanish-language version prevails."

Contents of the condensed consolidated interim financial statements and consolidated interim Directors' Report of Banco Sabadell Group for the six-month period ended 30 June 2025

Condensed consolidated interim financial statements

Explanatory notes to the condensed consolidated interim financial statements

Consolidated interim Directors' Report

Condensed consolidated balance sheets of Banco Sabadell Group

As at 30 June 2025 and 31 December 2024

Thousand euro

Assets	Note	30/06/2025	31/12/2024 (*)
Cash, cash balances at central banks and other demand deposits (**)	**7**	**26,358,937**	**18,382,112**
Financial assets held for trading		**3,754,816**	**3,438,955**
Derivatives		1,968,346	2,017,999
Equity instruments	9	81,920	541,005
Debt securities	8	1,704,550	879,951
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights		*683,601*	*177,365*
Non-trading financial assets mandatorily at fair value through profit or loss		**172,353**	**168,267**
Equity instruments	9	72,021	67,049
Debt securities	8	59,819	60,705
Loans and advances	10	40,513	40,513
Central banks		—	—
Credit institutions		—	—
Customers		40,513	40,513
Memorandum item: loaned or posted as collateral with sale or pledging rights		—	—
Financial assets designated at fair value through profit or loss		**—**	**—**
Debt securities		—	—
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights		—	—
Financial assets at fair value through other comprehensive income		**6,472,908**	**6,369,913**
Equity instruments	9	209,778	193,580
Debt securities	8	6,263,130	6,176,333
Loans and advances		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights		*1,863,105*	*599,794*
Financial assets at amortised cost		**201,363,152**	**196,520,273**
Debt securities	8	27,399,807	24,876,126
Loans and advances	10	173,963,345	171,644,147
Central banks		—	—
Credit institutions		11,487,939	12,771,685
Customers		162,475,406	158,872,462
Memorandum item: loaned or posted as collateral with sale or pledging rights		*18,857,821*	*6,170,535*
Derivatives – Hedge accounting		**2,255,869**	**2,394,902**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(388,361)**	**(412,346)**
Investments in joint ventures and associates		**455,201**	**524,562**
Joint ventures		—	—
Associates		455,201	524,562
Assets under insurance and reinsurance contracts		**—**	**—**
Tangible assets	**11**	**1,993,145**	**2,077,628**
Property, plant and equipment		1,843,909	1,920,487
For own use		1,840,767	1,916,870
Leased out under operating leases		3,142	3,617
Investment properties		149,236	157,141
Of which: leased out under operating leases		*149,236*	*157,141*
Memorandum item: acquired through leases		*782,224*	*818,544*
Intangible assets	**12**	**2,556,333**	**2,549,458**
Goodwill		1,018,311	1,018,311
Other intangible assets		1,538,022	1,531,147
Tax assets		**6,192,431**	**6,441,141**
Current tax assets		460,331	541,196
Deferred tax assets	32	5,732,100	5,899,945
Other assets	**13**	**497,930**	**424,730**
Insurance contracts linked to pensions		78,340	80,888
Inventories		37,881	43,776
Rest of other assets		381,709	300,066
Non-current assets and disposal groups classified as held for sale	**14**	**688,011**	**718,332**
Total assets		**252,372,725**	**239,597,927**

(*) Shown for comparative purposes only.

(**) See details in the condensed consolidated cash flow statement of the Group.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated balance sheet as at 30 June 2025.

Condensed consolidated balance sheets of Banco Sabadell Group

As at 30 June 2025 and 31 December 2024

Thousand euro

Liabilities	Note	30/06/2025	31/12/2024 (*)
Financial liabilities held for trading		**2,067,604**	**2,381,434**
Derivatives		1,848,831	2,298,763
Short positions		218,773	82,671
Deposits		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Debt securities issued		—	—
Other financial liabilities		—	—
Financial liabilities designated at fair value through profit or loss		**—**	**—**
Deposits		—	—
Central banks		—	—
Credit institutions		—	—
Customers		—	—
Debt securities issued		—	—
Other financial liabilities		—	—
Memorandum item: subordinated liabilities		—	—
Financial liabilities at amortised cost		**233,787,252**	**220,228,249**
Deposits		197,596,481	186,341,181
Central banks	15	694,774	1,696,734
Credit institutions	15	13,517,576	14,821,800
Customers	16	183,384,131	169,822,647
Debt securities issued	17	28,002,454	27,436,938
Other financial liabilities		8,188,317	6,450,130
Memorandum item: subordinated liabilities		*4,777,799*	*4,106,638*
Derivatives – Hedge accounting		**541,603**	**803,999**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(54,170)**	**(227,209)**
Liabilities under insurance and reinsurance contracts		**—**	**—**
Provisions	**18**	**436,868**	**478,254**
Pensions and other post employment defined benefit obligations		51,369	54,467
Other long term employee benefits		30	40
Pending legal issues and tax litigation		115,892	75,064
Commitments and guarantees given		123,310	142,482
Other provisions		146,267	206,201
Tax liabilities		**416,403**	**218,886**
Current tax liabilities		290,787	98,150
Deferred tax liabilities	32	125,616	120,736
Share capital repayable on demand		**—**	**—**
Other liabilities	**13**	**649,374**	**651,666**
Liabilities included in disposal groups classified as held for sale	**14**	**37,186**	**30,093**
Total liabilities		**237,882,120**	**224,565,372**

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated balance sheet as at 30 June 2025.

Condensed consolidated balance sheets of Banco Sabadell Group

As at 30 June 2025 and 31 December 2024

Thousand euro

Equity	Note	30/06/2025	31/12/2024 (*)
Shareholders' equity		**14,996,365**	**15,389,242**
Capital	19	661,029	680,028
Paid up capital		661,029	680,028
Unpaid capital called up		—	—
Memorandum item: capital not called up		—	—
Share premium	19	7,355,368	7,695,227
Equity instruments issued other than capital		—	—
Equity component of compound financial instruments		—	—
Other equity instruments issued		—	—
Other equity		24,043	25,407
Retained earnings		8,099,031	7,373,498
Revaluation reserves		—	—
Other reserves		(1,699,222)	(1,663,460)
Reserves or accumulated losses of investments in joint ventures and associates		80,320	79,016
Other		(1,779,542)	(1,742,476)
(-) Treasury shares		(419,164)	(119,352)
Profit or loss attributable to owners of the parent		975,280	1,826,805
(-) Interim dividends		—	(428,911)
Accumulated other comprehensive income		**(541,260)**	**(391,103)**
Items that will not be reclassified to profit or loss		(11,876)	(22,460)
Actuarial gains or (-) losses on defined benefit pension plans		(1,853)	(1,826)
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognised income and expense of investments in joint ventures and associates		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income		(10,023)	(20,634)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]		—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		—	—
Items that may be reclassified to profit or loss		(529,384)	(368,643)
Hedge of net investments in foreign operations [effective portion]		197,990	91,740
Foreign currency translation		(573,311)	(299,293)
Hedging derivatives. Cash flow hedges reserve [effective portion]		(90,921)	(48,300)
Fair value changes of debt instruments measured at fair value through other comprehensive income		(97,710)	(151,279)
Hedging instruments [not designated elements]		—	—
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognised income and expense of investments in joint ventures and associates		34,568	38,489
Minority interest [non-controlling interests]		**35,500**	**34,416**
Accumulated other comprehensive income		—	—
Other items		35,500	34,416
Total equity		**14,490,605**	**15,032,555**
Total equity and total liabilities		**252,372,725**	**239,597,927**

Memorandum item: off-balance sheet exposures			
Loan commitments given	20	**27,108,575**	**28,775,335**
Financial guarantees given	20	**1,887,885**	**1,979,622**
Other commitments given	20	**8,900,600**	**9,366,339**

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated balance sheet as at 30 June 2025.

Condensed consolidated income statements of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Condensed consolidated income statements	Note	30/06/2025	30/06/2024 (*)
Interest income	21	4,428,241	4,844,582
Financial assets at fair value through other comprehensive income		105,803	103,204
Financial assets at amortised cost		4,019,060	4,309,362
Other interest income		303,378	432,016
(Interest expenses)	21	(2,003,340)	(2,351,226)
(Expenses on share capital repayable on demand)		—	—
Net interest income		**2,424,901**	**2,493,356**
Dividend income		3,921	1,648
Profit or loss of entities accounted for using the equity method		97,946	85,006
Fee and commission income	22	877,978	839,860
(Fee and commission expenses)	22	(183,629)	(165,537)
Net profit or net loss on financial operations	23	663,779	(136,652)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net		28,482	6,932
Financial assets at amortised cost		29,751	565
Other financial assets and liabilities		(1,269)	6,367
Gains or (-) losses on financial assets and liabilities held for trading, net		670,784	(134,151)
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortised cost		—	—
Other gains or (-) losses		670,784	(134,151)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net		691	6,902
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortised cost		—	—
Other gains or (-) losses		691	6,902
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net		—	—
Gains or (-) losses from hedge accounting, net		(36,178)	(16,335)
Exchange differences [gain or (-) loss], net	23	(635,267)	173,849
Other operating income	24	67,401	43,142
(Other operating expenses)	25	(102,709)	(273,390)
Income from assets under insurance and reinsurance contracts		—	—
(Expenses on liabilities under insurance and reinsurance contracts)		—	—
Gross income		**3,214,321**	**3,061,282**

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated income statement for the six-month period ended 30 June 2025.

Condensed consolidated income statements of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Condensed consolidated income statements	Note	30/06/2025	30/06/2024 (*)
(Administrative expenses)		(1,278,462)	(1,266,212)
(Staff expenses)	26	(772,881)	(743,889)
(Other administrative expenses)	26	(505,581)	(522,323)
(Depreciation and amortisation)		(231,881)	(249,140)
(Provisions or (-) reversal of provisions)		(2,570)	497
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or (-) gains)	27	(217,789)	(360,677)
(Financial assets at fair value through other comprehensive income)		(206)	182
(Financial assets at amortised cost)		(217,583)	(360,859)
Profit or loss on operating activities		**1,483,619**	**1,185,750**
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)		(36)	—
(Impairment or (-) reversal of impairment on non-financial assets)	28	(27,142)	(6,417)
(Tangible assets)		(23,543)	(3,137)
(Intangible assets)		—	—
(Other)		(3,599)	(3,280)
Gains or (-) losses on derecognition of non-financial assets, net	29	(11,484)	(526)
Negative goodwill recognised in profit or loss		—	—
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	30	(14,455)	(24,732)
Profit or (-) loss before tax from continuing operations		**1,430,502**	**1,154,075**
(Tax expense or (-) income related to profit or loss from continuing operations)		(454,139)	(362,183)
Profit or (-) loss after tax from continuing operations		**976,363**	**791,892**
Profit or (-) loss after tax from discontinued operations		—	—
Profit or loss for the period		**976,363**	**791,892**
Attributable to minority interest [non-controlling interests]		1,083	724
Attributable to owners of the parent		975,280	791,168
Earnings per share (euros)	**3**	**0.17**	**0.14**
Basic (euros)		0.17	0.14
Diluted (euros)		0.17	0.14

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated income statement for the six-month period ended 30 June 2025.

Condensed consolidated statements of recognised income and expenses of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	30/06/2025	30/06/2024 (*)
Profit or loss for the period	**976,363**	**791,892**
Other comprehensive income	**(150,157)**	**42,303**
Items that will not be reclassified to profit or loss	10,584	11,000
Actuarial gains or (-) losses on defined benefit pension plans	(38)	(91)
Non-current assets and disposal groups held for sale	—	—
Share of other recognised income and expense of investments in joint ventures and associates	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	13,919	14,241
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—
Income tax relating to items that will not be reclassified	(3,297)	(3,150)
Items that may be reclassified to profit or loss	(160,741)	31,303
Hedge of net investments in foreign operations [effective portion]	106,249	(4,541)
Valuation gains or (-) losses taken to equity	106,249	(4,541)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	(274,017)	67,715
Translation gains or (-) losses taken to equity	(274,017)	67,715
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges [effective portion]	(61,517)	(14,581)
Valuation gains or (-) losses taken to equity	(68,517)	(10,225)
Transferred to profit or loss	(11,738)	(4,356)
Transferred to initial carrying amount of hedged items	18,738	—
Other reclassifications	—	—
Hedging instruments [not designated elements]	—	—
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Debt instruments at fair value through other comprehensive income	73,619	(28,274)
Valuation gains or (-) losses taken to equity	74,260	(21,591)
Transferred to profit or loss	(641)	(6,683)
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	—	—
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Share of other recognised income and expense of investments in joint ventures and associates	(3,921)	(1,457)
Income tax relating to items that may be reclassified to profit or (-) loss	(1,154)	12,441
Total comprehensive income for the period	**826,206**	**834,195**
Attributable to minority interest [non-controlling interests]	1,083	724
Attributable to owners of the parent	825,123	833,471

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated statement of recognised income and expenses for the six-month period ended 30 June 2025.

Condensed consolidated statements of total changes in equity of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests: Accumulated other comprehensive income	Minority interests: Other items	**Total**
Closing balance 31/12/2024	**680,028**	**7,695,227**	**—**	**25,407**	**7,373,498**	**—**	**(1,663,460)**	**(119,352)**	**1,826,805**	**(428,911)**	**(391,103)**	**—**	**34,416**	**15,032,555**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Opening balance 01/01/2025	**680,028**	**7,695,227**	**—**	**25,407**	**7,373,498**	**—**	**(1,663,460)**	**(119,352)**	**1,826,805**	**(428,911)**	**(391,103)**	**—**	**34,416**	**15,032,555**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**975,280**	**—**	**(150,157)**	**—**	**1,083**	**826,206**
Other equity changes	**(18,999)**	**(339,859)**	**—**	**(1,364)**	**725,533**	**—**	**(35,762)**	**(299,812)**	**(1,826,805)**	**428,911**	**—**	**—**	**1**	**(1,368,156)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital reduction (see Note 19)	(18,999)	(339,859)	—	—	—	—	18,999	339,859	—	—	—	—	—	**—**
Dividends (or shareholder remuneration) (see Note 3)	—	—	—	—	(666,943)	—	—	—	—	—	—	—	—	**(666,943)**
Purchase of treasury shares	—	—	—	—	—	—	—	(658,439)	—	—	—	—	—	**(658,439)**
Sale or cancellation of treasury shares	—	—	—	—	—	—	168	18,768	—	—	—	—	—	**18,936**
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Transfers among components of equity	—	—	—	—	1,397,894	—	—	—	(1,826,805)	428,911	—	—	—	**—**
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Share based payments	—	—	—	(1,364)	—	—	—	—	—	—	—	—	—	**(1,364)**
Other increase or (-) decrease in equity	—	—	—	—	(5,418)	—	(54,929)	—	—	—	—	—	1	**(60,346)**
Closing balance 30/06/2025	**661,029**	**7,355,368**	**—**	**24,043**	**8,099,031**	**—**	**(1,699,222)**	**(419,164)**	**975,280**	**—**	**(541,260)**	**—**	**35,500**	**14,490,605**

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated statement of total changes in equity for the six-month period ended 30 June 2025.

Condensed consolidated statements of total changes in equity of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests: Accumulated other comprehensive income	Minority interests: Other items	Total
Closing balance 31/12/2023	**680,028**	**7,695,227**	**—**	**21,268**	**6,401,782**	**—**	**(1,584,816)**	**(39,621)**	**1,332,181**	**(162,103)**	**(498,953)**	**—**	**34,213**	**13,879,206**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Opening balance 01/01/2024	**680,028**	**7,695,227**	**—**	**21,268**	**6,401,782**	**—**	**(1,584,816)**	**(39,621)**	**1,332,181**	**(162,103)**	**(498,953)**	**—**	**34,213**	**13,879,206**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**791,168**	**—**	**42,303**	**—**	**724**	**834,195**
Other equity changes	**—**	**—**	**—**	**56**	**954,294**	**—**	**(20,171)**	**(79,645)**	**(1,332,181)**	**162,103**	**—**	**—**	**2**	**(315,542)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Dividends (or shareholder remuneration)	—	—	—	—	(164,310)	—	—	—	—	—	—	—	—	**(164,310)**
Purchase of treasury shares	—	—	—	—	—	—	—	(111,229)	—	—	—	—	—	**(111,229)**
Sale or cancellation of treasury shares	—	—	—	—	—	—	1,350	31,584	—	—	—	—	—	**32,934**
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Transfers among components of equity	—	—	—	—	1,170,078	—	—	—	(1,332,181)	162,103	—	—	—	**—**
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	**—**
Share based payments	—	—	—	56	—	—	—	—	—	—	—	—	—	**56**
Other increase or (-) decrease in equity	—	—	—	—	(51,474)	—	(21,521)	—	—	—	—	—	2	**(72,993)**
Closing balance 30/06/2024	**680,028**	**7,695,227**	**—**	**21,324**	**7,356,076**	**—**	**(1,604,987)**	**(119,266)**	**791,168**	**—**	**(456,650)**	**—**	**34,939**	**14,397,859**

Shown for comparative purposes only.

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Condensed consolidated cash flow statements of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	Note	30/06/2025	30/06/2024 (*)
Cash flows from/(used in) operating activities		**8,844,801**	**(627,027)**
Profit or loss for the period		976,363	791,892
Adjustments to obtain cash flows from operating activities		863,768	920,956
Depreciation and amortisation		231,881	249,140
Other adjustments		631,887	671,816
Net increase/decrease in operating assets		(5,105,356)	(10,085,030)
Financial assets held for trading		(315,860)	(243,279)
Non-trading financial assets mandatorily at fair value through profit or loss		(4,086)	(6,580)
Financial assets designated at fair value through profit or loss		—	—
Financial assets at fair value through other comprehensive income		(39,020)	(267,735)
Financial assets at amortised cost		(5,089,532)	(9,965,982)
Other operating assets		343,142	398,546
Net increase/decrease in operating liabilities		12,083,527	7,772,532
Financial liabilities held for trading		(313,831)	(5,059)
Financial liabilities designated at fair value through profit or loss		—	—
Financial liabilities at amortised cost		12,859,001	8,455,462
Other operating liabilities		(461,643)	(677,871)
Income tax receipts or payments		26,499	(27,377)
Cash flows from/(used in) investing activities		**(2,778)**	**(61,243)**
Payments		(224,377)	(244,081)
Tangible assets		(86,797)	(108,729)
Intangible assets		(137,580)	(135,352)
Investments in joint ventures and associates		—	—
Subsidiaries and other business units		—	—
Non-current assets and liabilities classified as held for sale		—	—
Other payments related to investing activities		—	—
Collections		221,599	182,838
Tangible assets		16,519	57,234
Intangible assets		—	—
Investments in joint ventures and associates		163,350	84,093
Subsidiaries and other business units		—	—
Non-current assets and liabilities classified as held for sale		41,730	41,511
Other collections related to investing activities		—	—

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated cash flow statement for the six-month period ended 30 June 2025.

Condensed consolidated cash flow statements of Banco Sabadell Group

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	Note	30/06/2025	30/06/2024 (*)
Cash flows from/(used in) financing activities		(714,923)	144,020
Payments		(1,733,859)	(388,914)
Dividends	3	(666,943)	(164,310)
Subordinated liabilities		(300,000)	—
Redemption of own equity instruments		—	—
Acquisition of own equity instruments		(658,439)	(111,229)
Other payments related to financing activities		(108,477)	(113,375)
Collections		1,018,936	532,934
Subordinated liabilities	4 & Sched. III	1,000,000	500,000
Issuance of own equity instruments		—	—
Disposal of own equity instruments		18,936	32,934
Other collections related to financing activities		—	—
Effect of changes in foreign exchange rates		**(150,275)**	**60,327**
Net increase (decrease) in cash and cash equivalents		**7,976,825**	**(483,923)**
Cash and cash equivalents at the beginning of the period	**7**	**18,382,112**	**29,985,853**
Cash and cash equivalents at the end of the period	**7**	**26,358,937**	**29,501,930**

Memorandum item			
Cash flows corresponding to:			
Interest received		4,394,894	3,964,650
Interest paid		2,176,465	2,031,265
Dividends received		3,921	1,648
Components of cash and cash equivalents at the end of the period			
Cash on hand	7	605,945	613,621
Cash equivalents in central banks	7	24,940,003	28,216,210
Other demand deposits	7	812,989	672,099
Other financial assets		—	—
Less: bank overdrafts repayable on demand		—	—
Total cash and cash equivalents at the end of the period		**26,358,937**	**29,501,930**
Of which: held by Group entities but not available for the Group		—	—

(*) Shown for comparative purposes only.

Notes 1 to 35 and accompanying Schedules I to IV form an integral part of the condensed consolidated cash flow statement for the six-month period ended 30 June 2025.

Explanatory notes to the condensed consolidated interim financial statements of Banco Sabadell Group for the six-month period ended 30 June 2025

Note 1 – Activity, accounting policies and practices, and other information

1.1 Activity

Banco de Sabadell, S.A. (hereinafter also referred to as Banco Sabadell, the Bank, the Institution, or the Company), with tax identification number (NIF) A08000143 and with registered office in Sabadell, Plaça de Sant Roc, no. 20, engages in banking business and is subject to the standards and regulations governing banking institutions operating in Spain. The supervision of Banco Sabadell on a consolidated basis is performed by the European Central Bank (ECB).

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

The Institution is entered in the Companies Register of Barcelona, under volume/I.R.U.S.[1] 1000152932861, folio 873, sheet B-1561, and also in the Bank of Spain's Official Register of Credit Institutions under code 0081. The Legal Entity Identifier (LEI) of Banco de Sabadell, S.A. is SI5RG2M0WQQLZCXKRM20.

The Articles of Association and other public information can be viewed both at the Bank's registered office and on its website (www.grupbancsabadell.com).

The Bank is the parent company of a group of entities (see Schedule I to the 2024 consolidated annual financial statements and Note 2) whose activity it controls directly or indirectly and which comprise, together with the Bank, Banco Sabadell Group (hereinafter, the Group).

1.2 Basis of presentation

The Group's consolidated annual financial statements for 2024 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) applicable as at the end of 2024, taking into account Bank of Spain (BoS) Circular 4/2017 of 27 November as well as other provisions of the financial reporting regulations applicable to the Group and considering the formatting and mark-up requirements established in Commission Delegated Regulation (EU) 2019/815, in order to fairly present the Group's equity and consolidated financial situation as at 31 December 2024 and the results of its operations, recognised income and expenses, changes in equity and cash flows (all consolidated) in 2024.

Note 1 to the consolidated annual financial statements for 2024 includes a summary of the principles, accounting policies and measurement criteria applied by the Group. The aforesaid consolidated annual financial statements were signed off by the directors of Banco Sabadell at the Board meeting of 6 February 2025 and approved by shareholders at the Annual General Meeting of 20 March 2025.

These condensed consolidated interim financial statements for the six-month period ended 30 June 2025 have been prepared and are presented in accordance with IAS 34 "Interim financial reporting", as set out in the EU IFRS, and they were signed off by the Bank's directors on 23 July 2025, taking into account Bank of Spain Circular 4/2017 of 27 November and its subsequent amendments.

The condensed consolidated interim financial statements have been prepared applying the same consolidation principles, accounting policies and measurement criteria as those applied by the Group in the consolidated annual financial statements for the financial year 2024, taking into consideration the standards and interpretations that have come into force since 1 January 2025 (see Note 1.3), so that they fairly present the Group's consolidated equity and consolidated financial situation as at 30 June 2025 and the consolidated results of its operations and consolidated cash flows materialising in the Group over the six-month period from 1 January to 30 June 2025.

In accordance with that set forth in IAS 34, the interim financial information is prepared with the sole purpose of explaining the significant events and changes that occurred during the six-month period, without duplicating the information already published in the most recent consolidated annual financial statements. Therefore, for a proper comprehension of the information included in the condensed consolidated interim financial statements, they should be read together with the consolidated annual financial statements for 2024.

[1] *Identificador Registral Único de la Sociedad* (unique company identifier).

These condensed consolidated interim financial statements have been prepared based on the accounting records kept by the Bank and each of the other entities in the Group, and include adjustments and reclassifications necessary to ensure the harmonisation of the accounting policies and measurement criteria applied by the Group.

There are no cases in which accounting principles or measurement criteria whose application is mandatory have not been applied because of a significant effect on the condensed consolidated interim financial statements.

Except as otherwise indicated, these condensed consolidated interim financial statements are expressed in thousands of euros. In order to show the amounts in thousands of euros, the accounting balances have been subject to rounding; for this reason, some of the amounts appearing in certain tables may not be the exact arithmetic sum of the preceding figures.

In accordance with IAS 34, when determining the information to be disclosed concerning the various items in the consolidated financial statements and other matters, the Bank has taken into account their materiality in relation to the condensed consolidated interim financial statements.

1.3 Regulatory amendments in the first half of 2025

Standards and interpretations issued by the International Accounting Standards Board (IASB) that entered into force in 2025

In the first half of 2025, the standards and interpretations adopted by the European Union (EU), together with their amendments, which have been applied by the Group due to their entry into force or their early application, are the following:

Standards and Interpretations	Title
Amendments to IAS 21 (*)	Lack of exchangeability

(*) The consolidated annual financial statements for the year 2024 include a brief description of these amendments.

The application of the amendments in the aforesaid standard has not given rise to any significant effects in terms of these condensed consolidated interim financial statements.

Standards and interpretations issued by the IASB not yet in force

As at the sign-off date of these condensed consolidated interim financial statements, the most significant standards and interpretations published by the IASB but which have not yet entered into force, because their effective implementation date is later than the date of these condensed consolidated interim financial statements and they have not yet been adopted by the European Union, are the following:

Standards and Interpretations	Title	Mandatory for years beginning:
Approved for application in the EU		
Amendments to IFRS 9 and IFRS 7 (*)	- Amendments to the classification and measurement of financial instruments	1 January 2026
	- Contracts referencing nature-dependent electricity	1 January 2026
Annual improvements to IFRS (*)	Volume 11	1 January 2026
Not approved for application in the EU		
IFRS 18 (*)	Presentation and disclosure in financial statements	1 January 2027
IFRS 19 (*)	Subsidiaries without public accountability: disclosures	1 January 2027

(*) The consolidated annual financial statements for the year 2024 include a brief description of these amendments.

Except for the potential impact on presentation and disclosure resulting from the adoption of IFRS 18, it is estimated that the adoption of the amendments issued by the IASB not yet in effect will not have a significant impact for the Group.

1.4 Use of judgements and estimates in preparing the condensed consolidated interim financial statements

The preparation of the condensed consolidated interim financial statements requires certain accounting estimates to be made. It also requires the use of professional judgement when applying the Group's accounting policies. Such judgements and estimates may affect the value of assets and liabilities and the disclosure of contingent assets and contingent liabilities as at the date of the condensed consolidated interim financial statements, as well as the income and expenses during the period to which they relate.

The main judgements and estimates made in these condensed consolidated interim financial statements relate to the following items:

- The fair value of certain unquoted financial assets (see Note 6).
- The fair value of real estate assets held on the balance sheet (see Note 6).
- The accounting classification of financial assets and off-balance sheet exposures according to their credit risk (see Notes 8, 10 and 20).
- Impairment losses on certain financial assets and off-balance sheet exposures (see Notes 8, 10 and 20).
- The useful life and impairment losses of tangible assets and other intangible assets (see Notes 11 and 12).
- The measurement of goodwill on consolidation (see Note 12).
- The assumptions used in actuarial calculations of liabilities and post-employment obligations (see Note 18).
- The provisions and consideration of contingent liabilities (see Note 18).
- The recoverability of non-monetisable deferred tax assets and tax credits (see Note 32).
- Corporation tax expense, which, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the full financial year.

The estimates are based on the best knowledge to hand about current and foreseeable circumstances, taking into account the uncertainties stemming from the existing economic and geopolitical environment and, consequently, the final results could differ from these estimates, particularly in relation to impairment losses on certain financial assets and off-balance sheet exposures. Future events may therefore make it necessary to modify these estimates, which would involve recording the effects of such estimation changes, if any, in the Group's consolidated financial statements on a forward-looking basis, in accordance with applicable regulations. The macroeconomic scenarios considered by the Group in its main estimates and the sensitivity of financial asset impairment allowances to changes in the main variables considered in the macroeconomic scenarios are described in Note 4.2.2.

1.5 Comparability

The information contained in the condensed consolidated interim financial statements and explanatory notes corresponding to 31 December 2024 and 30 June 2024 is shown solely and exclusively for purposes of comparison against the information relating to the six-month period ended 30 June 2025.

1.6 Seasonality of the Group's transactions

Given the activities engaged in by the Group's companies, their transactions are neither cyclical nor seasonal. Consequently, these explanatory notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2025 do not contain specific disclosures in that regard.

1.7 Other information (tender offer)

Proposed merger and voluntary tender offer for the acquisition of shares of Banco Sabadell put forward by Banco Bilbao Vizcaya Argentaria, S.A.

In an Inside Information disclosure dated 30 April 2024, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,227, Banco Sabadell confirmed that it had received, on that same day, an indicative written proposal from Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for a merger (the Proposal). It also advised that the Board of Directors of Banco Sabadell would properly analyse all aspects of the Proposal.

Further to the aforementioned Inside Information disclosure, on 6 May 2024, through a separate Inside Information disclosure entered in the CNMV's register under number 2,234, Banco Sabadell submitted a press release on the decisions taken by its Board of Directors on that date, informing that Banco Sabadell, in fulfilment of its duties and with the assistance of financial advisors and a legal advisor, had carefully considered the Proposal and believed that it significantly undervalued the potential of Banco Sabadell and its standalone growth prospects. The press release also stated that the Board of Directors was highly confident in Banco Sabadell's growth strategy and its financial targets and was of the view that Banco Sabadell's standalone strategy would create superior value for its shareholders. Therefore, based on the detailed assessment of the Proposal, the Board of Directors had concluded that it was not in the best interest of Banco Sabadell and its shareholders and had therefore rejected BBVA's Proposal; this decision was, moreover, thought to be aligned with the interest of Banco Sabadell's customers and employees.

Furthermore, as part of its strong commitment to shareholder value creation and supported by the company's business plan and solid capital generation, the Board of Directors reiterated its commitment to distribute, on an ongoing basis, any excess capital above the 13% CET1 ratio[2] to its shareholders. The overall excess capital amount to be generated over 2024 and 2025, together with recurrent dividends during this period according to a successful completion of the current business plan, was projected to be 2.4 billion euros[3], with part of the distribution to shareholders potentially subject to supervisory approval.

In addition, on 8 May 2024, through an Inside Information disclosure entered in the CNMV's register under number 2,240, with regard to the news published in the press on that same day, and to ensure that the market had complete and transparent information in respect thereto, the Bank published the verbatim text of the communication which, without any prior contact or exchange between the parties, was received by the Chairman of the Board of Directors of Banco Sabadell from the Chairman of the Board of Directors of BBVA on 5 May 2024. In that communication, the Chairman of BBVA's Board of Directors stated that, in connection with the terms of the proposed merger, BBVA had no room to improve its economic terms.

On 9 May 2024, BBVA sent the CNMV the prior announcement of a tender offer for the acquisition of all shares issued by Banco Sabadell, conditional upon its acceptance by 50.01% of the share capital of Banco Sabadell (subsequently amended to acceptance of the tender offer for a number of shares that allows BBVA to acquire at least more than half of the effective voting rights of Banco Sabadell, excluding any treasury shares held by Banco Sabadell at that time, which BBVA undertakes to redeem at the bank's first General Meeting of Shareholders following the tender offer) further conditional upon approval by the General Meeting of Shareholders of BBVA of the increase of its share capital through the issuance of new ordinary shares with non-cash contributions in an amount sufficient to fully cover the consideration offered, and further conditional upon obtaining authorisation by the National Markets and Competition Commission (CNMC) in Spain and by the Prudential Regulation Authority (PRA) in the United Kingdom. The transaction also requires approval by the CNMV and a statement of non-opposition from the European Central Bank.

On 24 May 2024, BBVA filed an application for authorisation of the tender offer with the CNMV, which was admitted for processing by the latter on 11 June 2024. The aforesaid offer initially consisted of one newly issued BBVA share for every 4.83 shares of Banco Sabadell.

[2] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

[3] Subsequently, in July 2024, Banco Sabadell updated its estimation of the shareholder remuneration amount to be paid out of earnings for 2024 and 2025, informing the market that the expected amount had been changed from the 2.4 billion euros announced on 6 May 2024 to 2.9 billion euros (which included the 250 million euros of the portion of Banco Sabadell's share buyback programme that remained pending execution after that programme was suspended on 13 May 2024 following publication of the prior announcement of the tender offer, as well as an additional 250 million euros stemming from the smaller-than-expected impact of Basel IV). Similarly, at its meeting of 6 February 2025, the Board of Directors updated its estimated total shareholder remuneration amount against earnings of 2024 and 2025 to 3.3 billion euros. Finally, at its meeting of 7 May 2025, the Board of Directors updated, once again, its estimated total shareholder remuneration amount to be paid for out of earnings of 2024 and 2025 to 3.4 billion euros.

On 1 October 2024, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 30,745 announcing the adjustment of the consideration under the tender offer in the terms set forth in section 8 of the prior announcement of the offer, establishing, as from 10 October 2024 and following payment by Banco Sabadell and BBVA of their respective interim cash dividends charged to 2024, an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.0196 ordinary shares of Banco Sabadell that accept the offer.

On 28 March 2025, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 33,736 announcing an adjustment of the consideration under the tender offer as a result of Banco Sabadell's final dividend charged to earnings for 2024, establishing, as from 26 March 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.3456 ordinary shares of Banco Sabadell that accept the offer. In addition, it announced a further adjustment of the exchange ratio as a result of BBVA's final dividend charged to earnings for 2024, establishing, as from 8 April 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.70 euros in cash for every 5.3456 ordinary shares of Banco Sabadell that accept the offer.

On 5 July 2024, during BBVA's Extraordinary General Meeting, shareholders approved an increase of its share capital through the issuance of ordinary shares, up to a maximum par value of 551,906,524.05 euros, with non-cash contributions in order to cover the consideration in kind of the voluntary tender offer put forward by BBVA for the acquisition of up to 100% of Banco Sabadell's shares.

Later, in September 2024, BBVA obtained authorisation from the UK's Prudential Regulation Authority (PRA) for the acquisition of indirect control over TSB and the ECB's decision not to oppose the takeover of Banco Sabadell.

On 30 April 2025, the CNMC's Board approved the economic concentration between BBVA and Banco Sabadell in phase two, subject to certain commitments undertaken by BBVA. Subsequently, on 24 June 2025, the Spanish Council of Ministers authorised the aforementioned concentration in phase three, with a condition additional to the BBVA commitments previously accepted by the CNMC. This condition was based on various criteria of public interest.

As at the sign-off date of these condensed consolidated interim financial statements, the tender offer remains pending receipt of regulatory authorisation from the CNMV. It also remains pending acceptance of the offer, if it reaches this stage, by a number of shares that allows BBVA to acquire at least more than half of the effective voting rights of Banco Sabadell at the end of the offer acceptance period (therefore excluding any treasury shares held by Banco Sabadell at that time), in accordance with the amended offer released by BBVA on 9 January 2025 through an Inside Information disclosure entered in the CNMV's register under number 2,544.

For as long as the tender offer remains pending, it will generate uncertainty for the Group, which is inherent in the very nature of the offer put forward. At the present time, there can be no certainty as to the ultimate outcome of the tender offer, if approved.

Note 2 – Banco Sabadell Group

Schedule I to the consolidated annual financial statements for the year ended 31 December 2024 contains material disclosures about the Group companies that were consolidated as at that date and those accounted for using the equity method.

Schedule I to these condensed consolidated interim financial statements gives details of the business combinations, acquisitions and sales of equity holdings in other institutions (subsidiaries and/or associates) carried out by the Group during the six-month period ended 30 June 2025.

Changes in the scope of consolidation during the first half of 2025

No material changes in the scope of consolidation have taken place during the first half of 2025.

Other corporate transactions

Note 2 to the Group's consolidated annual financial statements for 2024 contains information regarding the strategic deal signed between Banco Sabadell and Nexi, S.p.A. in 2023, by virtue of which the latter is to acquire 80% of the share capital of Paycomet S.L.U., Banco Sabadell's payments subsidiary.

The process to close this transaction is expected to be resumed in the last quarter of 2025, once the outcome of the tender offer for the acquisition of shares representing the total share capital of the Bank, described in Note 1.7, is known.

Note 3 – Shareholder remuneration and earnings per share

Details are provided here below about the dividends paid out by the Bank during the six-month period ended 30 June 2025:

	30/06/2025		
	% of par	Euro per share	Amount (thousand euro)
Ordinary shares	99.52%	0.1244	666,943
Other shares (non-voting, redeemable, etc.)	—	—	—
Total dividends paid	99.52%	0.1244	666,943
a) Dividends charged to earnings	99.52%	0.1244	666,943
b) Dividends charged to reserves or share premium	—	—	—
c) Dividends in kind	—	—	—

On 6 February 2025, the Board of Directors submitted a proposal to shareholders at the Annual General Meeting concerning the distribution of a gross final dividend, in cash, of 0.1244 euros per share to be paid out of 2024 earnings, which was approved by shareholders at the Annual General Meeting on 20 March 2025 and paid out in the same month.

Previously, the Board of Directors of Banco Sabadell had agreed, on 22 July 2024, to distribute an interim dividend in cash, to be paid out of its earnings in 2024, of 0.08 euros (gross) per share, which was paid on 1 October 2024. As a result, earnings on cash dividends charged to 2024 profits reached 0.2044 euros (gross) per share.

Share buyback programmes

Share buyback programme in 2024

On 10 April 2024, shareholders at the Annual General Meeting of Banco Sabadell approved a resolution to reduce share capital by the nominal value of the treasury shares that may be acquired by Banco Sabadell by virtue of a share buyback programme, against earnings for 2023, for a maximum amount of 340 million euros.

Subsequently, on 25 April 2024, Banco Sabadell announced, through an Inside Information disclosure entered in the CNMV's register under number 2,203, the terms and the start date of the treasury share buyback programme approved by the Board of Directors on 24 April 2024, in accordance with that provided in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

On 13 May 2024, pursuant to the request received from the CNMV on that same date, the Bank released an Other Relevant Information disclosure, entered in the CNMV's register under number 28,561, giving notice of the interim suspension of the aforementioned share buyback programme in light of the publication of the prior announcement of the voluntary tender offer put forward by Banco Bilbao Vizcaya Argentaria, S.A. for the acquisition of Banco Sabadell shares representing its total share capital (see Note 1.7).

The operation of the buyback programme was discontinued before the opening of the session of 9 May 2024, the amount paid for the shares purchased under the buyback programme up to (and including) 8 May 2024 being 92,864,152.55 euros, representing approximately 27.31% of the maximum pecuniary amount of the buyback programme, therefore approximately 72.69% of the said maximum amount remains to be executed.

At its meeting of 29 January 2025, the Bank's Board of Directors agreed to partially execute the capital reduction resolution approved by shareholders at the Annual General Meeting on 10 April 2024, in the amount of 6,566,420.625 euros, through the redemption of the 52,531,365 shares acquired by virtue of the aforesaid buyback programme up to the time of its suspension. The aforesaid resolution already envisaged the possibility of it not being executed or only partially executed due to unforeseen circumstances. The public deed corresponding to the capital reduction was entered in the Companies Register of Barcelona on 27 February 2025, that reduction being thus completed and the redeemed shares delisted (see Note 19).

Share buyback programmes in 2025

During the Annual General Meeting of 20 March 2025, after having received prior authorisation from the competent authority, shareholders agreed to reactivate the share buyback programme for a cash amount of up to 340 million euros originally approved by the Board of Directors on 24 April 2024, mentioned previously. During the aforesaid Annual General Meeting, shareholders agreed to approve that share buyback programme in the amount of 247 million euros (the “reactivated buyback programme”).

Similarly, after having obtained prior authorisation from the competent authority, during that same Annual General Meeting of 20 March 2025, shareholders approved the establishment of another share buyback programme in the amount of 755 million euros, in line with the commitment established by Banco Sabadell’s Board of Directors to distribute any excess capital above the management target of 13%[4] to shareholders.

On 28 March 2025, Banco Sabadell gave notice, through an Other Relevant Information disclosure entered in the CNMV’s register under number 33,739, of the commencement, on 31 March 2025, of the reactivated buyback programme, in accordance with the provisions of Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

On 8 May 2025, Banco Sabadell gave notice, by means of an Other Relevant Information disclosure, of completion of the execution of the reactivated buyback programme, as the aforesaid maximum pecuniary amount of 247 million euros had been reached, having acquired 99,460,820 treasury shares with a par value of 0.125 euros each, representing approximately 1.85% of Banco Sabadell’s share capital.

On 29 May 2025, Banco Sabadell’s Board of Directors agreed to reduce the Bank’s share capital by 12,432,602.50 euros through the redemption, charged to unrestricted reserves, of all the treasury shares acquired under the reactivated buyback programme mentioned in the previous paragraph. That reduction was approved as per the powers conferred on the Board of Directors in the share capital reduction resolution approved by shareholders during the aforesaid Annual General Meeting of 20 March 2025.

The public deed corresponding to the capital reduction (and the resulting amendment of the Articles of Association) was entered in the Companies Register of Barcelona on 23 June 2025, that reduction being thus completed and the redeemed shares delisted (see Note 19).

On that same day, 8 May 2025, Banco Sabadell gave notice, through an Other Relevant Information disclosure entered in the CNMV’s register under number 34,672, in accordance with that provided in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, of the terms and commencement, on 9 May 2025, of the other share buyback programme approved by shareholders at the aforesaid Annual General Meeting of 20 March 2025, for a maximum amount of 755 million euros, with the aim of reducing Banco Sabadell’s share capital by redeeming the own shares acquired in execution of the aforesaid capital reduction approved at the Annual General Meeting, thereby contributing to the remuneration of shareholders of Banco Sabadell by means of the increase in earnings per share that is inherent to the reduction in the number of shares.

Since 12 May 2025, Banco Sabadell has been releasing weekly Other Relevant Information filings to share the mandatory information regarding the treasure share transactions carried out under the aforesaid buyback programme, as well as the amount paid for the purchased shares. Up to 18 July 2025, the amount of the purchased shares came to 602,301,464.62 euros, representing approximately 79.78% of the maximum pecuniary amount of the buyback programme, with approximately 20.22% of the aforesaid amount therefore remaining pending execution. The amount of the shares purchased under the buyback programme up to 30 June 2025 is 392,647,304.79 euros.

[4] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

Interim dividend in 2025

At its meeting held on 23 July 2025, the Board of Directors of Banco Sabadell agreed to distribute an initial interim dividend in cash, to be paid out of its earnings of 2025, of 0.07 euros (gross) per share, to be paid on 29 August 2025.

In fulfilment of the mandatory requirement indicated in Article 277 of Spain's Capital Companies Act (*Ley de Sociedades de Capital*), the provisional statement of accounts provided below was created by the Bank to confirm the existence of sufficient liquidity and profit at the time of its approval of the aforesaid interim dividend:

Thousand euro

Available for the distribution of dividends according to the provisional statement as at:	30/06/2025
Banco Sabadell profit as at the date indicated, after provisions for taxes (*)	1,134,837
Estimated statutory reserve	—
Estimated Canary Island investment reserve	26
Maximum amount available for distribution	1,134,811
Interim dividend proposed (**)	358,382
Cash balance available at Banco de Sabadell, S.A. (***)	20,587,644

(*) See Schedule II - Income statements of Banco de Sabadell, S.A.

(**) This amount may vary slightly depending on the available treasury stock balance at the time this dividend is paid.

(***) Includes the balance of the heading "Cash, cash balances at central banks and other demand deposits".

Extraordinary dividend subject to the sale of TSB Banking Group plc

On 1 July 2025, the Board of Directors of Banco Sabadell agreed to submit a proposal for the consideration of shareholders, during the Extraordinary General Meeting scheduled to take place on 6 August 2025, regarding the distribution of an extraordinary cash dividend, charged against unrestricted voluntary reserves, in the amount of 50 euro cents (gross) per share for those entitled to receive it (and, based on the number of shares outstanding as at 30 June 2025 – other than those acquired by the Bank as treasury shares up to 30 June 2025 under the buyback programme authorised by shareholders at the Annual General Meeting held on 20 March 2025 for redemption – for a maximum amount of 2,573,005,100.50 euros). The Bank estimates that the amount corresponding to that extraordinary dividend, after factoring in the completion of the share buyback programme, will come to approximately 2.5 billion euros.

That extraordinary dividend is conditional upon closing the sale of the subsidiary TSB Banking Group plc and, if closed, it will be paid on the last business day of the month immediately following that in which the transaction is completed, without exceeding a period of 12 months from the date on which shareholders approve the resolution during the Extraordinary General Meeting (see Note 35).

The distribution of this dividend is independent of and without prejudice to any other shareholder remuneration formulas that may be approved by Banco Sabadell charged to or on account of its results, or even without direct link to profit, in accordance with the shareholder remuneration policy in force.

Earnings per share

Basic earnings (or loss) per share are calculated by dividing the net profit or loss attributable to the Group, adjusted by the remuneration of other equity instruments, by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares acquired by the Group. Diluted earnings (or loss) per share are calculated by applying adjustments for the estimated effect of all potential conversions of ordinary shares to the net profit or loss attributable to the Group and to the weighted average number of ordinary shares outstanding.

The Group's earnings per share calculations are shown below:

	30/06/2025	30/06/2024
Profit or loss attributable to owners of the parent (thousand euro)	975,280	791,168
Adjustment: Remuneration of other equity instruments (thousand euro)	(56,563)	(56,445)
Profit or (-) loss after tax from discontinued operations (thousand euro)	—	—
Profit or loss attributable to owners of the parent, adjusted (thousand euro)	918,717	734,723
Weighted average number of ordinary shares outstanding (*)	5,298,337,101	5,391,687,023
Assumed conversion of convertible debt and other equity instruments	—	—
Weighted average number of ordinary shares outstanding, adjusted	5,298,337,101	5,391,687,023
Earnings per share (euro)	0.17	0.14
Basic earnings per share adjusted for the effect of mandatory convertible bonds (euro)	0.17	0.14
Diluted earnings per share (euro)	0.17	0.14

(*) Average number of shares outstanding, excluding the average number of own shares held in treasury stock during the period.

As at 30 June 2025 and 2024, there were no other financial instruments or share-based commitments with employees with a significant impact on the calculation of diluted earnings (or loss) per share for the periods presented. For this reason, basic earnings (or loss) per share coincide with diluted earnings (or loss) per share.

Note 4 – Risk management

Note 4 "Risk management" to the consolidated annual financial statements for 2024 gives details of the Global Risk Framework and risk governance arrangements, and of how the Group's main material risks are managed and monitored.

Material disclosures updated as at 30 June 2025 in relation to risk management are provided below.

4.1. Macroeconomic, political and regulatory environment

Macroeconomic environment

The most salient aspects of the macroeconomic environment during the first half of 2025 are listed here below:

- The introduction of the Trump administration's tariff policy agenda was one of the major events that took place during first six months of the year and which brought volatility to the financial markets. After a sweeping tariff increase was announced in early April, the situation eased thanks to a temporary truce. However, the situation remains uncertain.

- In the geopolitical landscape, the United States and Israel launched an attack on Iran in a bid to wipe out its nuclear programme. The situation was successfully brought under control after a truce was agreed, and the impact on oil prices was relatively contained and short-lived.

- The negative impact of the trade war on economic data was limited during the first half of 2025 and the main geographies continued to show remarkable resilience.

- In the United States, one aspect that drew considerable attention was the approval, by a very slim margin, of the tax reform bill by Congress. The package includes an extension of the tax cuts introduced in 2017 as well as new tax cuts. Some estimates suggest that this reform will increase the debt-to-GDP ratio by more than 10 percentage points over the coming decade.

- In Spain, economic activity continued to do well throughout the six-month period, although some indicators pointed towards slightly weaker performance in the second quarter. Despite this, economic outlooks for the Spanish economy remained relatively positive, with GDP growth expectations amply surpassing those of the Eurozone as a whole.

- In terms of inflation, the services component showed signs of easing and so far the main price indices show no signs of any impacts from the tariffs, although there is still a lot of uncertainty in that respect.

- As for monetary policy, the European Central Bank and the Bank of England continued with their interest rate cuts, while the Federal Reserve put them on pause against a backdrop of heightened uncertainty over the impact of the Trump administration's agenda.
- The markets reacted with intensity to the tariffs announced by the United States in April, with sharp declines in stock markets, increases in various volatility indices, and significant rebounds in corporate loan spreads. The US dollar, unlike in previous episodes of risk aversion, experienced a widespread depreciation this time around. All of the losses sustained by risk assets during April's episode were reversed after Trump announced a trade truce. In any case, there is still some evidence that investors have lost confidence in US assets.
- Long-term government bond yields in the main developed economies ended the first half of the year with no major changes. It is worth noting that in April, US public debt temporarily stopped acting as a safe haven asset, although this was later reversed.
- On a more positive note, European sovereign risk premiums remained contained throughout the six-month period, underpinned by rating upgrades in several countries.
- The euro, in its currency pair with the US dollar, appreciated by close to 14% in the first half of 2025, standing at 1.18 dollars per euro. These are levels that had not been seen since mid-2021.

Political and regulatory environment

In a context marked by calls for simpler regulations by European institutions, the European Commission unveiled its European Competitiveness Compass on 29 January 2025. The main aim of this proposition is to restore and boost the competitiveness of the European Union, building on the recommendations set out in the Draghi and Letta reports. The initiative places particular emphasis on the need to alleviate the regulatory and administrative burden placed on companies, through the simplification of rules and laws as a strategic means of boosting economic growth and operating efficiency.

In line with this approach, on 26 February 2025 the European Commission adopted the legislative proposal known as 'Omnibus', which aims to simplify existing legislation in the field of sustainability, reduce reporting burdens and boost the competitiveness of European companies.

The European Commission is also spearheading the Savings and Investment Union (SIU) initiative, which aims to create better financial opportunities for citizens by more efficiently connecting savings and productive investments. As a first step in the legislation required by this initiative, a package of measures aimed at revitalising the securitisations market was unveiled on 17 June 2025. This package includes amendments to the securitisation regulation, adjustments to the prudential treatment, and changes to the Liquidity Coverage Ratio (LCR) Delegated Regulation.

4.2 Credit risk

4.2.1 Credit risk exposure

The table below shows the distribution, by headings of the condensed consolidated balance sheet and off-balance sheet exposures, of the Group's maximum gross credit risk exposure as at 30 June 2025 and 31 December 2024, without deducting collateral or credit enhancements received in order to ensure the fulfilment of payment obligations, broken down by portfolios and in accordance with the nature of the financial instruments:

Thousand euro

Maximum gross credit risk exposure	Note	30/06/2025	31/12/2024
Financial assets held for trading		**1,786,470**	**1,420,956**
Equity instruments		81,920	541,005
Debt securities	8	1,704,550	879,951
Non-trading financial assets mandatorily at fair value through profit or loss		**172,353**	**168,267**
Equity instruments	9	72,021	67,049
Debt securities	8	59,819	60,705
Loans and advances	10	40,513	40,513
Financial assets at fair value through other comprehensive income		**6,591,136**	**6,492,101**
Equity instruments	9	328,006	315,768
Debt securities	8	6,263,130	6,176,333
Financial assets at amortised cost		**203,970,126**	**199,367,960**
Debt securities	8	27,399,942	24,876,300
Loans and advances	10	176,570,184	174,491,660
Derivatives		**4,224,215**	**4,412,901**
Total credit risk associated with financial assets		**216,744,300**	**211,862,185**
Loan commitments given	20	27,108,575	28,775,335
Financial guarantees given	20	1,887,885	1,979,622
Other commitments given	20	8,900,600	9,366,339
Total off-balance sheet exposures		**37,897,060**	**40,121,296**
Total maximum gross credit risk exposure		**254,641,360**	**251,983,481**

Schedule IV to these condensed consolidated interim financial statements shows quantitative data relating to credit risk exposures and their concentration, broken down by geographical area and by activity sector.

The values of the guarantees received to ensure collection, as at 30 June 2025 and 31 December 2024, are as follows:

Thousand euro

	30/06/2025	31/12/2024
Value of collateral	96,199,412	96,057,447
Of which: securing stage 2 loans	*5,174,011*	*6,133,795*
Of which: securing stage 3 loans	*1,372,030*	*1,570,540*
Value of other guarantees	13,431,327	14,262,388
Of which: securing stage 2 loans	*1,461,572*	*1,653,150*
Of which: securing stage 3 loans	*524,765*	*683,329*
Total value of guarantees received	**109,630,739**	**110,319,835**

4.2.2 Calculation of credit loss allowances

Inclusion of forward-looking information in expected loss models

As at 30 June 2025, the Group continues to consider three macroeconomic scenarios, with the same weightings as in December 2024, namely: one baseline scenario, the most likely of all (65%); alternative scenario 1, which is more optimistic and envisages productivity gains and non-existent inflation (15%); and alternative scenario 2, which is more adverse and envisages financial instability and recession (20%). In TSB, the same probabilities assigned to the scenarios in 2024 are also maintained, i.e. the probabilities assigned to the baseline scenario and to the optimistic scenario are 60% and 10%, respectively, assigning a 10% probability to a more adverse scenario characterised by interest rate hikes. A 20% probability is assigned to alternative scenario 2. To carry out the forecasts of these scenarios, five-year time horizons are used. The main variables considered are changes in GDP, the unemployment rate and house prices.

The baseline scenario is influenced by the US tariff policy and the impacts of the measures announced thus far. The divergent economic growth between the United States and the Eurozone is partially reversed. The United States is negatively affected by the impact of the tariff policy on companies and consumers. However, in the Eurozone, part of the negative impact stemming from tariffs is counterbalanced by a more active tax policy. Spain continues to stand out in a positive light in the Eurozone. Inflation is temporarily pushed up by the effects of the tariff policy, especially in the United States. In general, inflation becomes more volatile and erratic, given the backdrop of less stable supply conditions. Central banks adopt a more cautious stance and only cut interest rates when there is a window of opportunity to do so. Both the ECB and the Fed introduce further cuts until interest rates are close to monetary neutrality. The climate of increased uncertainty regarding the economic and foreign policy of the United States could continue to trigger episodes of volatility in the markets. Long-term government bond yields remain stable, while the risk premiums of the European periphery countries remain contained and in line with their respective ratings.

Alternative scenario 1 is more optimistic than the baseline scenario and is based on improved global supply-side conditions (geopolitics, energy, etc.) and productivity improvements, further driven by a swift and far-reaching deployment of artificial intelligence applications. In this scenario, economic growth is robust. Inflation remains at levels close to the monetary policy targets, with no upward pressure. Central banks place their interest rates at levels in keeping with monetary neutrality. Global financing conditions remain lax, with no episodes of risk aversion. The economic and financial environment allows risk premiums to remain contained.

Alternative scenario 2 is more pessimistic than the baseline scenario and mainly considers the possible materialisation of risks to financial stability, with repercussions for the real economy. Inflation falls due to the damage to the lending channel, financial market dislocation, and the economic recession. Central banks take action to safeguard financial stability through their balance sheet policies and resume their liquidity programmes. The authorities also rapidly cut official interest rates to expansionary levels. Global financing conditions tighten, in terms of both capital markets and credit. Government bond yields in the main developed countries slide, while risk premiums in the European periphery rebound.

As at 30 June 2025 and 31 December 2024, the main forecast variables considered for Spain and the United Kingdom are those shown below:

%

	30/06/2025									
	Spain					United Kingdom				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
GDP growth										
Baseline scenario	2.3	1.6	1.7	1.8	1.8	1.1	1.0	1.4	1.4	1.4
Alternative scenario 1	3.8	3.8	2.4	2.2	2.2	1.5	2.6	1.7	1.6	1.6
Alternative scenario 2	0.9	(1.6)	0.9	1.6	1.6	0.8	(1.8)	0.2	1.5	1.2
Unemployment rate										
Baseline scenario	10.5	10.4	10.2	10.1	10.1	4.6	4.8	4.6	4.5	4.5
Alternative scenario 1	9.4	8.1	7.7	7.5	7.4	4.4	3.6	3.5	3.5	3.5
Alternative scenario 2	13.6	15.2	13.6	12.1	10.7	4.7	6.2	6.4	5.9	5.3
House price growth (*)										
Baseline scenario	7.7	5.3	4.5	4.5	4.5	1.9	1.6	2.8	3.0	3.0
Alternative scenario 1	9.1	7.8	6.5	5.5	5.5	2.5	4.3	5.0	5.0	5.0
Alternative scenario 2	(0.8)	(1.9)	1.4	1.9	1.9	0.9	(8.7)	(6.7)	0.0	0.4

(*) For Spain, the price variation as at year-end is calculated and, for the UK, the average price variation over the year is calculated.

%

	31/12/2024									
	Spain					United Kingdom				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
GDP growth										
Baseline scenario	2.2	1.8	1.8	1.8	1.8	1.1	1.1	1.4	1.4	1.4
Alternative scenario 1	4.4	3.5	2.2	2.2	2.2	2.4	2.2	1.6	1.6	1.6
Alternative scenario 2	(0.3)	(0.7)	1.2	1.6	1.6	(0.5)	(0.9)	1.2	1.4	1.2
Unemployment rate										
Baseline scenario	11.2	10.9	10.7	10.5	10.5	4.4	4.5	4.5	4.5	4.5
Alternative scenario 1	9.9	8.6	8.0	7.7	7.6	3.9	3.5	3.5	3.5	3.5
Alternative scenario 2	14.6	15.7	14.1	12.6	11.1	5.3	6.6	6.2	5.6	5.0
House price growth (*)										
Baseline scenario	5.4	4.5	4.5	4.5	4.5	1.6	1.5	2.1	2.6	2.7
Alternative scenario 1	6.9	7.1	6.5	5.5	5.5	2.6	5.0	5.0	5.0	5.0
Alternative scenario 2	(3.7)	(1.9)	1.4	1.9	1.9	(4.0)	(10.7)	(1.7)	0.0	1.6

(*) For Spain, the price variation as at year-end is calculated and, for the UK, the average price variation over the year is calculated.

In the Group, the macroeconomic scenarios have been incorporated into the impairment calculation model.

Additional adjustments to expected losses

The Group applies a series of additional adjustments to the outputs of its credit risk models, referred to as Post Model Adjustments (PMAs) or overlays, in order to address situations in which the outputs of those models are not sufficiently sensitive to uncertainty, or to capture events that cannot be modelled. These adjustments are temporary and remain in place until the reasons for which they were originally applied cease to exist. In all cases, the aforesaid overlays have followed the policies and procedures set by the Group, as well as its internal governance workflow, which includes a review by the second line of defence.

As at 31 December 2024, the overlays booked in the consolidated balance sheet amounted to 83 million euros. Due to the DANA flash floods, the expected loss was adjusted by 45 million euros, corresponding to the most affected perimeter. The Group also kept an overlay in place of 13 million euros to reflect environmental risks in the expected loss. Lastly, the Group had made adjustments amounting to 25 million euros, corresponding to overlays estimated based on the outcomes of PD models backtesting exercises. The Group applied collective classification PMAs that increased exposures classified as stage 2 and stage 3 by 511 million euros and 135 million euros, respectively, which include reclassifications of 255 million euros to stage 2 and 96 million euros to stage 3 corresponding to the impacts of the DANA event.

As at 30 June 2025, the overlays applied to the consolidated balance sheet amounted to 67 million euros. During the first half of 2025, as a result of the annual model review process, both the overlay linked to the incorporation of environmental risks into expected loss and certain overlays relating to PD models, amounting to 8 million euros, were specifically allocated. Furthermore, 25 million euros were booked through new overlays, stemming from the increase in uncertainty surrounding international trade. Similarly, in relation to this same topic, collective overlays have been applied to reclassify 576 million euros to stage 2. In addition, the perimeter potentially affected by the 2024 DANA flash floods was updated and collective overlays remain in place for the reclassification of 172 million euros to stage 2 and 40 million euros to stage 3, for which an adjustment has been made to the expected loss in the amount of 25 million euros. The Group has recorded the impact on stage classifications stemming from the overlays described above through collective assessment PMAs. In that regard, overlays that entailed increasing exposures classified as stage 2 and stage 3 by 940 million euros and 69 million euros, respectively, have been applied. The aforesaid overlays include the impacts of the DANA flash floods and the uncertainty surrounding international trade mentioned previously.

Sensitivity analysis of the key variables of macroeconomic scenarios

A sensitivity analysis of the expected loss of the Group and its main geographies and of its impact, by segment, on impairment allowances in the event of any deviation in the key variables, *ceteris paribus*, in the actual macroeconomic environment with respect to the most likely baseline macroeconomic scenario envisaged in the Group's business plan, is set out below. The outcome of this analysis is set out below:

Group			
	Change in the variable (*)	Impact on expected loss	
		Corporates	Individuals
GDP growth deviation	- 100 bp	6.3%	1.2%
	+ 100 bp	(5.3%)	(1.1%)
Unemployment rate deviation	+ 100 bp	2.0%	2.5%
	- 100 bp	(1.9%)	(1.9%)
House price growth deviation	- 100 bp	0.5%	0.8%
	+ 100 bp	(0.5%)	(0.8%)

Spain			
	Change in the variable (*)	Impact on expected loss	
		Corporates	Individuals
GDP growth deviation	- 100 bp	6.3%	1.6%
	+ 100 bp	(5.3%)	(1.4%)
Unemployment rate deviation	+ 100 bp	2.0%	1.5%
	- 100 bp	(1.9%)	(1.4%)
House price growth deviation	- 100 bp	0.5%	0.9%
	+ 100 bp	(0.5%)	(0.9%)

United Kingdom		
	Change in the variable (*)	Impact on expected loss
		Individuals
Unemployment rate deviation (**)	+ 100 bp	6.2%
	- 100 bp	(4.0%)
House price growth deviation	- 100 bp	0.3%
	+ 100 bp	(0.3)%

(*) Changes to macroeconomic variables are applied in absolute terms.

(**) Changes to macroeconomic variables are applied in absolute terms. In the scenario of a change to the UK unemployment rate, a deviation of +/- 100 bp represents the relative value of a deviation from the macroeconomic variable more than two times greater than in Spain.

4.2.3 Credit quality of financial assets

The breakdown of total exposures rated according to the various internal rating levels, as at 30 June 2025 and 31 December 2024, is set out here below:

Million euro

Breakdown of on-balance sheet exposure, by rating	Note	Exposures assigned rating/score 30/06/2025				
		Stage 1	Stage 2	Stage 3	Of which: purchased credit-impaired	Total
AAA/AA		18,563	109	—	*2*	18,672
A		24,801	45	—	—	24,845
BBB		106,407	203	—	*1*	106,610
BB		29,251	296	1	—	29,548
B		12,768	1,937	14	*34*	14,719
Other		3,048	5,919	4,090	*54*	13,057
No rating/score assigned		3,748	839	—	—	4,587
Total gross amount	**10**	**198,586**	**9,347**	**4,105**	***90***	**212,038**
Impairment allowances	**10**	**(302)**	**(346)**	**(1,959)**	**—**	**(2,607)**
Total net amount		**198,284**	**9,001**	**2,146**	***90***	**209,431**

Million euro

Breakdown of on-balance sheet exposure, by rating	Note	Exposures assigned rating/score 31/12/2024				
		Stage 1	Stage 2	Stage 3	Of which: purchased credit-impaired	Total
AAA/AA		21,207	241	—	*2*	21,448
A		17,726	37	11	—	17,775
BBB		99,896	236	—	—	100,132
BB		34,316	260	1	*1*	34,577
B		13,794	2,260	7	*35*	16,062
Other		3,035	6,851	4,618	*63*	14,505
No rating/score assigned		1,762	266	—	—	2,027
Total gross amount	**10**	**191,736**	**10,151**	**4,638**	***101***	**206,525**
Impairment allowances	**10**	**(309)**	**(371)**	**(2,168)**	***(1)***	**(2,848)**
Total net amount		**191,427**	**9,780**	**2,470**	***100***	**203,678**

The breakdown of total off-balance sheet exposures rated according to the various internal rating levels, as at 30 June 2025 and 31 December 2024, is set out here below:

Million euro

Breakdown of off-balance sheet exposure, by rating	Note	Exposures assigned rating/score 30/06/2025				
		Stage 1	Stage 2	Stage 3	Of which: purchased credit-impaired	Total
AAA/AA		1,846	24	—	—	1,870
A		4,919	3	—	*1*	4,922
BBB		16,186	35	2	*11*	16,223
BB		7,695	36	3	—	7,734
B		5,418	469	6	—	5,893
Other		72	701	255	*124*	1,028
No rating/score assigned		209	17	1	—	227
Total gross amount	**20**	**36,344**	**1,285**	**267**	***136***	**37,897**
Provisions recognised under liabilities on balance sheet	**20**	**(30)**	**(18)**	**(75)**	**—**	**(123)**
Total net amount		**36,315**	**1,267**	**192**	***136***	**37,774**

Million euro

Breakdown of off-balance sheet exposure, by rating	Note	Exposures assigned rating/score 31/12/2024				
		Stage 1	*Stage 2*	*Stage 3*	*Of which: purchased credit-impaired*	Total
AAA/AA		1,830	36	—	—	1,867
A		3,865	4	—	—	3,869
BBB		16,302	17	2	—	16,321
BB		10,882	43	4	*1*	10,929
B		5,485	432	8	*32*	5,925
Other		157	684	289	*134*	1,131
No rating/score assigned		80	—	—	—	80
Total gross amount	**20**	**38,601**	**1,217**	**304**	***168***	**40,121**
Provisions recognised under liabilities on balance sheet	**20**	**(36)**	**(30)**	**(77)**	**—**	**(142)**
Total net amount		**38,565**	**1,187**	**226**	***168***	**39,979**

Further details on the credit rating and credit scoring models are included in section 4.4.2.2 of the consolidated annual financial statements for 2024.

Exposures classified as stage 3 decreased by 552 million euros in the first half of 2025. Consequently, the Group's NPL ratio fell during this period, as shown in the table below:

%

	30/06/2025	Proforma 30/06/2025 (*)	31/12/2024	Proforma 31/12/2024 (*)
NPL ratio	2.47	2.81	2.84	3.31
Stage 3 coverage ratio, with total provisions	63.61	68.77	61.73	66.09

(*) Corresponds to the ratio excluding TSB.

The NPL ratio, broken down by lending segment, is set out below:

%

	30/06/2025	Proforma 30/06/2025 (*)	31/12/2024	Proforma 31/12/2024 (*)
Group NPL ratio	**2.47**	**2.81**	**2.84**	**3.31**
Non-real estate construction	3.40	3.40	4.06	4.06
Corporates	1.52	1.52	2.00	2.00
SMEs and self-employed	6.08	6.12	6.70	6.74
Individuals with 1st mortgage guarantee	1.72	1.98	1.89	2.27
Real estate development and construction	4.44	4.47	5.66	5.69

(*) Corresponds to the NPL ratio excluding TSB.

Further quantitative details can be found in Note 10, specifically in the sections on 'Financial assets classified according to their credit risk' and 'Allowances', and in Schedule IV in the section on 'Forbearance'.

4.3 Financial risks

4.3.1 Liquidity and funding risk

Funding strategy and evolution of liquidity in 2025

The Group's liquidity position remained at comfortable levels during the first half of 2025. During this period, the funding gap generated at the Group level was negative, mainly due to an increase in lending associated with customers' increased financing needs.

Capital markets

The Group has a number of funding programmes in operation in capital markets, with a view to diversifying its different funding sources. Specifically with regard to short-term funding, it has a corporate commercial paper programme registered with the Spanish National Securities Market Commission (CNMV), and with regard to medium- and long-term funding, the Institution has a Euro Medium Term Notes (EMTN) programme registered with the Irish Stock Exchange and a Base Prospectus of Non-Equity Securities registered with the CNMV.

The level of funding in capital markets has remained stable and the Institution has a buffer comfortably above the Minimum Requirement for own funds and Eligible Liabilities (MREL). During the first half of the year, Banco Sabadell issued three deals on the wholesale market in the amount of 2 billion euros and TSB issued an additional deal in the amount of 600 million euros, managing the respective maturities in the capital markets (further details can be found in Schedule III to these condensed consolidated interim financial statements).

The outstanding nominal balance of the Group's funding in capital markets, by type of product, as at 30 June 2025 and 31 December 2024 is shown below:

Million euro

	30/06/2025	31/12/2024
Outstanding nominal balance	**27,375**	**27,076**
Mortgage covered bonds	7,875	7,706
TSB covered bonds	4,314	3,817
Commercial paper and ECP	—	—
Senior debt	4,256	4,273
Senior non-preferred debt	4,280	5,030
Subordinated debt and preferred securities	4,765	4,065
Asset-backed securities	1,885	2,185
Of which: Sabadell Consumer Finance	*226*	*295*
Of which: TSB	*567*	*597*

Details of the Group's maturing issuances in capital markets, by type of product (excluding securitisations, commercial paper and ECP) and considering their legal maturity, as at 30 June 2025 and 31 December 2024, are analysed below:

Million euro

	3Q25	4Q25	2026	2027	2028	2029	2030	>2030	Outstanding balance
Mortgage covered bonds (*)	500	—	1,390	1,100	985	950	1,250	1,700	7,875
TSB covered bonds (*)	—	—	—	1,169	1,461	1,084	600	—	4,314
Senior debt	980	—	—	500	750	1,276	750	—	4,256
Senior non-preferred debt	—	—	567	18	500	1,500	500	1,195	4,280
Subordinated debt and preferred securities	—	—	500	—	—	—	—	4,265	4,765
Total	**1,480**	**—**	**2,457**	**2,787**	**3,696**	**4,810**	**3,100**	**7,160**	**25,491**

(*) Secured issues.

Million euro

	2025	2026	2027	2028	2029	2030	>2030	Outstanding balance
Mortgage covered bonds (*)	831	1,390	1,100	985	950	1,250	1,200	7,706
TSB covered bonds (*)	—	—	1,206	1,508	1,103	—	—	3,817
Senior debt	980	—	500	750	1,293	750	—	4,273
Senior non-preferred debt	500	1,317	18	500	1,500	500	695	5,030
Subordinated debt and preferred securities	300	500	—	—	—	—	3,265	4,065
Total	**2,611**	**3,207**	**2,824**	**3,743**	**4,846**	**2,500**	**5,160**	**24,891**

(*) Secured issues.

As at 30 June 2025, the Bank has outstanding issues of mortgage covered bonds amounting to 15,940 million euros, of which 8,065 million euros have been subscribed by Banco Sabadell (15,776 million euros as at 31 December 2024, of which 8,070 million euros were subscribed by Banco Sabadell), which are secured by eligible mortgage loans in the amount of 24,915 million euros (24,567 million euros as at 31 December 2024). The mortgage covered bonds therefore have an overcollateralisation ratio of 159% (156% as at 31 December 2024), with all their collateral denominated in euros. More information can be found on the corporate website at www.grupbancsabadell.com (see section “Shareholders and Investors - Fixed income investors”).

In the first half of 2025, Banco Sabadell’s medium- and long-term maturities of wholesale debt amounted to 836 million euros (not including partial and total redemptions of securitisations placed on the market) and it issued three wholesale market trades amounting to 2 billion euros. In particular, on 18 February 2025 it issued one 500 million euro 8NC7yr senior non-preferred debt deal, on 28 March 2025 it issued one 500 million euro 8yr mortgage covered bonds deal, and on 20 May 2025 it issued one 1 billion euro PerpNC6yr CoCos (Additional Tier 1) deal at a fixed coupon rate of 6.50%. In addition, during the first half of the year, Banco Sabadell successfully exercised two early redemption options on wholesale market debt deals. Specifically, on 17 January 2025, it exercised the early redemption option on 300 million euros in a subordinated debt deal and on 24 March 2025 it exercised the early redemption option on 750 million euros in a senior non-preferred debt deal.

In the second half of 2025, the Bank has scheduled maturities of medium- and long-term wholesale debt amounting to 1,480 million euros (not including partial and total redemptions of securitisations placed on the market).

TSB had no medium- and long-term wholesale debt maturities take place during the first half of 2025, nor does it anticipate any maturities to take place in the second half of the year. On the other hand, on 18 February 2025, it issued one 600 million euro 5yr covered bonds deal.

In terms of asset securitisation transactions, on 25 February 2025, the securitisation fund Fondo TDA Sabadell RMBS 5, FT was incorporated for an amount of 3.5 billion euros. The securities were fully retained by Banco Sabadell. The Class A securities, amounting to 3.43 billion euros, are used as collateral for the Eurosystem monetary policy operations. The fund was given the simple, transparent and standardised securitisation designation under the European securitisation regulation.

This securitisation was combined with the early termination of the securitisation fund TDA Sabadell RMBS 4, FT, thus increasing the volume of assets eligible to be delivered as collateral to the ECB. The early termination took place on 14 February 2025, Banco Sabadell being the sole holder of the securities.

Liquid assets

In addition to these sources of funding, Banco Sabadell maintains a liquidity buffer in the form of liquid assets to meet potential liquidity needs:

Million euro

	30/06/2025	31/12/2024
Cash(*) + Net interbank position	19,871	12,668
Available in Bank of Spain facility	22,603	20,466
ECB eligible assets not pledged in facility	8,524	20,812
Other non-ECB eligible marketable assets (**)	6,631	6,643
Memorandum item:		
Balance drawn from Bank of England Term Funding Scheme (***)	*687*	*1,670*
Total available liquid assets	**57,629**	**60,589**

(*) Excess reserves and Marginal Deposit Facility in central banks.

(**) At market value and having applied the Liquidity Coverage Ratio (LCR) haircut. Includes fixed income qualifying as a high-quality liquid asset according to LCR (HQLA) and other marketable assets from various Group entities.

(***) As at 30 June 2025, it includes 588 million pounds to support small and medium-sized enterprises (TFSME). As 31 December 2024, it included 1,385 million pounds to support small and medium-sized enterprises (TFSME).

As at 30 June 2025 and 31 December 2024, there was no balance drawn down from monetary policy operations with the European Central Bank. The total amount drawn from the Bank of England stood at 588 million pounds as at 30 June 2025 (1,385 million pounds as at 31 December 2024), corresponding to the Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME).

Compared to 2024 year-end, the Group's first line of liquidity decreased in the first half of 2025 by 2,960 million euros. The balance of reserves and of the marginal deposit facility in central banks and the net interbank position showed an increase of 7,203 million euros in the first half of 2025, while ECB-eligible liquid assets decreased by 10,150 million euros, and the available non-ECB eligible assets decreased by 13 million euros, the main reasons for these variations being a negative funding gap and the repayment of central bank funding, which were partially offset by the increase in funds raised in capital markets and the increase in own-name collateral deemed eligible by the central bank.

It should be noted that the Group follows a decentralised liquidity management model. This model tends to limit the transfer of liquidity between the different subsidiaries involved in liquidity management, thereby limiting intragroup exposures, beyond any restrictions imposed by the local regulators of each subsidiary. Thus, the subsidiaries involved in liquidity management determine their liquidity position by considering only those assets in their possession that meet the eligibility, availability and liquidity criteria set forth both internally and in regulations in order to comply with regulatory minima.

In addition to the first line of liquidity, each Liquidity Management Unit (LMU) monitors its liquidity buffer with an internal conservative criterion, referred to as the counterbalancing capacity. In the case of the BSab LMU (includes Banco de Sabadell, S.A., which in turn includes activity in foreign branches, as well as the business in Mexico of Banco de Sabadell, S.A.), this liquidity buffer comprises the first and second lines of liquidity. As at 30 June 2025, the second line of liquidity added a volume of 14,377 million euros to the liquidity buffer (12,418 million euros as at 31 December 2024), including the covered bond issuing capacity, considering the average valuation applied by the central bank to own-use covered bonds to obtain funding, as well as the deposits held in other financial institutions and immediately available for the business in Mexico not included in the first line of liquidity.

In the TSB LMU, this metric is calculated as the sum of the first line of liquidity plus loans pre-positioned with the Bank of England in order to obtain funding. As at 30 June 2025, the second line of liquidity, considering the amount of loans pre-positioned with the Bank of England, amounts to 6,785 million euros (6,703 million euros as at 31 December 2024).

There are no significant amounts of cash or cash equivalents that are unavailable for use by the Group.

Compliance with regulatory ratios

As part of its liquidity management, the Group monitors the short-term Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), reporting the necessary information to the regulator on a monthly and quarterly basis, respectively. The measurement of liquidity based on these metrics forms part of the liquidity risk oversight process in the set of LMUs.

In terms of the LCR, the regulatory required minimum LCR is 100%, a level amply surpassed by all of the Group's LMUs. At the Group level, the LCR has consistently been well above 100%, remaining stable over time. As at 30 June 2025, the LCR stood at 181% in the TSB LMU, at 198% in Banco Sabadell Spain and at 176% at the Group level (200%, 248% and 210%, respectively, as at 31 December 2024).

In terms of the NSFR, the regulatory minimum requirement is 100%, a level amply surpassed by all LMUs of the Institution given their funding structure, in which customer deposits are predominant and where the majority of market funding is in the medium/long term. As at 30 June 2025, the NSFR stood at 151% in the TSB LMU, at 138% in Banco Sabadell Spain and at 143% at the Group level (153%, 137% and 142%, respectively, as at 31 December 2024).

4.3.2 Market risk

Trading activity

Market risk incurred in trading activity is measured using the Value at Risk (VaR) and stressed VaR methodologies, which allows risks to be standardised across different types of financial market transactions.

The market risk incurred in trading activity in terms of 1-day VaR with a 99% confidence interval for the first half of 2025 and the full year 2024 was as follows:

Million euro

	30/06/2025			31/12/2024		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate	1.06	1.80	0.70	1.75	5.29	0.87
Exchange rate (trading position)	0.24	2.21	—	0.82	2.04	—
Equity	—	—	—	—	—	—
Credit spread	0.42	0.61	0.24	0.30	0.79	0.10
Aggregate VaR	**1.72**	**4.30**	**1.17**	**2.87**	**7.51**	**1.10**

The VaR figures for trading activity declined during the first half of 2025, mainly due to the reduced exposure to foreign exchange risk and interest rate risk, given the uncertainty in the markets during this period.

4.3.3 Structural interest rate risk

In Banco Sabadell, as part of the continuous improvement process, structural interest rate risk monitoring and management activities are implemented and regularly updated, aligning the Institution with best market practice and current regulations. In particular, throughout the first half of 2025, management actions have continued to be implemented and monitored to keep metrics within their target risk thresholds; this applies to both net interest income and economic value of equity. In addition, work has continued on the review and continuous improvement of systems and behavioural models in accordance with the guidelines established by the European Banking Authority (EBA).

In terms of the evolution of interest rates, the first half of 2025 was characterised by the drop in benchmark rates, both short-term rates (up to two years) and medium- and long-term rates (between 25 and 50 basis points, depending on the currency), with the exception of the euro, where rates remained stable or else rebounded slightly in the medium-long term portion of the curve. The 12-month Euribor stood at 2.07% as at 30 June 2025 (2.46% as at 31 December 2024). The marginal deposit facility rate of the European Central Bank as at the end of 30 June 2025 stood at 2.00% (dropping by 100 basis points in the first half of 2025), while the base rate of the Bank of England stood at 4.25% (dropping by 50 basis points in the first half of 2025).

In 2025, the Bank's gross performing loans to customers continued to trend towards a larger proportion of fixed-rate transactions (mainly mortgages and business loans), while on the liabilities side, the shift of balances observed in previous years from non-interest-bearing demand deposits to other interest-bearing products, such as term deposits, was partially reversed.

Furthermore, the Group continues to monitor customer behaviour in response to interest rate movements and variations of other economic variables (unemployment rates, gross domestic product, etc.), in order to anticipate possible changes and impacts on the behavioural assumptions used to measure and manage IRRBB. In particular, it analyses customer behaviour related to non-maturing items (changes in the stability of demand deposits and possible migration to other products that earn higher interest) and related to items with an expected maturity that may be different from the contractually established maturity (due to early repayment of loans, early withdrawal of term deposits, or recovery time and balance of non-performing exposures).

4.3.4 Structural foreign exchange risk

Structural foreign exchange risk occurs when changes in market exchange rates between different currencies generate losses on permanent investments in foreign branches and subsidiaries with functional currencies other than the euro.

The purpose of managing structural foreign exchange risk is to minimise the impact on the value of the Institution's portfolio/equity in the event of any adverse movements in currency markets. The foregoing takes into account the potential impacts on the CET1 capital ratio and on the net interest margin, subject to the risk appetite set out in the Risk Appetite Statement (RAS). Furthermore, the levels set for the established risk metrics must be complied with at all times.

Foreign exchange risk is monitored regularly and reports are sent to supervisory bodies on existing risk levels and on compliance with the limits set forth by the Board of Directors. The main monitoring metric is currency exposure, which measures the maximum potential loss that the open structural position could produce over a one-month time horizon, with a 99% confidence level and in stressed market conditions.

Compliance with, and the effectiveness of, the established limits and targets are monitored and reported on a monthly basis to the Board Risk Committee.

The Bank's Financial division, through the Asset and Liability Committee (ALCO), designs and executes strategies to hedge its structural FX positions in order to achieve its objectives in relation to the management of structural foreign exchange risk.

The most prominent permanent investments in non-local currencies are made in US dollars, pounds sterling and Mexican pesos.

The Group has been following a hedging policy for its equity that seeks to minimise the sensitivity of capital ratios to adverse movements in these currencies against the euro. To that end, the evolution of foreign business is monitored, as are the political and macroeconomic variables that could have a significant impact on exchange rates.

As regards permanent investments in US dollars, the overall position in this currency has gone from 1,414 million as at 31 December 2024 to 1,508 million as at 30 June 2025. In relation to this position, as at 30 June 2025, a buffer of 47% of total investment is maintained.

In terms of permanent investments in Mexican pesos, the capital buffer has gone from 8,853 million Mexican pesos as at 31 December 2024 (out of a total exposure of 17,532 million Mexican pesos) to 9,778 million Mexican pesos as at 30 June 2025 (out of a total exposure of 18,408 million Mexican pesos), representing 53% of the total investment made.

As regards permanent investments in pounds sterling, the capital buffer has increased from 545 million pounds sterling as at 31 December 2024 to 615 million pounds sterling as at 30 June 2025 (total exposure has gone from 2,461 million pounds sterling as at 31 December 2024 to 2,296 million pounds sterling as at 30 June 2025), representing 27% of the total investment made (excluding intangibles).

Currency hedges are continuously reviewed in light of market movements.

The net position of foreign currency assets and liabilities includes the structural position of the Institution, valued as at 30 June 2025, which amounted to 3,085 million euros, of which 1,965 million euros corresponded to permanent equity holdings in pounds sterling, 677 million euros corresponded to permanent equity holdings in US dollars and 391 million euros to permanent equity holdings in Mexican pesos. Net assets and liabilities valued at historical exchange rates are hedged with currency forwards and currency options in line with the Group's risk management policy.

As at 30 June 2025, the sensitivity of the equity exposure to an exchange rate depreciation against the euro of the main currencies to which exposure exists of 3.4% (calculated based on the quarterly exchange rate volatility over the past three years) amounted to 105 million euros, of which 64% corresponds to the pound sterling, 22% to the US dollar and 13% to the Mexican peso.

Note 5 – Minimum own funds and capital management

Capital ratios

The Group calculates minimum own funds requirements in accordance with the regulatory framework based on Regulation (EU) 575/2013 (CRR), which sets forth the capital and solvency requirements, and Directive 2013/36/EU (CRD IV), in relation to prudential supervision. These regulations were amended in 2024 by Regulation (EU) 2024/1623 (CRR III) and by Directive (EU) 2024/1619 (CRD VI), respectively. The CRR III regulation is applicable in the European Union, as a general rule, as from 1 January 2025, while the CRD VI directive should be transposed into Spanish law by no later than 10 January 2026 and shall be applicable, as a general rule, as from 11 January 2026.

In accordance with the aforesaid regulatory framework, credit institutions must comply with a total capital ratio of 8% at all times. However, regulators may exercise their authority and require institutions to maintain additional capital.

On 1 October 2024, the Bank of Spain approved the new framework to calculate the countercyclical capital buffer and established that, for exposures located in Spain, the countercyclical buffer percentage shall be 0.5%, applicable as from 1 October 2025. Thereafter, provided that cyclical systemic risks are maintained at a standard level, the buffer percentage will be raised to 1% as from the fourth quarter of 2025 (to be applicable as from 1 October 2026). This second increase of the countercyclical buffer will be confirmed at a later date by a new decision to be taken by the Bank of Spain which, on 8 July 2025, announced the beginning of the public information process.

The minimum prudential requirements applicable to Banco Sabadell on a consolidated basis since 1 January 2024 resulting from the Supervisory Review and Evaluation Process (SREP), require Banco Sabadell to maintain a minimum phase-in Common Equity Tier 1 (phase-in CET1) ratio of 8.95% and a minimum phase-in total capital ratio of 13.43%. These ratios include the minimum required by Pillar 1 (8%, of which 4.50% corresponds to CET1), the Pillar 2 Requirement, or Pillar 2R (2.25%, of which 1.27% must be met with CET1), the capital conservation buffer (2.50%), the requirement applicable due to the Bank’s status as an ‘other systemically important institution’ (0.25%), and the countercyclical buffer (0.43%[5]).

As at 30 June 2025, the Group’s phase-in CET1 ratio stood at 13.62%, comfortably exceeding the aforementioned requirements.

[5] The countercyclical buffer requirement corresponds to the requirement calculated as at 31 March 2025, applicable as at 30 June 2025.

The following table shows the phase-in capital ratios and eligible own funds of the Group as at 30 June 2025 and 31 December 2024:

Thousand euro

	30/06/2025	31/12/2024	Change (%)
Capital	661,029	680,028	(2.79)
Reserves (includes profit attributable to the Group, net of dividends) (*)	13,804,799	13,158,607	4.91
Valuation adjustments	(468,752)	(361,206)	29.77
Deductions	(3,208,911)	(2,991,634)	7.26
CET1 capital	**10,788,165**	**10,485,795**	**2.88**
CET1 (%)	13.62	13.03	4.52
Preference shares, convertible bonds and deductions	2,750,000	1,750,000	57.14
Additional Tier 1 capital	**2,750,000**	**1,750,000**	**—**
AT1 (%)	3.47	2.17	59.99
Tier 1 capital	**13,538,165**	**12,235,795**	**10.64**
Tier 1 (%)	17.09	15.20	12.44
Tier 2 capital	**1,813,267**	**1,945,475**	**(6.80)**
Tier 2 (%)	2.29	2.42	(5.41)
Capital base	**15,351,432**	**14,181,270**	**8.25**
Minimum capital requirement (**)	10,634,705	10,815,584	(1.67)
Capital surplus	**4,716,726**	**3,365,686**	**40.14**
Total capital ratio (%)	**19.38**	**17.62**	**9.99**
Risk-Weighted Assets (RWAs)	**79,212,377**	**80,484,738**	**(1.58)**

(*) The Institution is currently implementing a share buyback programme for a maximum amount of 755 million euros, corresponding to the CET1 capital in excess of the fully-loaded CET1 ratio's management target of 13% as at 31 December 2024. Of that programme, as at 30 June 2025, the portion executed amounts to 393 million euros, with the portion pending execution amounting to 362 million euros, which have been adjusted in the Institution's reserves. The share buyback programme charged to 2023 earnings, of which 247 million euros remained pending execution as at the beginning of 2025, has now been completed.

(**) Minimum capital requirements have been calculated taking into account capital requirements in effect as at June 2025 for Pillar 1 (8%) and Pillar 2R (2.25%), as well as the capital conservation buffer (2.50%), countercyclical buffer (0.43%) and the buffer for other systemically important institutions (0.25%).

CET1 capital accounts for 70.27% of eligible capital. Deductions are mainly comprised of intangible assets, goodwill and deferred tax assets.

Tier 1 comprises, in addition to CET1 funds, items that largely make up Additional Tier 1 capital (17.91% of own funds), which are capital items comprised of preferred securities. In this respect, one issue of contingently convertible preferred securities (CoCos) was carried out on 20 May 2025 in the amount of 1 billion euros.

Tier 2 capital provides 11.81% of the solvency ratio and is essentially made up of subordinated debt. The loss of eligibility in the period of the Subordinated Bonds I/2016 series, because it was issued before 27 June 2019, is noteworthy; these bonds had contributed 86 million euros to Tier 2.

Risk-Weighted Assets (RWAs) declined by 1,272 million euros in the period, mainly as a result of a reduction of credit RWAs. This reduction is essentially due to the entry into force of CRR III, the impact of the currency effect, the improved portfolio density and the synthetic securitisation of a 1,350 million euro portfolio of business loans in May 2025. These effects are partially offset by the growth in lending during the period. Lastly, the increase in operational RWAs is notable, due to the new calculation approach introduced by CRR III.

CRR III incorporates a set of transitional provisions intended to facilitate the gradual adaptation of financial institutions to the new capital requirements, thereby minimising the possibility of sudden unforeseen impacts on their solvency levels. These measures affect both the calculation of RWAs and the implementation of the output floor. In particular, the new approach considers, among other things, a gradual application of the regulatory changes related to the calculation of RWAs for exposures in equity instruments and for Unconditionally Cancellable Commitments (UCCs). It also establishes a phased transition for the introduction of the output floor, allowing a phased implementation of the multiplier applicable to the Standardised Total Risk Exposure Amount (STREA) to determine the output floor and, additionally, establishing transitional arrangements for the calculation of the STREA applicable to exposures with businesses that have a Probability of Default (PD) of less than 0.5% and to securitisation positions.

As at 30 June 2025, the fully-loaded CET1 ratio, without applying the transitional arrangements introduced by CRR III, stands at 13.56%. Furthermore, the fully-loaded total capital ratio stands at 19.29%.

As indicated previously (see Note 1.7), the Bank's Board of Directors has committed to distribute any excess capital above the 13% CET1 ratio[6] to shareholders on a recurrent basis. After deducting this amount, the CET1 capital ratio stands at 13.06% in phase-in terms and at 13.00% in fully-loaded terms, the Tier 1 ratio stands at 16.53% (phase-in) and 16.46% (fully-loaded), while the total capital ratio stands at 18.82% (phase-in) and 18.73% (fully-loaded).

Leverage ratio

The leverage ratio aims to reinforce capital requirements by providing a supplementary measure that is not linked to the level of risk. With the introduction of the CRR II regulation, a minimum leverage ratio of 3% is required as from June 2021; this percentage is comfortably exceeded by the Group as at 30 June 2025.

The phase-in leverage ratio as at 30 June 2025 and 31 December 2024 is shown below:

Thousand euro

	30/06/2025	31/12/2024
Tier 1 capital	13,538,165	12,235,795
Exposure	252,240,719	235,163,653
Leverage ratio	**5.37%**	**5.20%**

During the first half of 2025, the leverage ratio increased by 17 basis points compared to 31 December 2024, mainly due to the issuance of contingently convertible preferred securities on 20 May 2025 and the positive evolution of CET1 capital, which was largely due to the profits generated in the period. The improvement in CET1 is partially offset by increased exposure, essentially resulting from the growth of deposits with central banks, lending items and public debt, and the impact of the entry into force of CRR III due to the changes introduced to the Credit Conversion Factors (CCFs) applicable to off-balance sheet items; these impacts are partially offset by the currency effect.

The fully-loaded leverage ratio as at 30 June 2025 is 5.37%, while the phase-in ratio is identical as the impact of the transitional arrangements introduced by CRR III is marginal.

Considering the aforementioned commitment to distribute any excess capital above the 13% CET1 ratio[6], the leverage ratio would stand at 5.19%, both phase-in and fully-loaded, as at 30 June 2025.

For more information on capital ratios and the leverage ratio, their composition, parameters and their management, see the Pillar III Disclosures report, which is published every quarter and is available on the Bank's website (www.grupbancsabadell.com) in the section "Shareholders and Investors / Economic and financial information".

MREL

On 17 December 2024, Banco Sabadell received a communication from the Bank of Spain regarding the decision reached by the Single Resolution Board (SRB) concerning the Minimum Requirement for own funds and Eligible Liabilities (MREL) and the subordination requirement applicable on a consolidated basis. These new requirements are based on balance sheet data as at December 2023.

[6] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

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

- The MREL requirement 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) will not be eligible to meet the MREL and subordination requirements expressed in terms of the TREA.

In the calibration of the MREL requirement, the Group has obtained the maximum possible reduction of 20% of the Market Confidence Charge (MCC) taking into account the progress shown in its level of resolvability and based on the provisions of Article 12d(3) of Regulation (EU) 2019/877, which states that the SRB has the power to establish a lower amount of said component in the calibration process of the MREL requirement.

As at 30 June 2025, Banco Sabadell was compliant with the MREL requirements established by the Single Resolution Board (SRB), in force since 17 December 2024.

The table shown below sets out details of the Group's MREL as a percentage of the TREA, as at 30 June 2025 and 31 December 2024:

	30/06/2025	31/12/2024
CET1, phase-in	13.62%	13.03%
AT1, phase-in	3.47%	2.17%
Tier 2, phase-in and subordinated liabilities	2.29%	2.87%
Senior non-preferred debt	5.40%	5.63%
Senior preferred debt	4.20%	4.18%
Total MREL	**28.99%**	**27.88%**

Taking into account the commitment to distribute any excess capital above the 13% CET1 ratio[7], the Group's MREL to TREA ratio would stand at 28.43% as at 30 June 2025.

Note 6 – Fair value of assets and liabilities

Financial assets and financial liabilities

The methodology and classification of the fair value by hierarchy is explained in Note 6 to the 2024 consolidated annual financial statements.

Determination of the fair value of financial instruments

A comparison between the value at which the Group's main financial assets and financial liabilities are recognised on the accompanying consolidated balance sheets and their corresponding fair values is shown below:

Thousand euro

		30/06/2025		31/12/2024	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash, cash balances at central banks and other demand deposits	7	26,358,937	26,358,937	18,382,112	18,382,112
Financial assets held for trading	8, 9	3,754,816	3,754,816	3,438,955	3,438,955
Non-trading financial assets mandatorily at fair value through profit or loss	8, 9, 10	172,353	172,353	168,267	168,267
Financial assets at fair value through other comprehensive income	8, 9	6,472,908	6,472,908	6,369,913	6,369,913
Financial assets at amortised cost	8, 10	201,363,152	199,504,316	196,520,273	193,995,144
Derivatives – Hedge accounting		2,255,869	2,255,869	2,394,902	2,394,902
Total assets		**240,378,035**	**238,519,199**	**227,274,422**	**224,749,293**

[7] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

Thousand euro

	Note	30/06/2025 Carrying amount	30/06/2025 Fair value	31/12/2024 Carrying amount	31/12/2024 Fair value
Liabilities:					
Financial liabilities held for trading		2,067,604	2,067,604	2,381,434	2,381,434
Financial liabilities at amortised cost	15, 16, 17	233,787,252	234,393,310	220,228,249	220,629,706
Derivatives – Hedge accounting		541,603	541,603	803,999	803,999
Total liabilities		**236,396,459**	**237,002,517**	**223,413,682**	**223,815,139**

As shown in the first table of this Note, as at 30 June 2025 the fair value of financial assets at amortised cost is approximately 1,900 million euros below their carrying amount. This difference is explained for the most part by the impact of interest rates on the fair value of fixed-rate mortgages granted by the Group to its customers in Spain and the United Kingdom in previous years.

Financial instruments at fair value

The following table shows the main financial instruments recognised at fair value in the accompanying condensed consolidated balance sheets, broken down according to the valuation method used to estimate their fair value:

Thousand euro

	Note	30/06/2025 Level 1	Level 2	Level 3	Total
Assets:					
Financial assets held for trading		1,767,600	1,987,216	—	3,754,816
Derivatives		—	1,968,346	—	1,968,346
Equity instruments	9	81,920	—	—	81,920
Debt securities	8	1,685,680	18,870	—	1,704,550
Loans and advances – Customers		—	—	—	—
Non-trading financial assets mandatorily at fair value through profit or loss		25,686	34,337	112,330	172,353
Equity instruments	9	13,549	33,930	24,542	72,021
Debt securities	8	12,137	407	47,275	59,819
Loans and advances		—	—	40,513	40,513
Financial assets at fair value through other comprehensive income		4,622,203	1,769,945	80,760	6,472,908
Equity instruments	9	414	154,648	54,716	209,778
Debt securities	8	4,621,789	1,615,297	26,044	6,263,130
Derivatives – Hedge accounting		—	2,255,869	—	2,255,869
Total assets		**6,415,489**	**6,047,367**	**193,090**	**12,655,946**

Thousand euro

	Note	30/06/2025 Level 1	Level 2	Level 3	Total
Liabilities:					
Financial liabilities held for trading		218,773	1,848,831	—	2,067,604
Derivatives		—	1,848,831	—	1,848,831
Short positions		218,773	—	—	218,773
Deposits with credit institutions		—	—	—	—
Derivatives – Hedge accounting		—	541,603	—	541,603
Total liabilities		**218,773**	**2,390,434**	**—**	**2,609,207**

Thousand euro

	Note	Level 1	Level 2	Level 3	Total
			31/12/2024		
Assets:					
Financial assets held for trading		1,416,725	2,020,954	1,276	3,438,955
Derivatives		—	2,017,999	—	2,017,999
Equity instruments	9	541,005	—	—	541,005
Debt securities	8	875,720	2,955	1,276	879,951
Non-trading financial assets mandatorily at fair value through profit or loss		33,717	27,661	106,889	168,267
Equity instruments	9	20,088	27,243	19,718	67,049
Debt securities	8	13,629	418	46,658	60,705
Loans and advances		—	—	40,513	40,513
Financial assets at fair value through other comprehensive income		4,556,322	1,728,153	85,438	6,369,913
Equity instruments	9	434	136,668	56,478	193,580
Debt securities	8	4,555,888	1,591,485	28,960	6,176,333
Derivatives – Hedge accounting		—	2,394,902	—	2,394,902
Total assets		**6,006,764**	**6,171,670**	**193,603**	**12,372,037**

Thousand euro

	Note	Level 1	Level 2	Level 3	Total
			31/12/2024		
Liabilities:					
Financial liabilities held for trading		82,671	2,298,763	—	2,381,434
Derivatives		—	2,298,763	—	2,298,763
Short positions		82,671	—	—	82,671
Derivatives – Hedge accounting		—	803,999	—	803,999
Total liabilities		**82,671**	**3,102,762**	**—**	**3,185,433**

Movements in the balances of financial assets and financial liabilities classified as Level 3 that are disclosed in the accompanying condensed consolidated balance sheets are shown below:

Thousand euro

	Assets	Liabilities
Balance as at 31 December 2024	**193,603**	**—**
Valuation adjustments recognised in profit or loss (*)	4,912	—
Valuation adjustments not recognised in profit or loss	(3,436)	—
Purchases, sales and write-offs	2,603	—
Net additions/(removals) in Level 3	(1,276)	—
Exchange differences and other	(3,316)	—
Balance as at 30 June 2025	**193,090**	**—**

(*) Relates to securities retained on the balance sheet.

Income from sales of financial instruments classified as Level 3, recognised in the condensed consolidated income statement for the six-month period ended 30 June 2025, was not significant.

Details of financial instruments that were transferred to different valuation levels in the first half of 2025 are as follows:

Thousand euro

			30/06/2025			
From:	Level 1		Level 2		Level 3	
To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
Assets:						
Financial assets held for trading	—	—	—	—	1,276	—
Financial assets at fair value through other comprehensive income	—	—	—	—	—	—
Derivatives – Hedge accounting	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**1,276**	**—**

Details of financial instruments that were transferred to different valuation levels in 2024 are as follows:

Thousand euro

	31/12/2024					
From:	Level 1		Level 2		Level 3	
To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
Assets:						
Financial assets held for trading	—	—	—	—	—	—
Financial assets at fair value through other comprehensive income	—	—	—	—	—	5,101
Derivatives – Hedge accounting	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**	**5,101**

Financial instruments at amortised cost

The following tables show the fair value of the main financial instruments recognised at amortised cost in the accompanying consolidated balance sheets:

Thousand euro

	30/06/2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets at amortised cost:				
Debt securities	24,690,327	1,307,862	774,218	26,772,407
Loans and advances	—	26,405,339	146,326,570	172,731,909
Total assets	**24,690,327**	**27,713,201**	**147,100,788**	**199,504,316**

Thousand euro

	30/06/2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at amortised cost (*):				
Deposits	—	197,781,209	—	197,781,209
Debt securities issued	26,159,103	2,264,681	—	28,423,784
Total liabilities	**26,159,103**	**200,045,890**	**—**	**226,204,993**

(*) As at 30 June 2025, the Group had other financial liabilities amounting to 8,188,317 thousand euros.

Thousand euro

	31/12/2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets at amortised cost:				
Debt securities	22,176,932	1,453,316	507,648	24,137,896
Loans and advances	—	23,391,089	146,466,159	169,857,248
Total assets	**22,176,932**	**24,844,405**	**146,973,807**	**193,995,144**

Thousand euro

	31/12/2024			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at amortised cost (*):				
Deposits	—	186,444,247	—	186,444,247
Debt securities issued	24,684,793	1,980,924	1,069,612	27,735,329
Total liabilities	**24,684,793**	**188,425,171**	**1,069,612**	**214,179,576**

(*) As at 31 December 2024, the Group had other financial liabilities amounting to 6,450,130 thousand euros.

In general, the fair value of "Financial assets at amortised cost" and "Financial liabilities at amortised cost" has been estimated using the discounted cash flow method, applying market interest rates as at the end of each period adjusted for the credit spread and incorporating any behavioural assumptions deemed relevant, with the exception of debt securities with active markets, for which it has been estimated using period-end quoted prices.

The fair value of the heading "Cash, cash balances at central banks and other demand deposits" has been likened to its carrying amount, as these are mainly short-term balances.

Financial instruments at cost

As at 30 June 2025 and 31 December 2024, there were no equity instruments valued at their acquisition cost that could be considered significant.

Non-financial assets

Real estate assets

The methodology used by the Group to determine the fair value of real estate assets is explained in Note 6 to the 2024 consolidated annual financial statements.

In the first half of 2025, there were no significant changes in the methods used to value the Group's real estate assets.

Note 7 – Cash, cash balances at central banks and other demand deposits

The composition of this heading on the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
By nature:		
Cash	605,945	710,780
Cash balances at central banks	24,940,003	17,105,586
Other demand deposits	812,989	565,746
Total	**26,358,937**	**18,382,112**

Note 8 – Debt securities

Debt securities reported in the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 are broken down below:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Financial assets held for trading	1,704,550	879,951
Non-trading financial assets mandatorily at fair value through profit or loss	59,819	60,705
Financial assets at fair value through other comprehensive income	6,263,130	6,176,333
Financial assets at amortised cost	27,399,807	24,876,126
Total	**35,427,306**	**31,993,115**
By nature:		
General governments	31,906,780	28,927,064
Credit institutions	3,714,605	3,488,865
Other sectors	635,060	499,234
Stage 3 assets	899	899
Impairment allowances	(135)	(174)
Other valuation adjustments (interest, fees and commissions, and others)	(829,903)	(922,773)
Total	**35,427,306**	**31,993,115**

The breakdown of debt securities classified according to their credit risk and the movement of impairment allowances associated with these instruments are included, together with those of other financial assets, in Note 10 to these condensed consolidated interim financial statements.

Note 9 – Equity instruments

The balance of equity instruments on the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 breaks down as follows:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Financial assets held for trading	81,920	541,005
Non-trading financial assets mandatorily at fair value through profit or loss	72,021	67,049
Financial assets at fair value through other comprehensive income	209,778	193,580
Total	**363,719**	**801,634**
By nature:		
Resident sector	320,335	611,980
Credit institutions	19,001	11,386
Other	301,334	600,594
Non-resident sector	17,704	168,780
Other	17,704	168,780
Participations in investment vehicles	25,680	20,874
Total	**363,719**	**801,634**

Note 10 – Loans and advances

Credit institutions

The breakdown of the heading “Loans and advances – Credit institutions” of the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Financial assets at amortised cost	11,487,939	12,771,685
Total	**11,487,939**	**12,771,685**
By nature:		
Deposits with agreed maturity	839,876	1,050,331
Reverse repos	9,993,458	11,247,844
Other	621,402	420,185
Stage 3 assets	—	—
Impairment allowances	(7,531)	(3,264)
Other valuation adjustments (interest, fees and commissions, and others)	40,734	56,589
Total	**11,487,939**	**12,771,685**

Customers

The breakdown of the heading “Loans and advances – Customers” (General governments and Other sectors) of the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Non-trading financial assets mandatorily at fair value through profit or loss	40,513	40,513
Financial assets at amortised cost	162,475,406	158,872,462
Total	**162,515,919**	**158,912,975**
By nature:		
Bank overdrafts and other short-term borrowings	3,834,866	2,913,506
Trade credit	8,320,452	8,356,196
Finance leases	2,495,450	2,376,311
Secured loans	94,843,000	95,109,136
Other term loans	51,352,927	48,198,503
Stage 3 assets	4,060,810	4,595,299
Impairment allowances	(2,599,307)	(2,844,248)
Other valuation adjustments (interest, fees and commissions, and others)(*)	207,721	208,272
Total	**162,515,919**	**158,912,975**
By sector:		
General governments	10,532,044	9,090,137
Other sectors	150,314,651	147,863,515
Stage 3 assets	4,060,810	4,595,299
Impairment allowances	(2,599,307)	(2,844,248)
Other valuation adjustments (interest, fees and commissions, and others)(*)	207,721	208,272
Total	**162,515,919**	**158,912,975**

(*) Other valuation adjustments related to transactions classified as stage 3 amounted to 43,115 thousand euros as at 30 June 2025 and 41,764 thousand euros as at 31 December 2024.

Financial assets classified according to their credit risk

The breakdown of financial assets classified according to their credit risk as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

Stage 1	30/06/2025	31/12/2024
Debt securities	35,426,147	31,992,016
Loans and advances	163,159,881	159,744,027
Customers	151,664,441	146,969,120
Credit institutions	11,495,440	12,774,908
Total stage 1	**198,586,028**	**191,736,043**
By sector:		
General governments	42,428,982	38,007,669
Credit institutions	15,169,310	16,263,773
Other private sectors	140,987,737	137,464,602
Total stage 1	**198,586,028**	**191,736,043**

Stage 2	30/06/2025	31/12/2024
Debt securities	—	—
Loans and advances	9,346,890	10,151,082
Customers	9,346,860	10,151,040
Credit institutions	30	42
Total stage 2	**9,346,890**	**10,151,082**
By sector:		
General governments	9,841	9,533
Credit institutions	30	42
Other private sectors	9,337,019	10,141,508
Total stage 2	**9,346,890**	**10,151,082**

Stage 3	30/06/2025	31/12/2024
Debt securities	1,294	1,274
Loans and advances	4,103,925	4,637,064
Customers	4,103,925	4,637,064
Credit institutions	—	—
Total stage 3	**4,105,219**	**4,638,338**
By sector:		
General governments	6,556	165
Credit institutions	—	—
Other private sectors	4,098,663	4,638,173
Total stage 3	**4,105,219**	**4,638,338**
Total stages	**212,038,137**	**206,525,463**

Movements of gross values of assets subject to impairment by the Group during the six-month period ended 30 June 2025 were as follows:

Thousand euro

	Stage 1	Stage 2	Stage 3	*Of which: purchased credit-impaired*	Total
Balance as at 31 December 2024	**191,736,043**	**10,151,082**	**4,638,338**	***101,415***	**206,525,463**
Transfers between stages	(420,946)	134,968	285,978	—	—
Stage 1	*2,291,236*	*(2,247,345)*	*(43,891)*	—	—
Stage 2	*(2,612,034)*	*2,927,859*	*(315,825)*	—	—
Stage 3	*(100,148)*	*(545,546)*	*645,694*	—	—
Increases	43,518,181	984,621	384,709	*2,300*	44,887,511
Decreases	(33,810,192)	(1,829,760)	(878,863)	*(10,654)*	(36,518,815)
Transfers to write-offs	—	—	(289,962)	—	(289,962)
Adjustments for exchange differences	(2,437,058)	(94,021)	(34,981)	*(2,913)*	(2,566,060)
Balance as at 30 June 2025	**198,586,028**	**9,346,890**	**4,105,219**	***90,149***	**212,038,137**

Movements of impaired financial assets derecognised from the asset side of the balance sheet as the likelihood of them being recovered during the six-month period ended 30 June 2025 was deemed to be remote were as follows:

Thousand euro

Balance as at 31 December 2024	**6,471,620**
Additions	**413,466**
Use of accumulated impairment balance	273,399
Directly recognised on income statement	16,563
Contractually payable interest	106,334
Other items	17,170
Disposals	**(100,800)**
Collections of principal in cash from counterparties	(27,014)
Collections of interest in cash from counterparties	(919)
Debt forgiveness	(11,033)
Sales	(42,162)
Other items	(19,672)
Exchange differences	**(20,469)**
Balance as at 30 June 2025	**6,763,817**

Allowances

Financial asset impairment allowances broken down by condensed consolidated balance sheet heading as at 30 June 2025 and 31 December 2024 were as follows:

Thousand euro

Stage 1	30/06/2025	31/12/2024
Debt securities	135	174
Loans and advances	302,202	308,764
Credit institutions	7,531	3,264
Customers	294,671	305,500
Total stage 1	**302,337**	**308,938**
Stage 2		
Debt securities	—	—
Loans and advances	345,710	370,969
Credit institutions	—	—
Customers	345,710	370,969
Total stage 2	**345,710**	**370,969**
Stage 3		
Debt securities	—	—
Loans and advances	1,958,926	2,167,778
Credit institutions	—	—
Customers	1,958,926	2,167,778
Total stage 3	**1,958,926**	**2,167,778**
Total stages	**2,606,973**	**2,847,685**

The movement of impairment allowances allocated by the Group to cover credit risk during the six-month period ended 30 June 2025 was as follows:

Thousand euro

	Individually measured		Collectively measured			
	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2024	**3,009**	**328,858**	**308,940**	**367,956**	**1,838,922**	**2,847,685**
Movements reflected in impairment gains/(losses) (*)	**862**	**(7,587)**	**9,298**	**42,851**	**110,570**	**155,994**
Increases due to origination	—	—	125,846	—	—	125,846
Changes due to credit risk variance	1,316	3,932	(40,646)	51,988	124,739	141,329
Other movements	(454)	(11,519)	(75,902)	(9,137)	(14,169)	(111,181)
Movements not reflected in impairment gains/(losses)	**(769)**	**(22,546)**	**(14,384)**	**(67,731)**	**(286,913)**	**(392,343)**
Transfers between stages	(769)	8,135	(14,383)	(66,213)	73,230	—
Stage 1	*(73)*	*60*	*26,861*	*(25,484)*	*(1,364)*	—
Stage 2	*123*	*(2,504)*	*(38,433)*	*75,412*	*(34,598)*	—
Stage 3	*(819)*	*10,579*	*(2,811)*	*(116,141)*	*109,192*	—
Use of allocated provisions	—	(30,681)	(1)	(1,518)	(358,302)	(390,502)
Other movements (**)	—	—	—	—	(1,841)	(1,841)
Adjustments for exchange differences	**—**	**4,109**	**(1,518)**	**(470)**	**(6,484)**	**(4,363)**
Balance as at 30 June 2025	**3,102**	**302,834**	**302,336**	**342,606**	**1,656,095**	**2,606,973**

(*) This figure includes the amortisation/depreciation through profit or loss of impaired financial assets derecognised from the asset side of the balance sheet and the recovery of write-offs, which have been recognised with a balancing entry under the heading "Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or (-) gains" (see Note 27).

(**) Corresponds to credit loss allowances transferred to non-current assets held for sale and investment properties.

Note 11 – Tangible assets

The composition of this heading on the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025				31/12/2024			
	Cost	Depreciation	Impairment	Net value	Cost	Depreciation	Impairment	Net value
Property, plant and equipment	**3,853,593**	**(1,934,503)**	**(75,181)**	**1,843,909**	**3,980,806**	**(1,985,566)**	**(74,753)**	**1,920,487**
For own use:	3,838,599	(1,922,651)	(75,181)	1,840,767	3,965,427	(1,973,804)	(74,753)	1,916,870
Computer equipment and related facilities	652,778	(492,074)	—	160,704	634,501	(468,849)	—	165,652
Furniture, vehicles and other facilities	756,890	(481,248)	(13,064)	262,578	926,915	(607,969)	(30,537)	288,409
Buildings	2,327,771	(935,402)	(62,117)	1,330,252	2,316,395	(884,097)	(44,216)	1,388,082
Works in progress	60,079	—	—	60,079	47,235	—	—	47,235
Other	41,081	(13,927)	—	27,154	40,381	(12,889)	—	27,492
Leased out under operating leases	14,994	(11,852)	—	3,142	15,379	(11,762)	—	3,617
Investment properties	**264,317**	**(56,276)**	**(58,805)**	**149,236**	**272,910**	**(54,803)**	**(60,966)**	**157,141**
Buildings	264,317	(56,276)	(58,805)	149,236	272,910	(54,803)	(60,966)	157,141
Total	**4,117,910**	**(1,990,779)**	**(133,986)**	**1,993,145**	**4,253,716**	**(2,040,369)**	**(135,719)**	**2,077,628**

As at 30 June 2025, the cost of property, plant and equipment for own use includes right-of-use assets corresponding to leased tangible assets in which the Group acts as lessee, in the amount of 1,401,485 thousand euros, depreciated by 619,261 thousand euros (1,394,121 thousand euros as at 31 December 2024, depreciated by 575,576 thousand euros as at that date).

Note 12 – Intangible assets

The composition of this heading as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
Goodwill:	**1,018,311**	**1,018,311**
Banco Urquijo	473,837	473,837
Grupo Banco Guipuzcoano	285,345	285,345
From acquisition of Banco BMN Penedés assets	245,364	245,364
Other	13,765	13,765
Other intangible assets:	**1,538,022**	**1,531,147**
With a finite useful life:	1,538,022	1,531,147
Private Banking Business, Miami	836	1,276
Contractual relations with TSB customers and brand	10,163	13,107
Computer software	1,526,117	1,515,821
Other	906	943
Total	**2,556,333**	**2,549,458**

In the first half of 2025, Banco Sabadell carried out an analysis to evaluate the existence of any potential impairment of its goodwill.

The Group monitors total goodwill across all Cash-Generating Units (CGUs) that make up the Banking Business Spain operating segment.

The value in use of the Banking Business Spain operating segment is used to determine its recoverable amount. The valuation method used in this analysis was that of discounting future distributable net profit associated with the activity carried out by the Banking Business Spain operating segment until 2029, plus an estimated terminal value.

The projections used to determine the recoverable amount are those set out in the financial projections approved by the Board of Directors. Those projections are based on sound and well-founded assumptions, which represent Management's best estimates of overall upcoming economic conditions. To determine the key variables (basically net interest income, fees and commissions, expenses, cost of risk and solvency levels) that underpin the financial projections, Management has used microeconomic variables, such as the existing balance sheet structure, market positioning and strategic decisions made, as well as macroeconomic variables, such as the expected evolution of GDP and the forecast evolution of interest rates and unemployment. The macroeconomic variables used for the baseline macroeconomic scenario, described in Note 4.2.2, were estimated by the Group's Research Service.

The approach used to determine the values of the assumptions is based both on the projections and on past experience. Those values are compared against external information sources, where available.

In June 2025, to calculate the terminal value, 2029 was taken as the reference year, using a growth rate in perpetuity of 2.1% (same percentage as in 2024), which does not exceed the long-term average growth rate of the market in which the operating segment is active. The discount rate used was 9.6% (9.8% in 2024), determined using the Capital Asset Pricing Model (CAPM); it therefore comprises a risk-free rate plus a premium that reflects the inherent risk of the operating segment being evaluated.

The recoverable amount obtained is higher than the carrying amount; therefore, no impairment has been recognised.

In addition, the Group carried out a sensitivity analysis, making reasonable adjustments to the main assumptions used to calculate the recoverable amount.

This analysis consisted of adjusting the following:

- Discount rate +/- 0.5%.
- Growth rate in perpetuity +/- 0.5%.
- Minimum capital requirement +/- 0.75%.
- Net Interest Margin (NIM) / Average Total Assets (ATAs) in perpetuity +/- 5 basis points.
- Cost of risk in perpetuity +/- 10 basis points.

The sensitivity analysis does not alter the conclusions drawn from the impairment test. In all scenarios defined in that analysis, the recoverable amount obtained is greater than the carrying amount.

The impairment of the Group's computer software, which mainly provides services to the Bank and to TSB, is evaluated by reviewing the recoverable amounts of Banking Business Spain and Banking Business UK.

In the case of Banking Business UK, the valuation method used in the analysis was that of discounting future distributable net profit associated with the activity carried out up to 2029. To calculate the terminal value, 2029 was taken as the reference year, using a growth rate in perpetuity of 1.7% (same percentage as in 2024), which does not exceed the long-term average growth rate of the market in which the operating segment is active. The discount rate used was 12.2% (12.1% in 2024), determined using the CAPM method; it therefore comprises a risk-free rate plus a premium that reflects the inherent risk of the operating segment being evaluated. The evaluation did not reveal the need to recognise any impairment in the value of these assets.

In addition, as indicated in Note 35, on 1 July 2025 the Bank agreed to sell all shares representing the share capital of TSB Banking Group plc to Banco Santander, S.A., the offer made by the latter being above the carrying amount of the net assets contributed by TSB Banking Group plc and its subsidiaries to the Group's consolidated balance sheet as at 30 June 2025.

Note 13 – Other assets and liabilities

The composition of the “Other assets” heading as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
Insurance contracts linked to pensions	78,340	80,888
Inventories	37,881	43,776
Rest of other assets	381,709	300,066
Total	**497,930**	**424,730**

The “Rest of other assets” item includes mainly prepaid expenses, the accrual of customer fees and commissions, and transactions in progress pending settlement.

The composition of the “Other liabilities” heading as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
Other accruals/deferrals	436,325	481,674
Rest of other liabilities	213,049	169,990
Total	**649,374**	**651,664**

The “Rest of other liabilities” item mainly includes transactions in progress pending settlement.

Note 14 – Non-current assets and disposal groups classified as held for sale

The breakdown of the headings “Non-current assets and disposal groups classified as held for sale” and “Liabilities included in disposal groups classified as held for sale” of the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
Assets	**898,792**	**930,919**
Loans and advances	3,892	3,839
Customers	3,892	3,839
Equity instruments	159,748	159,748
Real estate exposure	596,359	636,146
Properties for own use	45,751	48,096
Foreclosed assets	550,608	588,050
Other tangible assets	125,188	114,237
Rest of other assets	13,605	16,949
Impairment allowances	**(210,781)**	**(212,587)**
Non-current assets and disposal groups classified as held for sale	**688,011**	**718,332**
Liabilities	**37,186**	**30,093**
Financial liabilities at amortised cost	29,638	26,416
Tax liabilities	6,827	3,676
Other	721	1
Liabilities included in disposal groups classified as held for sale	**37,186**	**30,093**

Note 15 – Deposits in central banks and credit institutions

The breakdown of the balance of deposits in central banks and credit institutions in the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Financial liabilities at amortised cost	14,212,350	16,518,534
Total	**14,212,350**	**16,518,534**
By nature:		
Demand deposits	247,245	200,690
Deposits with agreed maturity	3,271,284	4,162,902
Repurchase agreements	10,524,862	11,998,233
Other accounts	116,337	81,595
Valuation adjustments	52,622	75,114
Total	**14,212,350**	**16,518,534**

Note 16 – Customer deposits

The balance of customer deposits on the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 breaks down as follows:

Thousand euro

	30/06/2025	31/12/2024
By heading:		
Financial liabilities at amortised cost	183,384,131	169,822,647
Total	**183,384,131**	**169,822,647**
By nature:		
Demand deposits	140,528,614	138,347,152
Deposits with agreed maturity	22,538,524	25,554,778
Hybrid financial liabilities	4,689,070	5,491,959
Repurchase agreements	15,273,129	—
Other valuation adjustments (interest, fees and commissions, and others)	354,794	428,758
Total	**183,384,131**	**169,822,647**
By sector:		
General governments	23,949,146	9,568,545
Other sectors	159,080,191	159,825,344
Other valuation adjustments (interest, fees and commissions, and others)	354,794	428,758
Total	**183,384,131**	**169,822,647**

In the first half of 2025, the "Repurchase agreements" heading corresponds to the Public Treasury's cash management operations through reverse repos, in particular those known as simultaneous reverse repos or repurchase transactions. These transactions led to interest expenses of 124,746 thousand euros, which were recognised in the condensed consolidated income statement for the six-month period ended 30 June 2025 (122,590 thousand euros as at 30 June 2024).

Note 17 – Debt securities in issue

The breakdown of the balance of debt securities issued by the Group by type of issuance and recognised on the condensed consolidated balance sheets as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	31/12/2024
Straight bonds/debentures	8,538,608	9,311,305
Straight bonds	*8,520,508*	*9,293,205*
Structured bonds	*18,100*	*18,100*
Commercial paper	485,344	511,347
Mortgage covered bonds	7,875,000	7,375,000
TSB covered bonds	4,314,494	3,816,529
Asset-backed securities	1,855,974	2,150,865
Subordinated marketable debt securities	4,750,000	4,050,000
Subordinated bonds	*2,000,000*	*2,300,000*
Preferred securities	*2,750,000*	*1,750,000*
Valuation and other adjustments	183,034	221,892
Total	**28,002,454**	**27,436,938**

Schedule III shows details of the issues carried out by the Group in the first half of 2025.

Note 18 – Provisions

Movements in the six-month period ended 30 June 2025 in the "Provisions" heading of the condensed consolidated balance sheet are shown below:

Thousand euro

	Pensions and other post employment defined benefit obligations	Other long term employee benefits	Pending legal issues and tax litigation	Commitments and guarantees given	Other provisions	Total
Balance as at 31 December 2024	**54,467**	**40**	**75,064**	**142,482**	**206,201**	**478,254**
Scope additions / exclusions	**—**	**—**	**—**	**—**	**—**	**—**
Interest payable and similar charges - pension commitments	**653**	**—**	**—**	**—**	**—**	**653**
Allowances charged to income statement - staff expenses (*)	**730**	**3**	**—**	**—**	**1,040**	**1,773**
Allowances not charged to income statement	**—**	**—**	**—**	**—**	**—**	**—**
Allowances charged to income statement - provisions	**9**	**—**	**41,736**	**(16,942)**	**(4,232)**	**20,571**
Allocation of provisions	9	—	44,112	64,974	2,417	111,512
Reversal of provisions	—	—	(2,376)	(81,916)	(6,649)	(90,941)
Actuarial losses / (gains)	—	—	—	—		—
Exchange differences	**(411)**	**—**	**—**	**1,643**	**(925)**	**307**
Amounts used	**(3,872)**	**(13)**	**(21,799)**	**—**	**(31,686)**	**(57,370)**
Net contributions by the sponsor	26	—	—	—	—	26
Pension payments	(3,898)	(13)	—	—	—	(3,911)
Other	—	—	(21,799)	—	(31,686)	(53,485)
Other movements	**(207)**	**—**	**20,891**	**(3,873)**	**(24,131)**	**(7,320)**
Balance as at 30 June 2025	**51,369**	**30**	**115,892**	**123,310**	**146,267**	**436,868**

(*) See Note 26.

The Group's main provisions and contingent liabilities are described in Note 22 to the 2024 consolidated annual financial statements.

Note 19 – Shareholders' equity

Capital

The Bank's share capital as at 30 June 2025 amounted to 661,028,657.75 euros, represented by 5,288,229,262 registered shares with a par value of 0.125 euros each (as at 31 December 2024, it amounted to 680,027,680.875 euros, represented by 5,440,221,447 registered shares with a par value of 0.125 euros). All shares are fully paid up and numbered in sequential order from 1 to 5,288,229,262, inclusive.

Changes in share capital in the first half of 2025

On 29 January 2025, the Board of Directors of Banco Sabadell agreed to reduce the Bank's share capital in the amount of 6,566,420.625 euros, through the redemption charged to unrestricted reserves of all the treasury shares acquired under the share buyback programme approved on 24 April 2024 by the Board of Directors of Banco Sabadell until the suspension of that programme on 9 May 2024, i.e. 52,531,365 shares with a par value of 0.125 euros each, representing approximately 0.97% of the Bank's share capital. This capital reduction was approved as part of the resolution adopted by shareholders at the aforesaid Annual General Meeting of 10 April 2024 (see Note 3). The capital reduction and the amendment to Article 7 of the Articles of Association relating to share capital were entered in the Companies Register of Barcelona on 27 February 2025, that reduction being thus completed and the redeemed shares delisted. This transaction did not entail the reimbursement of contributions made by shareholders, the Bank being the holder of the redeemed shares.

On 29 May 2025, the Board of Directors of Banco Sabadell agreed to execute a reduction of the Bank's share capital in the amount of 12,432,602.50 euros, through the redemption charged to unrestricted reserves of all the treasury shares acquired under the reactivated share buyback programme, i.e. 99,460,820 shares with a par value of 0.125 euros each, representing approximately 1.85% of Banco Sabadell's share capital prior to the Bank's capital reduction. This capital reduction was approved as part of the resolution adopted by shareholders at the aforesaid Annual General Meeting of 20 March 2025 (see Note 3). The capital reduction and the amendment to Article 7 of the Articles of Association relating to share capital were entered in the Companies Register of Barcelona on 23 June 2025, that reduction being thus completed and the redeemed shares delisted. This operation did not entail the reimbursement of contributions made by shareholders, the Bank being the holder of the redeemed shares.

Share premium

The balance of the share premium as at 30 June 2025 amounted to 7,355,368 thousand euros (7,695,227 thousand euros as at 31 December 2024).

In the first half of 2025, the share premium was reduced by 320,860 thousand euros, which corresponds to the difference between the purchase price of the shares redeemed as part of the Bank's capital reduction explained in this note (339,859 thousand euros) and the par value of those shares (18,999 thousand euros).

Thereafter, pursuant to applicable legislation, a restricted capital redemption reserve was created, with a charge to the share premium in an amount equal to the par value of the redeemed shares, 18,999 thousand euros, which may only be accessed under the same conditions as those required for the share capital reduction.

Note 20 – Off-balance sheet exposures

The composition of off-balance sheet exposures as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

Commitments and guarantees given	Note	30/06/2025	31/12/2024
Loan commitments given		**27,108,575**	**28,775,335**
Of which, amount classified as stage 2		*820,483*	*716,238*
Of which, amount classified as stage 3		*78,913*	*96,536*
Drawable by third parties		27,108,575	28,775,335
By credit institutions		61	18,200
By general governments		864,306	961,635
By other resident sectors		16,245,909	16,955,467
By non-residents		9,998,299	10,840,033
Provisions recognised under liabilities on balance sheet	18	46,881	61,950
Financial guarantees given (*)		**1,887,885**	**1,979,622**
Of which, amount classified as stage 2		*146,472*	*167,030*
Of which, amount classified as stage 3		*35,214*	*38,046*
Provisions recognised under liabilities on balance sheet (**)	18	14,974	15,760
Other commitments given		**8,900,600**	**9,366,339**
Of which, amount classified as stage 2		*318,197*	*333,588*
Of which, amount classified as stage 3		*153,323*	*168,964*
Other guarantees given		6,516,874	6,719,453
Irrevocable letters of credit		597,138	650,917
Additional settlement guarantee		25,000	25,000
Other guarantees and sureties given		5,894,736	6,043,536
Other commitments given		2,383,726	2,646,886
Financial asset forward purchase commitments		2,056,985	2,567,269
Conventional financial asset purchase contracts		225,771	1
Capital subscribed but not paid up		19	19
Other loan commitments given		100,951	79,597
Provisions recognised under liabilities on balance sheet	18	61,455	64,772
Total		**37,897,060**	**40,121,296**

(*) Includes 129,784 thousand euros and 137,407 thousand euros as at 30 June 2025 and 31 December 2024, respectively, corresponding to financial guarantees given in relation to construction and real estate development.

(**) Includes 3,408 thousand euros and 3,034 thousand euros as at 30 June 2025 and 31 December 2024, respectively, in relation to construction and real estate development.

Financial guarantees and other commitments given classified as stage 3

The balance of financial guarantees and other commitments given classified as stage 3 amounted to 188,537 thousand euros as at 30 June 2025 (207,010 thousand euros as at 31 December 2024).

Credit risk allowances corresponding to financial guarantees and other commitments given as at 30 June 2025 and 31 December 2024, broken down by the method used to determine such allowances and the credit risk of off-balance sheet exposures, are as follows:

Thousand euro

	30/06/2025	31/12/2024
Specific individually measured allowances:	**59,437**	**62,700**
Stage 2	1,031	4,112
Stage 3	58,406	58,588
Specific collectively measured allowances:	**16,992**	**17,832**
Stage 1	3,184	2,551
Stage 2	3,958	4,868
Stage 3	9,689	10,240
Other	161	173
Total	**76,429**	**80,532**

Note 21 – Interest income and expenses

The breakdown of net interest income for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Interest income		
Loans and advances	3,732,547	4,086,494
Central banks	330,409	614,163
Credit institutions	193,834	175,821
Customers	3,208,304	3,296,510
Debt securities (*)	387,549	316,195
Stage 3 assets	18,164	8,707
Correction of income from hedging operations	262,075	389,028
Other interest	27,906	44,158
Total	**4,428,241**	**4,844,582**
Interest expenses		
Deposits	(1,281,086)	(1,545,347)
Central banks	(20,102)	(148,973)
Credit institutions	(216,160)	(292,818)
Customers	(1,044,824)	(1,103,556)
Debt securities issued	(448,120)	(404,215)
Correction of expenses on hedging operations	(170,153)	(287,440)
Other interest	(103,981)	(114,224)
Total	**(2,003,340)**	**(2,351,226)**
Net interest income	**2,424,901**	**2,493,356**

(*) Includes 39,074 thousand euros in 2025 and 38,364 thousand euros in 2024 corresponding to interest income from financial assets recognised at fair value through profit or loss (trading portfolio).

Note 22 – Fee and commission income and expenses

Fee and commission income and expenses on financial operations and the provision of services for the six-month periods ended 30 June 2025 and 2024 are as follows:

Thousand euro

	30/06/2025	30/06/2024
Fees from risk transactions	**137,323**	**142,491**
Asset-side transactions	88,897	90,904
Sureties and other guarantees	48,426	51,587
Service fees	**383,495**	**380,982**
Payment cards	113,564	107,061
Payment orders	32,872	40,618
Securities	35,303	33,315
Demand deposits	127,595	127,910
Other	74,161	72,078
Asset management and marketing fees	**173,531**	**150,850**
Mutual funds	60,865	59,902
Sale of pension funds and insurance products	90,392	79,981
Assets under management	22,274	10,967
Total	**694,349**	**674,323**
Fee and commission income	877,978	839,860
Fee and commission expenses	(183,629)	(165,537)
Net fees and commissions	**694,349**	**674,323**

Note 23 – Net profit or net loss on financial operations and net exchange differences

The composition of the “Net profit or net loss on financial operations” heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
By heading:		
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	28,482	6,932
Financial assets at fair value through other comprehensive income	641	6,683
Financial assets at amortised cost	29,751	565
Financial liabilities at amortised cost	(1,910)	(316)
Gains or (-) losses on financial assets and liabilities held for trading, net	670,784	(134,151)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	691	6,902
Gains or (-) losses from hedge accounting, net	(36,178)	(16,335)
Total	**663,779**	**(136,652)**
By type of financial instrument:		
Net gain/(loss) on debt securities	26,392	3,507
Net gain/(loss) on other equity instruments	45,761	5,988
Net gain/(loss) on derivatives	584,441	(146,367)
Net gain/(loss) on other items (*)	7,185	220
Total	**663,779**	**(136,652)**

(*) Mainly includes gains/(losses) on the sale of various loan portfolios disposed of during the first half of the year.

The breakdown of the heading “Exchange differences [gain or (-) loss], net” of the consolidated income statement for the six-month periods ended 30 June 2025 and 2024 is shown below:

Thousand euro

	30/06/2025	30/06/2024
Exchange differences [gain or (-) loss], net	(635,267)	173,849

The “Net gain/(loss) on derivatives” heading in the table above includes, among other things, the change in the fair value of derivatives used to hedge against the foreign exchange risk of debit and credit balances denominated in foreign currencies. The gains generated by these derivatives amounted to 622,248 thousand euros (137,746 thousand euros as at 30 June 2024), which are recognised under the heading “Gains or (-) losses on financial assets and liabilities held for trading, net” of the condensed consolidated income statement, while the exchange differences generated by debit and credit balances denominated in foreign currencies hedged with these derivatives are recognised under the heading “Exchange differences [gain or (-) loss], net” of the condensed consolidated income statement.

In the first half of 2025, the Group sold certain debt securities classified as financial assets at fair value through other comprehensive income, generating profits of 641 thousand euros (6,663 thousand euros in 2024). None of these profits came from the sale of debt securities issued by general governments (4,724 thousand euros in 2024).

Furthermore, in the first six months of 2025, the Group carried out sales of certain debt securities and loans held in the portfolio of financial assets at amortised cost, which generated profit of 29,751 thousand euros. The Group considers that these sales were consistent with the business model under which these assets were managed (held to collect contractual cash flows).

Note 24 – Other operating income

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Income from use of investment properties	8,395	11,135
Sales and other income from the provision of non-financial services	1,032	2,056
Other operating income	57,974	29,951
Total	**67,401**	**43,142**

As at 30 June 2025, the "Other operating income" heading mainly includes 35 million euros of income stemming from the agreement reached with Lloyds Banking Group plc, by which the aforesaid partially compensated TSB for payments made to certain customers related to contingencies that arose prior to the acquisition of TSB by Banco Sabadell.

Note 25 – Other operating expenses

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Contribution to deposit guarantee schemes	(11,240)	(9,501)
Banco Sabadell	(94)	(40)
TSB	(158)	(104)
Sabadell IBM Mexico	(10,988)	(9,357)
Other items	(91,469)	(263,889)
Of which: temporary levy on credit institutions and financial credit establishments	—	*(191,882)*
Total	**(102,709)**	**(273,390)**

As at 30 June 2024, this heading included 192 million euros corresponding to the temporary levy on credit institutions and financial credit establishments, introduced by Law 38/2022 of 27 December, to be paid in the financial years 2023 and 2024 by credit institutions and financial credit establishments operating in Spain whose interest income and fees & commissions income corresponding to the financial year 2019 had amounted to 800 million euros or more.

Note 26 – Administrative expenses

Staff expenses

Staff expenses recognised in the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 were as follows:

Thousand euro

	Note	30/06/2025	30/06/2024
Payrolls and bonuses for active staff		(575,666)	(563,036)
Social Security payments		(129,359)	(119,502)
Contributions to defined benefit pension plans	18	(733)	(744)
Contributions to defined contribution pension plans		(36,013)	(34,849)
Other staff expenses		(31,110)	(25,758)
Of which: restructuring plan in United Kingdom	18	*(1,040)*	*(3,800)*
Total		**(772,881)**	**(743,889)**

The average workforce of the Bank and the Group in the six-month periods ended 30 June 2025 and 2024 is detailed below:

Number of employees

	Bank		Group	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
Average workforce	**13,201**	**13,070**	**18,905**	**19,193**
Men	6,080	6,026	8,603	8,629
Women	7,121	7,044	10,302	10,564

As at 30 June 2025 and 2024, the breakdown of the Group's workforce by category and sex is as follows:

Number of employees

	30/06/2025			30/06/2024		
	Men	Women	Total	Men	Women	Total
Senior management	608	324	932	574	304	878
Middle management	1,929	1,456	3,385	1,910	1,409	3,319
Specialist staff	5,500	7,191	12,691	5,501	7,285	12,786
Administrative staff	584	1,328	1,912	592	1,440	2,032
Total	**8,621**	**10,299**	**18,920**	**8,577**	**10,438**	**19,015**

The change in the Group's workforce is due to a staff reduction at TSB to bring it in line with the needs of the business. The staff reduction is partially offset by new hires in Spain arising from the need for specific profiles to carry out the current business.

Other administrative expenses

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Property, plant and equipment	(36,577)	(33,951)
Information technology	(243,427)	(212,381)
Communication	(21,199)	(13,212)
Publicity	(37,064)	(54,444)
Subcontracted administrative services	(33,491)	(75,051)
Contributions and taxes	(58,710)	(51,576)
Technical reports	(22,746)	(22,024)
Security services and fund transfers	(8,775)	(8,829)
Entertainment expenses and staff travel expenses	(7,031)	(8,032)
Membership fees	(2,683)	(2,629)
Other expenses	(33,878)	(40,194)
Total	**(505,581)**	**(522,323)**

The cost-to-income ratio (including depreciation and amortisation) stands at 47.0% (48.3% as at 30 June 2024).

Information about the Group's branches and offices is given below:

Number of branches and offices

	30/06/2025	30/06/2024
Branches and offices	**1,340**	**1,382**
Spain	1,140	1,143
Outside Spain	200	239

Note 27 – Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or (-) gains

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	Note	30/06/2025	30/06/2024
Financial assets at fair value through other comprehensive income		(206)	182
Debt securities		(206)	182
Financial assets at amortised cost	10	(217,583)	(360,859)
Debt securities		30	253
Loans and advances		(217,613)	(361,112)
Total		**(217,789)**	**(360,677)**

Note 28 – Impairment or (-) reversal of impairment on non-financial assets

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Property, plant and equipment	(23,713)	(3,469)
Investment properties	170	332
Goodwill and other intangible assets	—	—
Inventories	(3,599)	(3,280)
Total	**(27,142)**	**(6,417)**

Note 29 – Gains or (-) losses on derecognition of non-financial assets, net

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Property, plant and equipment	(11,331)	206
Investment properties	581	1,179
Intangible assets	(2,806)	(3,053)
Interests	2,072	1,142
Total	**(11,484)**	**(526)**

Note 30 – Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The composition of this heading of the condensed consolidated income statements for the six-month periods ended 30 June 2025 and 2024 is as follows:

Thousand euro

	30/06/2025	30/06/2024
Property, plant and equipment for own use and foreclosed	(14,589)	(24,080)
Gains/losses on sales	(5,499)	(6,383)
Impairment/reversal	(9,090)	(17,697)
Other items	134	(652)
Total	**(14,455)**	**(24,732)**

The impairment of non-current assets held for sale excludes income from the increase in fair value less selling costs.

Note 31 – Segment reporting

Segmentation criteria

This section gives information regarding earnings and other indicators of the Group's business units.

The criteria that the Group uses for its segment reporting are the following:

- Three geographical areas: Banking Business in Spain, United Kingdom and Mexico. Banking Business Spain includes foreign branches and representative offices.

- Each business unit is allocated own funds equivalent to 13% of its risk-weighted assets, assigning all deductions corresponding to each business unit, and the surplus of own funds is allocated to Banking Business Spain.

In terms of the other criteria applied, segment information is first structured with a breakdown by geographical area and then broken down according to the customers at which each segment is aimed.

The information presented is based on the standalone accounting records of each Group company, after all consolidation disposals and adjustments have been made.

Each business unit bears its own direct costs, calculated on the basis of general accounting records.

Key information relating to the segmentation of the Group's activity is given here below:

Million euro

	30/06/2025 (*)			
	Banking Business Spain	Banking Business UK	Banking Business Mexico	Total Group
Net interest income	**1,719**	**615**	**91**	**2,425**
Net fees and commissions	637	46	12	694
Core revenue	**2,355**	**660**	**104**	**3,119**
Profit or loss on financial operations and exchange differences	14	12	2	29
Equity-accounted income and dividends	102	—	—	102
Other operating income and expenses	(29)	7	(13)	(35)
Gross income	**2,442**	**680**	**92**	**3,214**
Operating expenses, depreciation and amortisation	(1,038)	(425)	(48)	(1,510)
Pre-provisions income	**1,404**	**255**	**44**	**1,704**
Total provisions and impairments	(241)	(20)	—	(262)
Provisions for loan losses	(181)	(20)	—	(201)
Provisions for other financial assets	(20)	—	—	(20)
Other provisions and impairments	(41)	—	—	(41)
Capital gains on asset sales and other revenue	(12)	1	—	(12)
Profit or loss before tax	**1,151**	**235**	**45**	**1,431**
Corporation tax	(382)	(64)	(8)	(454)
Profit or loss attributed to minority interests	1	—	—	1
Profit attributable to the Group	**767**	**171**	**37**	**975**
ROTE	15.5%	15.6%	11.2%	15.3%
Cost-to-income ratio	42.5%	62.5%	51.9%	47.0%
NPL ratio	2.8%	1.4%	2.2%	2.5%
Stage 3 coverage ratio, with total provisions	68.8%	32.9%	66.4%	63.6%
Employees	13,638	4,781	501	18,920
Domestic and foreign branches and offices	1,153	175	12	1,340

(*) Exchange rates applied in the income statement: EUR/GBP 0.8423 (average), EUR/MXN 21.8216 (average), EUR/USD 1.0925 (average) and EUR/MAD 10.5295 (average).

Million euro

	30/06/2025 (*)			
	Banking Business Spain	Banking Business UK	Banking Business Mexico	Total Group
Assets	**192,914**	**53,130**	**6,329**	**252,373**
Gross performing loans to customers	114,396	42,097	4,314	160,806
Non-performing real estate assets, net	467	—	—	467
Liabilities and equity	**192,914**	**53,130**	**6,329**	**252,373**
On-balance sheet customer funds	124,356	40,825	3,048	168,229
Wholesale funding in capital markets	21,039	6,286	—	27,325
Shareholders' equity	11,734	2,491	771	14,996
Off-balance sheet customer funds	**49,318**	**—**	**—**	**49,318**

(*) Exchange rates applied in the balance sheet: EUR/GBP 0.8555, EUR/MXN 22.0899, EUR/USD 1.1720 and EUR/MAD 10.5794.

Million euro

	30/06/2024 (*)			
	Banking Business Spain	Banking Business UK	Banking Business Mexico	Total Group
Net interest income	**1,826**	**562**	**106**	**2,493**
Net fees and commissions	610	54	10	674
Core revenue	**2,436**	**615**	**116**	**3,168**
Profit or loss on financial operations and exchange differences	8	24	5	37
Equity-accounted income and dividends	87	—	—	87
Other operating income and expenses	(191)	(29)	(10)	(230)
Gross income	**2,339**	**611**	**111**	**3,061**
Operating expenses, depreciation and amortisation	(1,000)	(449)	(67)	(1,515)
Pre-provisions income	**1,339**	**162**	**44**	**1,546**
Total provisions and impairments	(349)	(28)	(12)	(389)
Provisions for loan losses	(297)	(22)	(13)	(333)
Provisions for other financial assets	(22)	(6)	—	(28)
Other provisions and impairments	(29)	—	—	(29)
Capital gains on asset sales and other revenue	—	1	(3)	(2)
Profit or loss before tax	**991**	**135**	**28**	**1,154**
Corporation tax	(320)	(40)	(2)	(362)
Profit or loss attributed to minority interests	1	—	—	1
Profit attributable to the Group	**670**	**95**	**26**	**791**
ROTE	14.1%	9.4%	8.9%	13.1%
Cost-to-income ratio	41.4%	73.4%	60.0%	48.3%
NPL ratio	3.9%	1.5%	2.2%	3.2%
Stage 3 coverage ratio, with total provisions	62.7%	37.1%	71.7%	59.7%
Employees	13,545	4,990	480	19,015
Domestic and foreign branches and offices	1,159	211	12	1,382

(*) Exchange rates applied in the income statement: EUR/GBP 0.8546 (average), EUR/MXN 18.5225 (average), EUR/USD 1.0815 (average) and EUR/MAD 10.7274 (average).

Million euro

	31/12/2024 (*)			
	Banking Business Spain	Banking Business UK	Banking Business Mexico	Total Group
Assets	**177,348**	**55,604**	**6,646**	**239,598**
Gross performing loans to customers	109,291	43,380	4,242	156,913
Non-performing real estate assets, net	497	—	—	497
Liabilities and equity	**177,348**	**55,604**	**6,646**	**239,598**
On-balance sheet customer funds	124,235	42,123	3,199	169,557
Wholesale funding in capital markets	21,135	5,859	—	26,994
Shareholders' equity	12,161	2,543	686	15,389
Off-balance sheet customer funds	**46,171**	**—**	**—**	**46,171**

(*) Exchange rates applied in the balance sheet: EUR/GBP 0.8292, EUR/MXN 21.5504, EUR/USD 1.0389 and EUR/MAD 10.5104.

The revenue generated by each business unit as at 30 June 2025 and 2024 is as follows:

Thousand euro

	Consolidated			
	Income from ordinary activities (*)		Profit or loss before tax	
Segments	**30/06/2025**	**30/06/2024**	**30/06/2025**	**30/06/2024**
Banking Business Spain	4,358,451	3,844,460	1,150,676	991,052
Banking Business UK	1,361,481	1,366,654	235,288	134,545
Banking Business Mexico	321,388	381,467	44,538	28,478
Total	**6,041,320**	**5,592,581**	**1,430,502**	**1,154,075**

(*) Includes the following headings from the condensed consolidated income statements: "Interest income", "Dividend income", "Fee and commission income", "Profit or loss on financial operations" and "Other operating income".

The consolidated interim Directors' Report gives a more detailed assessment of each of these business units.

The distribution of interest income by geographical area for the six-month period ended 30 June 2025, and the comparison with the same period of the preceding year, is as follows:

Thousand euro

	Breakdown of interest income by geographical area			
	Standalone		Consolidated	
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
Domestic market	2,636,107	3,107,444	2,537,412	2,985,109
International market	336,087	217,834	1,890,829	1,859,473
European Union	51,681	30,148	51,681	30,148
Eurozone	51,681	30,148	51,681	30,148
Non-Eurozone	—	—	—	—
Other	284,406	187,686	1,839,148	1,829,325
Total	**2,972,194**	**3,325,278**	**4,428,241**	**4,844,582**

Note 32 – Tax situation

Deferred tax assets and liabilities

The sources of the deferred tax assets and liabilities recognised in the condensed consolidated balance sheet as at 30 June 2025 and 31 December 2024 are as follows:

Thousand euro

Deferred tax assets	30/06/2025	31/12/2024
Monetisable	**4,387,945**	**4,444,457**
Due to credit impairment	3,006,943	3,063,266
Due to real estate asset impairment	1,257,318	1,257,371
Due to pension funds	123,684	123,820
Non-monetisable	**1,151,106**	**1,207,913**
Tax credits for losses carried forward	**193,049**	**247,575**
Deductions not applied	**—**	**—**
Total	**5,732,100**	**5,899,945**

Deferred tax liabilities	30/06/2025	31/12/2024
Property restatements	50,363	50,671
Adjustments to value of wholesale debt issuances arising in business combinations	—	1,295
Other financial asset value adjustments	7,470	2,501
Other	67,783	66,269
Total	**125,616**	**120,736**

According to the information available as at the sign-off date of these condensed consolidated interim financial statements and the projections taken from the Group's business plan for the coming years, it is estimated that the taxable income generated will be sufficient to offset tax loss carry-forwards by the end of 2027 and non-monetisable tax assets, where these can be deducted according to current tax regulations, within a maximum period of ten years.

Monetisable tax assets are guaranteed by the State; therefore, their recoverability does not depend on the generation of future tax benefits.

Tax on net interest and commission income of certain financial institutions

Final Provision Nine of Law 7/2024 of 20 December established a tax on the net interest and commission income of certain financial institutions (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC). This tax, which is direct and progressive, is levied on the net interest and commission income arising from the activity in Spain of credit institutions, financial credit establishments and branches of foreign credit institutions obtained, respectively, in the tax periods beginning in the years 2024, 2025 and 2026. In terms of the tax rate, this is established on a scale which, after reducing the tax base by 100 million euros, includes five brackets: 1%, 3.5%, 4.8%, 6% and 7% (maximum rate applicable to the taxable base above 5 billion euros). From the total amount resulting from the above scale, 25% of net corporation tax for the same tax period will be deducted, thereby obtaining the net tax payable, to which an extraordinary deduction will be applied, indexed to the taxpayer's total Return on Assets (ROA), where this is below 0.7%.

On 25 December 2024, Royal Decree-Law 9/2024 of 23 December came into force, modifying the tax accrual date, which had initially been established as the day following the end of the tax period, and setting it as the last calendar day of the month following the end of said tax period (31 January 2025 in the case of the Bank's IMIC for 2024), although said Royal Decree-Law was repealed by agreement of the Congress of Deputies on 22 January 2025.

In accordance with the provisions of Order HAC/532/2025 of 26 May, approving the self-assessment forms and payment of tax by instalments, in June 2025 the Bank paid the instalment corresponding to IMIC for the 2024 financial year in the amount of 54 million euros, recognising this as an asset in the consolidated balance sheet, taking into account the fact that the repeal of the aforesaid Royal Decree-Law affects the accrual of IMIC for that financial year. On the other hand, as at 30 June 2025, the Group had recorded an expense of 62 million euros under the heading "Tax expense or (-) income related to profit or loss from continuing operations" in the consolidated income statement, corresponding to IMIC for the first half of 2025.

Note 33 – Related-party transactions

In accordance with the provisions of Chapter VII bis. Related Party Transactions of the Capital Companies Act, introduced by Law 5/2021 of 12 April, amending the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, there are no transactions with officers and directors of the company that could be considered material, other than those considered to be “related-party transactions” in accordance with Article 529 *vicies* of the Capital Companies Act, carried out following the corresponding approval procedure and, where applicable, reported in accordance with Articles 529 *unvicies et seq.* of the aforesaid Capital Companies Act. Those that did take place were performed in the normal course of the company’s business or were performed on an arm’s length basis or under the terms generally applicable to any employee. There is no record of any transactions being performed other than on an arm’s-length basis with persons or entities related to directors or senior managers.

Details of the balances held with related parties as at 30 June 2025 and 31 December 2024, as well as the impact of related-party transactions on the income statements for the six-month periods ended 30 June 2025 and 2024, are shown below:

Thousand euro

	30/06/2025			
	Associates	Key personnel	Other related parties (*)	Total
Assets				
Loans and advances to customers	73,590	3,741	924,033	**1,001,364**
Derivatives held for trading	85	—	11,199	**11,284**
Other financial assets	40,513	—	—	**40,513**
Liabilities				
Customer deposits	512,108	5,844	191,627	**709,579**
Derivatives held for trading	—	—	3,160	**3,160**
Other financial liabilities	386	—	68,631	**69,017**
Off-balance sheet exposures				
Financial guarantees given	319	7	35,285	**35,611**
Loan commitments given	13,288	375	322,764	**336,427**
Other commitments given	6,491	—	69,631	**76,122**
	30/06/2025			
Income statement				
Interest income	1,485	25	12,737	**14,247**
Interest expenses	(9,822)	(26)	(3,675)	**(13,523)**
Dividend income	—	—	1,283	**1,283**
Net fees and commissions	64,288	6	1,109	**65,403**
Profit or loss on financial operations	(121)	—	21,258	**21,137**
Other operating income and expenses	2,801	—	11	**2,812**
Other administrative expenses	(926)	—	(1,902)	**(2,828)**

(*) Includes, among others, employee pension plans.

Thousand euro

	Associates	Key personnel	Other related parties (*)	Total
		31/12/2024		
Assets				
Loans and advances to customers	67,044	3,967	920,286	**991,297**
Derivatives held for trading	—	—	4,960	**4,960**
Other financial assets	40,720	—	84,763	**125,483**
Liabilities				
Customer deposits	680,995	5,848	251,571	**938,414**
Derivatives held for trading	—	—	1,613	**1,613**
Other financial liabilities	471	1	44,291	**44,763**
Off-balance sheet exposures				
Financial guarantees given	319	7	22,598	**22,924**
Loan commitments given	14,611	373	334,042	**349,026**
Other commitments given	6,491	—	72,745	**79,236**
		30/06/2024		
Income statement				
Interest income	1,300	33	11,462	**12,795**
Interest expenses	(7,715)	(66)	(2,365)	**(10,146)**
Dividend income	—	—	—	**—**
Net fees and commissions	49,075	8	3,969	**53,052**
Profit or loss on financial operations	(597)	—	410	**(187)**
Other operating income and expenses	2,762	—	3	**2,765**
Other administrative expenses	(811)	—	(1,825)	**(2,636)**

(*) Includes, among others, employee pension plans.

Total risk transactions granted by the Bank and consolidated companies to directors of the parent company amounted to 737 thousand euros as at 30 June 2025, of which 617 thousand euros corresponded to loans and advances and 120 thousand euros to financial guarantees and loan commitments given (782 thousand euros as at 31 December 2024, consisting of 649 thousand euros in loans and advances and 133 thousand euros in financial guarantees and loan commitments given). With regard to Senior Management, risk transactions granted by the Bank and consolidated companies amounted to 3,386 thousand euros as at 30 June 2025, of which 3,124 thousand euros corresponded to loans and advances and 262 thousand euros to financial guarantees and loan commitments given (3,558 thousand euros as at 31 December 2024, including 3,318 thousand euros corresponding to loans and advances and 247 thousand euros corresponding to financial guarantees and loan commitments given).

With regard to liabilities, these amounted to 4,095 thousand euros for Directors of the parent company (4,088 thousand euros as at 31 December 2024) and 1,749 thousand euros for Senior Management as at 30 June 2025 (1,761 thousand euros as at 31 December 2024).

Note 34 – Remuneration of members of the Board of Directors and Senior Management

Note 41 to the consolidated annual financial statements for 2024 gives details of remuneration and other benefits awarded to members of the Board of Directors (including Non-Executive Directors and Executive Directors) and to Senior Management for the 2024 financial year.

Board of Directors

Remuneration and other benefits awarded to members of the Board of Directors corresponding to the first half of 2025 and 2024 are shown below:

Thousand euro

	30/06/2025	30/06/2024
Type of remuneration		
Remuneration for membership of the Board and/or Board Committees	2,195	2,245
Wages	1,347	1,124
Variable remuneration in cash	258	225
Share-based remuneration schemes	290	253
Severance pay	—	—
Contributions to workplace retirement planning schemes	62	63
Other items	33	34
Total remuneration	**4,185**	**3,944**

The amounts include the remuneration of members of the Board of Directors during the period they have held this status.

Based on the revised remuneration scheme and remuneration amounts of the Board and its Board Committees, and in accordance with the powers conferred by the Banco Sabadell Director Remuneration Policy to the Board of Directors, on 29 January 2025 the Board approved an update to the remuneration amounts envisaged for 2025. As a result of the economic environment, the Group's corporate outlook and the value generated by the Group's management, the remuneration of the Chief Executive Officer (CEO) and of the Chief RIsk Officer (CRO) were reviewed with the aim of bringing them in line with both the benchmark remuneration for their respective positions and standard market practices. That update is described in detail in the 2024 Annual Report on Director Remuneration.

Variable remuneration for the first half of 2025 corresponds to 50% of the theoretical short-term variable remuneration for the 2025 financial year, without giving rise to any accrued or enforceable rights in this respect, given that such remuneration may not materialise.

The amount of funds accumulated in workplace retirement planning schemes for Directors as at 30 June 2025 was 12,463 thousand euros (10,996 thousand euros as at 31 December 2024).

Senior Management

The remuneration of members of Senior Management (excluding members of the Board of Directors) and of the Internal Audit Officer for the first half of 2025 and 2024 is set out below.

Thousand euro

	30/06/2025	30/06/2024
Total remuneration (*)	3,546	3,913
Number of members	10	11

(*) Total remuneration in the first half of 2025 includes contributions to workplace retirement planning schemes amounting to 116 thousand euros (145 thousand euros in the first half of 2024).

The remuneration for the first half of 2025 includes variable remuneration amounts as at 30 June 2025 corresponding to 50% of the theoretical short-term variable remuneration for the year, without giving rise to any accrued or enforceable rights in this respect, given that such remuneration may not materialise.

During the first half of 2025 and 2024, no early contract termination payments were made to any member of Senior Management.

The amount of funds accumulated in workplace retirement planning schemes for Senior Management members and for the Internal Audit Officer as at 30 June 2025 was 5,469 thousand euros (6,026 thousand euros as at 31 December 2024).

Note 35 – Subsequent events

Since 30 June 2025, there have been no significant events worthy of mention, with the exception of those described below:

Through an Inside Information disclosure dated 16 June 2025, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,776, the Bank confirmed, in connection with press coverage released that same day, that it had received preliminary and non-binding expressions of interest for the acquisition of the total share capital of TSB Banking Group plc (hereinafter, TSB) and that it would analyse any binding transaction that it might receive, subject to fulfilment of all legal obligations.

TSB has formed part of Banco Sabadell Group since its acquisition from Lloyds Banking Group plc in 2015. Since then, TSB is engaged in the Group's retail banking business in the United Kingdom, where it offers banking services to over five million customers, mainly through mortgage loans, and current and savings accounts.

Subsequently, through an Inside Information disclosure dated 1 July 2025, entered in the register of the CNMV under number 2,805, the Bank indicated that, following a binding offer to acquire TSB received from Banco Santander, S.A. (hereinafter, "Banco Santander"), the Board of Directors of Banco Sabadell agreed to submit to the shareholders at an Extraordinary General Meeting, scheduled to take place on 6 August 2025, the authorisation to sell all shares representing the share capital of TSB to Banco Santander. The transaction does not include the sale of the IT platform servicing TSB, owned by the subsidiary Sabadell Digital, S.A.U., which is expected to continue to serve TSB until the company migrates to another IT platform. Banco Sabadell has undertaken that no company within Banco Sabadell Group will compete with Banco Santander in the UK banking market for 24 months following the closing date of the transaction, without prejudice to the maintenance of the activities of Banco Sabadell's branch in the United Kingdom.

The consideration for the sale of the shares amounts to an initial price of 2,650 million pounds sterling (approximately, 3,098 million euros[8]), which will be adjusted, upwards or downwards, based on the positive or negative variation in TSB's tangible net asset value between 1 April 2025 and the closing date of the transaction.

Based on TSB's financial forecasts, and assuming the closing of the transaction takes place on 31 March 2026, the Bank estimates that the final price for the shares could be in the region of 2,875 million pounds (approximately, 3,361 million euros[8]). The final price will be paid in full in cash.

The transaction also includes the sale of certain equity instruments and securities issued by TSB and subscribed by Banco Sabadell (perpetual securities contingently convertible into ordinary shares of TSB, redeemable subordinated bonds and unsecured senior debt) that have not matured nor been repurchased and redeemed as at the closing date, as well as the securities from any new issuance carried out as from 1 July 2025 until such date and subscribed by Banco Sabadell for the purpose of refinancing any of them (the "securities").

The sale price for the securities will be the sum of the fair values assigned to the securities at the closing date of the transaction based on the credit spreads agreed by the parties for each such instrument. Payment of the sale price for the securities will be made in cash on the closing date and will not be subject to subsequent revision. The nominal amount of these securities as at the date of the agreement with Banco Santander stood at 1,450 million pounds sterling (approximately 1,695 million euros[8]).

The closing of the transaction (expected to take place during the first quarter of 2026) is subject to approval by Banco Sabadell shareholders during an Extraordinary General Meeting and to obtaining the regulatory authorisations from the competent authorities.

In accordance with accounting standards applicable to the Group, transactions carried out by TSB and its subsidiaries, which comprised almost entirely the Banking Business UK segment (see Note 31), are now considered discontinued operations as from 1 July 2025. Consequently, these Group condensed consolidated interim financial statements do not reflect any impact arising from this transaction.

[8] At the sterling to euro conversion rate published by the European Central Bank on 30 June 2025 of GBP 0.8555 per euro.

The amount of lending items as at 30 June 2025 and the profit after tax of the TSB consolidated subgroup for the six-month period then ended came to approximately 36,392 million pounds and 139 million pounds, respectively. Its Common Equity Tier 1 ratio stood at 16.3%. It is estimated that the transaction would have a positive effect on the Common Equity Tier 1 ratio of the Group of approximately 409 basis points.

As a result mainly of the profit derived from the transaction and the release of regulatory capital following the derecognition from the consolidated balance sheet of assets belonging to TSB and its subsidiaries, Banco Sabadell will generate a capital surplus significantly above the threshold set by its Board of Directors for the distribution of excess capital (set at a fully-loaded CET1 ratio of 13%, applying the regulatory implementation calendar of the output floor on a consolidated basis), allowing the distribution of a substantial portion of this capital surplus to its shareholders while at the same time maintaining an estimated CET1 level above said threshold following its payment. As a result, at the same meeting where the Board resolved to submit the sale of TSB to shareholders for approval at an Extraordinary General Meeting, the Board of Directors of Banco Sabadell also agreed to propose the distribution of an extraordinary cash dividend, as described in Note 3.

Schedule I – Changes in the scope of consolidation

During the first half of 2025, there have been no additions to the scope of consolidation. Companies no longer consolidated in the first half of 2025 are shown below:

Thousand euro

Name of entity (or line of business) sold, spun off or otherwise disposed of	Category	Effective date of the transaction	% Voting rights disposed of	% Total voting rights following disposal	Profit or loss generated	Type of shareholding	Method	Reason
Desarrollos y Participaciones Inmobiliarias 2006, S.L.U. in Liquidation	Group	09/01/2025	100%	—	—	Indirect	Full consolidation	a
Gier Operations 2021, S.L.U. in Liquidation	Group	03/02/2025	100%	—	—	Direct	Full consolidation	a
Sabcapital, S.A. de C.V., SOFOM, E.R.	Group	01/01/2025	100%	—	—	Direct	Full consolidation	b

(a) Removed from the scope due to dissolution and/or liquidation.

(b) Removed from the scope due to the merger by absorption by Banco Sabadell, S.A., Institución de Banca Múltiple.

Schedule II – Interim financial statements of Banco Sabadell

Interim financial statements of Banco de Sabadell, S.A.

The Bank's balance sheets as at 30 June 2025 and 31 December 2024 are shown below, together with the Bank's income statements, statements of recognised income and expenses, statements of total changes in equity and cash flow statements corresponding to the six-month periods ended 30 June 2025 and 2024:

Balance sheets of Banco de Sabadell, S.A.

As at 30 June 2025 and 31 December 2024

Thousand euro

Assets	30/06/2025	31/12/2024
Cash, cash balances at central banks and other demand deposits	**20,587,644**	**11,831,284**
Financial assets held for trading	**3,168,688**	**2,616,270**
Derivatives	1,382,218	1,195,314
Equity instruments	81,920	541,005
Debt securities	1,704,550	879,951
Loans and advances	—	—
Central banks	—	—
Credit institutions	—	—
Customers	—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights	*683,601*	*177,365*
Non-trading financial assets mandatorily at fair value through profit or loss	**131,025**	**132,074**
Equity instruments	2,997	2,832
Debt securities	26,422	26,326
Loans and advances	101,606	102,916
Central banks	—	—
Credit institutions	—	—
Customers	101,606	102,916
Memorandum item: loaned or posted as collateral with sale or pledging rights	—	—
Financial assets designated at fair value through profit or loss	**—**	**—**
Debt securities	—	—
Loans and advances	—	—
Central banks	—	—
Credit institutions	—	—
Customers	—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights	—	—
Financial assets at fair value through other comprehensive income	**6,352,147**	**6,171,009**
Equity instruments	105,154	85,196
Debt securities	6,246,993	6,085,813
Loans and advances	—	—
Central banks	—	—
Credit institutions	—	—
Customers	—	—
Memorandum item: loaned or posted as collateral with sale or pledging rights	*1,863,105*	*599,794*
Financial assets at amortised cost	**155,140,883**	**148,833,603**
Debt securities	24,071,599	21,639,367
Loans and advances	131,069,284	127,194,236
Central banks	—	—
Credit institutions	14,767,244	14,596,078
Customers	116,302,040	112,598,158
Memorandum item: loaned or posted as collateral with sale or pledging rights	*18,857,821*	*6,170,535*
Derivatives – Hedge accounting	**852,295**	**872,559**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(364,644)**	**(206,216)**
Investments in subsidiaries, joint ventures and associates	**6,304,870**	**6,220,781**
Subsidiaries	6,195,331	6,112,537
Joint ventures	—	—
Associates	109,539	108,244
Tangible assets	**1,424,144**	**1,488,632**
Property, plant and equipment	1,403,260	1,466,239
For own use	1,403,260	1,466,239
Leased out under operating leases	—	—
Investment properties	20,884	22,393
Of which: leased out under operating leases	*20,884*	*22,393*
Memorandum item: acquired through leases	*657,545*	*679,433*
Intangible assets	**15,958**	**18,046**
Goodwill	10,146	10,830
Other intangible assets	5,812	7,216
Tax assets	**4,991,420**	**5,405,226**
Current tax assets	370,265	612,867
Deferred tax assets	4,621,155	4,792,359
Other assets	**327,571**	**211,459**
Insurance contracts linked to pensions	78,340	80,888
Inventories	—	—
Rest of other assets	249,231	130,571
Non-current assets and disposal groups classified as held for sale	**708,616**	**737,328**
Total assets	**199,640,617**	**184,332,055**

Balance sheets of Banco de Sabadell, S.A.

As at 30 June 2025 and 31 December 2024

Thousand euro

Liabilities	30/06/2025	31/12/2024
Financial liabilities held for trading	**1,395,124**	**1,379,618**
Derivatives	1,176,351	1,296,947
Short positions	218,773	82,671
Deposits	—	—
Central banks	—	—
Credit institutions	—	—
Customers	—	—
Debt securities issued	—	—
Other financial liabilities	—	—
Financial liabilities designated at fair value through profit or loss	**—**	**—**
Deposits	—	—
Central banks	—	—
Credit institutions	—	—
Customers	—	—
Debt securities issued	—	—
Other financial liabilities	—	—
Memorandum item: subordinated liabilities	—	—
Financial liabilities at amortised cost	**184,204,115**	**168,565,561**
Deposits	155,107,818	141,693,739
Central banks	—	—
Credit institutions	12,773,653	14,064,490
Customers	142,334,165	127,629,249
Debt securities issued	22,456,012	22,064,018
Other financial liabilities	6,640,285	4,807,804
Memorandum item: subordinated liabilities	*4,777,809*	*4,106,654*
Derivatives – Hedge accounting	**389,385**	**647,884**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(37,930)**	**(64,714)**
Provisions	**396,579**	**418,115**
Pensions and other post employment defined benefit obligations	44,133	47,133
Other long term employee benefits	30	40
Pending legal issues and tax litigation	115,892	75,064
Commitments and guarantees given	113,975	131,587
Other provisions	122,549	164,291
Tax liabilities	**352,208**	**156,411**
Current tax liabilities	280,432	87,927
Deferred tax liabilities	71,776	68,484
Share capital repayable on demand	**—**	**—**
Other liabilities	**436,787**	**423,364**
Liabilities included in disposal groups classified as held for sale	**—**	**—**
Total liabilities	**187,136,268**	**171,526,239**

Balance sheets of Banco de Sabadell, S.A.

As at 30 June 2025 and 31 December 2024

Thousand euro

Equity	30/06/2025	31/12/2024
Shareholders' equity	**12,698,677**	**12,932,917**
Capital	661,029	680,028
Paid up capital	661,029	680,028
Unpaid capital called up	—	—
Memorandum item: capital not called up	—	—
Share premium	7,355,368	7,695,227
Equity instruments issued other than capital	—	—
Equity component of compound financial instruments	—	—
Other equity instruments issued	—	—
Other equity	15,884	15,434
Retained earnings	6,324,580	5,918,817
Revaluation reserves	—	—
Other reserves	(2,373,883)	(2,334,149)
(-) Treasury shares	(419,138)	(119,344)
Profit or loss for the period	1,134,837	1,505,815
(-) Interim dividends	—	(428,911)
Accumulated other comprehensive income	**(194,328)**	**(127,101)**
Items that will not be reclassified to profit or loss	(40,910)	(55,432)
Actuarial gains or (-) losses on defined benefit pension plans	(3,485)	(3,485)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(37,425)	(51,947)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—
Items that may be reclassified to profit or loss	(153,418)	(71,669)
Hedge of net investments in foreign operations [effective portion]	59,047	(20,946)
Foreign currency translation	(22,679)	146,401
Hedging derivatives. Cash flow hedges reserve [effective portion]	(117,443)	(80,301)
Fair value changes of debt instruments measured at fair value through other comprehensive income	(72,343)	(116,823)
Hedging instruments [not designated elements]	—	—
Non-current assets and disposal groups classified as held for sale	—	—
Total equity	**12,504,349**	**12,805,816**
Total equity and total liabilities	**199,640,617**	**184,332,055**
Memorandum item: off-balance sheet exposures		
Loan commitments given	**21,114,023**	**22,044,023**
Financial guarantees given	**2,760,067**	**3,855,851**
Other commitments given	**8,945,564**	**9,426,660**

Income statements of Banco de Sabadell, S.A.

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	30/06/2025	30/06/2024
Interest income	2,972,194	3,325,278
Financial assets at fair value through other comprehensive income	105,032	97,805
Financial assets at amortised cost	2,698,306	3,029,471
Other interest income	168,856	198,002
(Interest expenses)	(1,257,162)	(1,490,439)
(Expenses on share capital repayable on demand)	—	—
Net interest income	**1,715,032**	**1,834,839**
Dividend income	488,222	229,941
Fee and commission income	642,552	612,869
(Fee and commission expenses)	(60,787)	(43,911)
Net profit or net loss on financial operations	633,258	(181,455)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	27,883	7,822
Financial assets at amortised cost	29,904	1,702
Other financial assets and liabilities	(2,021)	6,120
Gains or (-) losses on financial assets and liabilities held for trading, net	613,170	(183,145)
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortised cost	—	—
Other gains or (-) losses	613,170	(183,145)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	3,644	1,016
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortised cost	—	—
Other gains or (-) losses	3,644	1,016
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	—	—
Gains or (-) losses from hedge accounting, net	(11,439)	(7,148)
Exchange differences [gain or (-) loss], net	(632,008)	169,642
Other operating income	33,553	28,202
(Other operating expenses)	(44,957)	(211,840)
Gross income	**2,774,865**	**2,438,287**
(Administrative expenses)	(969,065)	(942,746)
(Staff expenses)	(550,979)	(519,082)
(Other administrative expenses)	(418,086)	(423,664)
(Depreciation and amortisation)	(67,799)	(74,288)
(Provisions or (-) reversal of provisions)	(7,334)	3,976
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or (-) gains)	(173,980)	(314,147)
(Financial assets at fair value through other comprehensive income)	(206)	182
(Financial assets at amortised cost)	(173,774)	(314,329)
Profit or loss on operating activities	**1,556,687**	**1,111,082**
(Impairment or (-) reversal of impairment on investments in joint ventures and associates)	(1,175)	12,661
(Impairment or (-) reversal of impairment on non-financial assets)	(20,559)	(1,104)
(Tangible assets)	(20,559)	(1,104)
(Intangible assets)	—	—
(Other)	—	—
Gains or (-) losses on derecognition of non-financial assets, net	(9,974)	(129)
Negative goodwill recognised in profit or loss	—	—
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(4,558)	(13,202)
Profit or (-) loss before tax from continuing operations	**1,520,421**	**1,109,308**
(Tax expense or (-) income related to profit or loss from continuing operations)	(385,584)	(320,605)
Profit or (-) loss after tax from continuing operations	**1,134,837**	**788,703**
Profit or (-) loss after tax from discontinued operations	—	—
Profit or loss for the period	**1,134,837**	**788,703**

Statements of recognised income and expenses of Banco de Sabadell, S.A.

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	30/06/2025	30/06/2024
Profit or loss for the period	**1,134,837**	**788,703**
Other comprehensive income	**(67,227)**	**17,503**
Items that will not be reclassified to profit or loss	14,522	7,644
Actuarial gains or (-) losses on defined benefit pension plans	—	—
Non-current assets and disposal groups held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	18,457	9,737
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	—	—
Income tax relating to items that will not be reclassified	(3,935)	(2,093)
Items that may be reclassified to profit or loss	(81,749)	9,859
Hedge of net investments in foreign operations [effective portion]	79,992	(14,553)
Valuation gains or (-) losses taken to equity	79,992	(14,553)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	(169,079)	41,538
Translation gains or (-) losses taken to equity	(169,079)	41,538
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges [effective portion]	(53,857)	(24,326)
Valuation gains or (-) losses taken to equity	(61,720)	(18,893)
Transferred to profit or loss	(10,875)	(5,433)
Transferred to initial carrying amount of hedged items	18,738	—
Other reclassifications	—	—
Hedging instruments [not designated elements]	—	—
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Debt instruments at fair value through other comprehensive income	60,774	881
Valuation gains or (-) losses taken to equity	60,661	7,317
Transferred to profit or loss	113	(6,436)
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	—	—
Valuation gains or (-) losses taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Income tax relating to items that may be reclassified to profit or (-) loss	421	6,319
Total comprehensive income for the period	**1,067,610**	**806,206**

Statements of total changes in equity of Banco de Sabadell, S.A.

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss for the period	(-) Interim dividends	Accumulated other comprehensive income	**Total**
Closing balance 31/12/2024	**680,028**	**7,695,227**	**—**	**15,434**	**5,918,817**	**—**	**(2,334,149)**	**(119,344)**	**1,505,815**	**(428,911)**	**(127,101)**	**12,805,816**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	**—**
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	**—**
Opening balance 01/01/2025	**680,028**	**7,695,227**	**—**	**15,434**	**5,918,817**	**—**	**(2,334,149)**	**(119,344)**	**1,505,815**	**(428,911)**	**(127,101)**	**12,805,816**
Total comprehensive income for the period	**—**	**—**	**—**	—	—	—	—	—	**1,134,837**	**—**	**(67,227)**	**1,067,610**
Other equity changes	**(18,999)**	**(339,859)**	**—**	**450**	**405,763**	**—**	**(39,734)**	**(299,794)**	**(1,505,815)**	**428,911**	**—**	**(1,369,077)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	**—**
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	**—**
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital reduction	(18,999)	(339,859)				—	18,999	339,859	—	—	—	**—**
Dividends (or shareholder remuneration)	—	—	—	—	(666,943)	—	—	—	—	—	—	**(666,943)**
Purchase of treasury shares	—	—	—	—	—	—	—	(654,896)	—	—	—	**(654,896)**
Sale or cancellation of treasury shares	—	—	—	—	—	—	294	15,243	—	—	—	**15,537**
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	**—**
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Transfers among components of equity	—	—	—	—	1,076,904	—	—	—	(1,505,815)	428,911	—	**—**
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	**—**
Share based payments	—	—	—	450	—	—	—	—	—	—	—	**450**
Other increase or (-) decrease in equity	—	—	—	—	(4,198)	—	(59,027)	—	—	—	—	**(63,225)**
Closing balance 30/06/2025	**661,029**	**7,355,368**	**—**	**15,884**	**6,324,580**	**—**	**(2,373,883)**	**(419,138)**	**1,134,837**	**—**	**(194,328)**	**12,504,349**

Statements of total changes in equity of Banco de Sabadell, S.A.

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

Sources of equity changes	Capital	Share premium	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss for the period	(-) Interim dividends	Accumulated other comprehensive income	Total
Closing balance 31/12/2023	**680,028**	**7,695,227**	**—**	**12,625**	**5,165,689**	**—**	**(2,228,293)**	**(39,621)**	**1,088,014**	**(162,103)**	**(196,305)**	**12,015,261**
Effects of corrections of errors	—	—	—	—	—	—	—	—	—	—	—	**—**
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	**—**
Opening balance 01/01/2024	**680,028**	**7,695,227**	**—**	**12,625**	**5,165,689**	**—**	**(2,228,293)**	**(39,621)**	**1,088,014**	**(162,103)**	**(196,305)**	**12,015,261**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**788,703**	**—**	**17,503**	**806,206**
Other equity changes	**—**	**—**	**—**	**822**	**750,934**	**—**	**(61,209)**	**(79,619)**	**(1,088,014)**	**162,103**	**—**	**(314,983)**
Issuance of ordinary shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of preference shares	—	—	—	—	—	—	—	—	—	—	—	**—**
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	**—**
Exercise or expiration of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	**—**
Conversion of debt to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Capital reduction	—	—	—	—	—	—	—	—	—	—	—	**—**
Dividends (or shareholder remuneration)	—	—	—	—	(164,310)	—	—	—	—	—	—	**(164,310)**
Purchase of treasury shares	—	—	—	—	—	—	—	(111,203)	—	—	—	**(111,203)**
Sale or cancellation of treasury shares	—	—	—	—	—	—	1,309	31,584	—	—	—	**32,893**
Reclassification of financial instruments from equity to liability	—	—	—	—	—	—	—	—	—	—	—	**—**
Reclassification of financial instruments from liability to equity	—	—	—	—	—	—	—	—	—	—	—	**—**
Transfers among components of equity	—	—	—	—	925,911	—	—	—	(1,088,014)	162,103	—	**—**
Equity increase or (-) decrease resulting from business combinations	—	—	—	—	—	—	—	—	—	—	—	**—**
Share based payments	—	—	—	822	—	—	—	—	—	—	—	**822**
Other increase or (-) decrease in equity	—	—	—	—	(10,667)	—	(62,518)	—	—	—	—	**(73,185)**
Closing balance 30/06/2024	**680,028**	**7,695,227**	**—**	**13,447**	**5,916,623**	**—**	**(2,289,502)**	**(119,240)**	**788,703**	**—**	**(178,802)**	**12,506,484**

Cash flow statements of Banco de Sabadell, S.A.

For the six-month periods ended 30 June 2025 and 2024

Thousand euro

	30/06/2025	30/06/2024
Cash flows from/(used in) operating activities	**9,141,161**	**(47,589)**
Profit or loss for the period	1,134,837	788,703
Adjustments to obtain cash flows from operating activities	670,964	706,839
Depreciation and amortisation	67,799	74,288
Other adjustments	603,165	632,551
Net increase/decrease in operating assets	(7,138,396)	(8,912,105)
Financial assets held for trading	(552,418)	(277,048)
Non-trading financial assets mandatorily at fair value through profit or loss	1,049	10,660
Financial assets designated at fair value through profit or loss	—	—
Financial assets at fair value through other comprehensive income	(122,343)	(103,368)
Financial assets at amortised cost	(6,499,347)	(8,626,680)
Other operating assets	34,663	84,331
Net increase/decrease in operating liabilities	14,404,084	7,343,303
Financial liabilities held for trading	15,505	17,161
Financial liabilities designated at fair value through profit or loss	—	—
Financial liabilities at amortised cost	14,938,553	7,756,749
Other operating liabilities	(549,974)	(430,607)
Income tax receipts or payments	69,672	25,671
Cash flows from/(used in) investing activities	**383,391**	**218,599**
Payments	(150,404)	(68,918)
Tangible assets	(36,582)	(37,898)
Intangible assets	(273)	(5,420)
Investments in subsidiaries, joint ventures and associates	(113,549)	(25,600)
Other business units	—	—
Non-current assets and liabilities classified as held for sale	—	—
Other payments related to investing activities	—	—
Collections	533,795	287,517
Tangible assets	2,458	15,428
Intangible assets	—	—
Investments in subsidiaries, joint ventures and associates	109,775	228,326
Other business units	379,112	43,763
Non-current assets and liabilities classified as held for sale	42,450	—
Other collections related to investing activities	—	—
Cash flows from/(used in) financing activities	**(704,888)**	**156,868**
Payments	(1,720,424)	(375,990)
Dividends	(666,943)	(164,310)
Subordinated liabilities	(300,000)	—
Redemption of own equity instruments	—	—
Acquisition of own equity instruments	(654,896)	(111,203)
Other payments related to financing activities	(98,585)	(100,477)
Collections	1,015,536	532,858
Subordinated liabilities	1,000,000	500,000
Issuance of own equity instruments	—	—
Disposal of own equity instruments	15,536	32,858
Other collections related to financing activities	—	—
Effect of changes in foreign exchange rates	**(63,304)**	**40,695**
Net increase (decrease) in cash and cash equivalents	**8,756,360**	**368,573**
Cash and cash equivalents at the beginning of the period	**11,831,284**	**22,301,225**
Cash and cash equivalents at the end of the period	**20,587,644**	**22,669,798**

Components of cash and cash equivalents at the end of the period		
Cash on hand	538,447	532,598
Cash equivalents in central banks	19,774,740	21,813,413
Other demand deposits	274,457	323,787
Other financial assets	—	—
Less: bank overdrafts repayable on demand	—	—

Schedule III – Information on issues during the six-month period

Details of public issues carried out by the Group during the first half of 2025 are as follows:

Million euro

Issuer	Type of issue	Issue date	Amount 30/06/2025	Interest rate ruling as at 30/06/2025	Maturity date	Issue currency	Target of offering
TSB Banking Group	Covered bonds	18/02/2025	600	2.70%	18/02/2030	Euro	Institutional
Banco de Sabadell, S.A.	Senior non-preferred debt	18/02/2025	500	3.38%	18/02/2033	Euro	Institutional
Banco de Sabadell, S.A.	Mortgage covered bonds	28/03/2025	500	2.55%	28/03/2033	Euro	Institutional
Banco de Sabadell, S.A.	Preferred securities	20/05/2025	1,000	6.50%	_	Euro	Institutional

Schedule IV – Other risk information

Credit risk exposure

Loans and advances to customers, broken down by activity and type of guarantee

The breakdown of the balance of the heading "Loans and advances – Customers" by activity and type of guarantee, excluding advances not classed as loans, as at 30 June 2025 and 31 December 2024, respectively, is as follows:

Thousand euro

	30/06/2025							
				Secured loans. Carrying amount based on last available valuation. Loan to value				
	Total	Of which: secured with real estate	Of which: secured with other collateral	Less than or equal to 40%	Over 40% and less than or equal to 60%	Over 60% and less than or equal to 80%	Over 80% and less than or equal to 100%	Over 100%
General governments	**10,395,087**	**20,259**	**391,179**	**15,825**	**5,037**	**789**	**—**	**389,787**
Other financial corporations and individual entrepreneurs (financial business activity)	**1,638,539**	**276,203**	**422,809**	**431,817**	**99,213**	**78,023**	**418**	**89,541**
Non-financial corporations and individual entrepreneurs (non-financial business activity)	**60,760,371**	**10,733,738**	**6,747,772**	**6,929,157**	**4,705,160**	**1,790,319**	**1,672,760**	**2,384,114**
Construction and real estate development (including land)	1,836,802	1,054,439	214,943	470,291	454,643	117,320	86,205	140,923
Civil engineering construction	1,405,126	124,205	335,291	184,467	69,622	3,538	2,713	199,156
Other purposes	57,518,443	9,555,094	6,197,538	6,274,399	4,180,895	1,669,461	1,583,842	2,044,035
Large enterprises	33,865,838	2,478,992	2,565,958	2,084,660	1,107,373	389,791	540,294	922,832
SMEs and individual entrepreneurs	23,652,605	7,076,102	3,631,580	4,189,739	3,073,522	1,279,670	1,043,548	1,121,203
Other households	**89,169,261**	**79,107,154**	**1,431,137**	**17,483,614**	**24,449,235**	**29,610,946**	**7,413,426**	**1,581,070**
Home loans	78,391,041	78,083,952	189,559	16,439,996	23,781,048	29,308,463	7,287,163	1,456,841
Consumer loans	7,116,477	23,667	951,249	344,172	363,256	132,854	70,215	64,419
Other purposes	3,661,743	999,535	290,329	699,446	304,931	169,629	56,048	59,810
Total	**161,963,258**	**90,137,354**	**8,992,897**	**24,860,413**	**29,258,645**	**31,480,077**	**9,086,604**	**4,444,512**
MEMORANDUM ITEM Refinancing, refinanced and restructured transactions	**2,740,048**	**1,506,477**	**171,947**	**579,433**	**462,639**	**337,467**	**150,562**	**148,323**

Thousand euro

	31/12/2024							
				Secured loans. Carrying amount based on last available valuation. Loan to value				
	Total	Of which: secured with real estate	Of which: secured with other collateral	Less than or equal to 40%	Over 40% and less than or equal to 60%	Over 60% and less than or equal to 80%	Over 80% and less than or equal to 100%	Over 100%
General governments	**9,124,565**	**21,346**	**391,961**	**16,131**	**5,990**	**—**	**813**	**390,373**
Other financial corporations and individual entrepreneurs (financial business activity)	**1,511,484**	**236,367**	**432,633**	**450,492**	**97,763**	**75,460**	**9,337**	**35,948**
Non-financial corporations and individual entrepreneurs (non-financial business activity)	**59,836,253**	**11,403,101**	**6,198,165**	**7,871,505**	**4,533,391**	**1,828,013**	**1,386,309**	**1,982,048**
Construction and real estate development (including land)	2,148,803	1,209,196	215,472	505,100	525,022	131,127	93,586	169,833
Civil engineering construction	1,224,461	23,986	143,327	140,707	8,869	2,590	6,530	8,617
Other purposes	56,462,989	10,169,919	5,839,366	7,225,698	3,999,500	1,694,296	1,286,193	1,803,598
Large enterprises	32,233,894	2,757,885	2,386,463	2,692,703	870,583	381,242	421,766	778,054
SMEs and individual entrepreneurs	24,229,095	7,412,034	3,452,903	4,532,995	3,128,917	1,313,054	864,427	1,025,544
Other households	**88,044,606**	**79,083,934**	**1,444,628**	**17,735,323**	**24,695,801**	**28,816,179**	**7,538,919**	**1,742,340**
Home loans	78,272,006	77,977,269	200,851	16,667,131	24,008,146	28,501,396	7,402,261	1,599,186
Consumer loans	6,742,387	30,713	896,389	297,875	350,892	141,771	65,081	71,483
Other purposes	3,030,213	1,075,952	347,388	770,317	336,763	173,012	71,577	71,671
Total	**158,516,908**	**90,744,748**	**8,467,387**	**26,073,451**	**29,332,945**	**30,719,652**	**8,935,378**	**4,150,709**
MEMORANDUM ITEM Refinancing, refinanced and restructured transactions	**3,083,352**	**1,766,471**	**169,397**	**718,542**	**540,559**	**388,323**	**158,865**	**129,579**

Forbearance

Information on refinancing and restructuring transactions as at 30 June 2025 and 31 December 2024 is shown below. The Group's refinancing policy and strategy is described in Note 4 on "Risk management" to the 2024 consolidated annual financial statements.

Thousand euro

	30/06/2025						
	Credit institutions	General governments	Other financial corporations and individual entrepreneurs (financial business activity)	Non-financial corporations and individual entrepreneurs (non-financial business activity)	*Of which: lending for construction and real estate development (including land)*	Other households	Total
Total							
Not secured with collateral							
Number of transactions	8	31	130	25,588	*746*	51,582	**77,339**
Gross carrying amount	4	4,783	19,245	1,346,246	*45,924*	172,108	**1,542,386**
Secured with collateral							
Number of transactions	—	1	3	4,130	*209*	9,937	**14,071**
Gross carrying amount	—	35	41	1,097,541	*92,777*	858,348	**1,955,965**
Impairment allowances	—	256	12,103	529,488	*38,576*	216,452	**758,299**
Of which, non-performing loans							
Not secured with collateral							
Number of transactions	8	3	23	17,256	*517*	42,403	***59,693***
Gross carrying amount	4	441	17,008	724,962	*36,761*	134,444	***876,859***
Secured with collateral							
Number of transactions	—	1	2	2,424	*136*	5,388	***7,815***
Gross carrying amount	—	35	41	436,219	*36,897*	568,445	***1,004,740***
Impairment allowances	—	256	12,043	487,094	*37,174*	203,502	***702,895***
Total							
Number of transactions	8	32	133	29,718	*955*	61,519	**91,410**
Gross amount	4	4,818	19,286	2,443,787	*138,701*	1,030,456	**3,498,351**
Impairment allowances	—	256	12,103	529,488	*38,576*	216,452	**758,299**
Additional information: lending included under non-current assets and disposal groups classified as held for sale	—	—	—	242	—	—	**242**

Thousand euro

	31/12/2024						
	Credit institutions	General governments	Other financial corporations and individual entrepreneurs (financial business activity)	Non-financial corporations and individual entrepreneurs (non-financial business activity)	*Of which: lending for construction and real estate development (including land)*	Other house-holds	Total
Total							
Not secured with collateral							
Number of transactions	8	10	127	27,798	*831*	51,304	**79,247**
Gross carrying amount	2	4,923	14,316	1,516,349	*79,597*	182,028	**1,717,618**
Secured with collateral							
Number of transactions	—	1	4	4,528	*234*	10,578	**15,111**
Gross carrying amount	—	49	45	1,257,775	*81,450*	955,215	**2,213,084**
Impairment allowances	—	34	11,846	593,478	*46,772*	241,791	**847,149**
Of which, non-performing loans							
Not secured with collateral							
Number of transactions	8	1	23	19,508	*608*	39,469	***59,009***
Gross carrying amount	2	165	13,176	874,312	*41,629*	139,348	***1,027,003***
Secured with collateral							
Number of transactions	—	—	2	2,709	*163*	5,692	***8,403***
Gross carrying amount	—	—	44	530,007	*51,569*	620,924	***1,150,975***
Impairment allowances	—	34	11,828	549,212	*45,349*	227,027	***788,101***
Total							
Number of transactions	8	11	131	32,326	*1,065*	61,882	**94,358**
Gross amount	2	4,972	14,361	2,774,124	*161,047*	1,137,243	**3,930,702**
Impairment allowances	—	34	11,846	593,478	*46,772*	241,791	**847,149**
Additional information: lending included under non-current assets and disposal groups classified as held for sale	—	—	—	**262**	—	—	**262**

The value of the guarantees received to ensure collection associated with refinancing and restructuring transactions, broken down into collateral and other guarantees, as at 30 June 2025 and 31 December 2024, is as follows:

Thousand euro

Guarantees received	30/06/2025	31/12/2024
Value of collateral	1,600,833	1,853,105
Of which: securing stage 3 loans	*740,226*	*864,805*
Value of other guarantees	727,020	834,714
Of which: securing stage 3 loans	*310,311*	*380,495*
Total value of guarantees received	**2,327,853**	**2,687,819**

Movements in the balance of refinancing and restructuring transactions during the first half of 2025 are as follows:

Thousand euro

Balance as at 31 December 2024	**3,930,702**
(+) Forbearance (refinancing and restructuring) in the period	346,589
Memorandum item: impact recognised on the income statement for the period	*140,926*
(-) Debt repayments	(226,263)
(-) Foreclosures	(2,223)
(-) Derecognised from the balance sheet (reclassified as write-offs)	(75,708)
(+)/(-) Other changes (*)	(474,746)
Balance as at 30 June 2025	**3,498,351**

(*) Includes transactions no longer classified as refinancing, refinanced or restructured, as they meet the requirements for reclassification as stage 1, the cure period having been completed.

The table below shows the value of transactions which, after refinancing or restructuring, were classified as stage 3 exposures as at 30 June 2025 and 31 December 2024:

Thousand euro

	30/06/2025	31/12/2024
General governments	**129**	**—**
Other legal entities and individual entrepreneurs	**42,552**	**129,446**
Of which: lending for construction and real estate development	*1,653*	*1,893*
Other natural persons	**31,010**	**83,678**
Total	**73,691**	**213,124**

The average Probability of Default (PD) on current refinancing and restructuring transactions broken down by activity as at 30 June 2025 and 31 December 2024 is as follows:

%

	30/06/2025	31/12/2024
General governments (*)	**—**	**—**
Other legal entities and individual entrepreneurs	**14**	**13**
Of which: lending for construction and real estate development	*17*	*17*
Other natural persons	**14**	**14**

(*) Authorisation has not been granted for the use of internal models in the calculation of capital requirements.
Average probability of default calculated as at the end of the quarter immediately preceding the publication of results.

Concentration risk

Geographical exposure

Global

The breakdown of risk concentration, by activity and at a global level, as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025				
	Total	Spain	Rest of European Union	Americas	Rest of the world
Central banks and credit institutions	**43,272,780**	**23,523,588**	**10,932,693**	**2,542,136**	**6,274,363**
General governments	**41,554,861**	**29,419,458**	**7,431,116**	**2,800,064**	**1,904,223**
Central government	28,393,591	18,367,320	7,059,837	1,062,211	1,904,223
Other	13,161,270	11,052,138	371,279	1,737,853	—
Other financial corporations and individual entrepreneurs	**4,582,666**	**1,701,837**	**202,387**	**597,899**	**2,080,543**
Non-financial corporations and individual entrepreneurs	**63,426,273**	**46,374,481**	**4,326,584**	**10,647,979**	**2,077,229**
Construction and real estate development	1,979,711	1,728,976	48,530	164,283	37,922
Civil engineering construction	1,470,856	737,256	85,315	569,775	78,510
Other purposes	59,975,706	43,908,249	4,192,739	9,913,921	1,960,797
Large enterprises	35,765,138	22,136,422	3,759,541	8,441,508	1,427,667
SMEs and individual entrepreneurs	24,210,568	21,771,827	433,198	1,472,413	533,130
Other households	**89,278,596**	**43,325,400**	**1,654,261**	**672,756**	**43,626,179**
Home loans	78,391,043	34,966,032	1,637,003	411,375	41,376,633
Consumer loans	7,116,478	5,027,421	6,195	14,966	2,067,896
Other purposes	3,771,075	3,331,947	11,063	246,415	181,650
Total	**242,115,176**	**144,344,764**	**24,547,041**	**17,260,834**	**55,962,537**

Thousand euro

	31/12/2024				
	Total	**Spain**	**Rest of European Union**	**Americas**	**Rest of the world**
Central banks and credit institutions	**36,272,233**	**14,204,285**	**12,094,202**	**2,829,604**	**7,144,142**
General governments	**36,987,786**	**26,491,016**	**5,830,110**	**2,703,372**	**1,963,288**
Central government	25,674,103	17,059,279	5,476,828	1,174,718	1,963,278
Other	11,313,683	9,431,737	353,282	1,528,654	10
Other financial corporations and individual entrepreneurs	**4,779,993**	**1,592,634**	**100,919**	**642,101**	**2,444,339**
Non-financial corporations and individual entrepreneurs	**62,883,853**	**45,718,342**	**4,214,524**	**10,864,217**	**2,086,770**
Construction and real estate development	2,297,927	1,825,366	49,468	366,617	56,476
Civil engineering construction	1,295,087	802,765	85,105	317,067	90,150
Other purposes	59,290,839	43,090,211	4,079,951	10,180,533	1,940,144
Large enterprises	34,485,415	21,223,409	3,554,298	8,419,540	1,288,168
SMEs and individual entrepreneurs	24,805,424	21,866,802	525,653	1,760,993	651,976
Other households	**88,143,961**	**41,121,596**	**1,519,928**	**665,591**	**44,836,846**
Home loans	78,272,006	33,851,421	1,502,521	384,678	42,533,386
Consumer loans	6,742,387	4,623,855	6,292	13,783	2,098,457
Other purposes	3,129,568	2,646,320	11,115	267,130	205,003
Total	**229,067,826**	**129,127,873**	**23,759,683**	**17,704,885**	**58,475,385**

By autonomous community

The breakdown of risk concentration, by activity and by Spanish autonomous community, as at 30 June 2025 and 31 December 2024, respectively, is as follows:

Thousand euro

	30/06/2025									
		Autonomous communities								
	Total	**Andalusia**	**Aragon**	**Asturias**	**Balearic Islands**	**Canary Islands**	**Cantabria**	**Castilla-La Mancha**	**Castilla y Leon**	**Catalonia**
Central banks and credit institutions	**23,523,588**	**307,901**	**—**	**1**	**1**	**1**	**865,389**	**—**	**1**	**440,409**
General governments	**29,419,458**	**928,696**	**200,055**	**487,683**	**265,283**	**763,406**	**4,282**	**151,117**	**1,241,121**	**1,117,076**
Central government	18,367,320	—	—	—	—	—	—	—	—	—
Other	11,052,138	928,696	200,055	487,683	265,283	763,406	4,282	151,117	1,241,121	1,117,076
Other financial corporations and individual entrepreneurs	**1,701,837**	**2,727**	**29,526**	**1,720**	**1,145**	**1,333**	**182**	**514**	**2,505**	**485,169**
Non-financial corporations and individual entrepreneurs	**46,374,481**	**2,273,092**	**976,024**	**1,167,300**	**1,541,627**	**1,520,295**	**185,097**	**715,719**	**1,082,423**	**12,349,299**
Construction and real estate development	1,728,976	82,800	31,072	25,802	63,604	18,148	8,512	15,487	18,440	409,463
Civil engineering construction	737,256	26,511	27,499	17,464	7,507	3,523	2,206	8,205	13,613	114,089
Other purposes	43,908,249	2,163,781	917,453	1,124,034	1,470,516	1,498,624	174,379	692,027	1,050,370	11,825,747
Large enterprises	22,136,422	760,211	429,947	348,655	651,776	589,246	87,208	282,156	306,335	5,474,818
SMEs and individual entrepreneurs	21,771,827	1,403,570	487,506	775,379	818,740	909,378	87,171	409,871	744,035	6,350,929
Other households	**43,325,400**	**3,110,408**	**634,185**	**1,200,486**	**1,615,904**	**723,975**	**145,988**	**586,513**	**820,716**	**16,269,163**
Home loans	34,966,032	2,383,086	513,661	883,293	1,394,341	483,208	113,369	441,973	629,191	13,787,503
Consumer loans	5,027,421	567,502	62,818	125,388	132,825	208,982	22,951	109,439	117,789	1,350,822
Other purposes	3,331,947	159,820	57,706	191,805	88,738	31,785	9,668	35,101	73,736	1,130,838
Total	**144,344,764**	**6,622,824**	**1,839,790**	**2,857,190**	**3,423,960**	**3,009,010**	**1,200,938**	**1,453,863**	**3,146,766**	**30,661,116**

Thousand euro

	30/06/2025								
	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**—**	**11,163**	**21,045,706**	**6**	**—**	**63,080**	**789,930**	**—**	**—**
General governments	**179,988**	**1,004,669**	**3,125,090**	**51,548**	**215,501**	**573,193**	**723,362**	**20,068**	**—**
Central government	—	—	—	—	—	—	—	—	—
Other	179,988	1,004,669	3,125,090	51,548	215,501	573,193	723,362	20,068	—
Other financial corporations and individual entrepreneurs	**16,840**	**2,978**	**1,042,076**	**23,562**	**1,952**	**36,011**	**34,482**	**19,099**	**16**
Non-financial corporations and individual entrepreneurs	**108,695**	**2,015,269**	**14,363,520**	**1,032,635**	**424,289**	**4,124,969**	**2,330,681**	**148,718**	**14,829**
Construction and real estate development	1,462	53,745	821,196	21,350	3,800	105,534	39,093	9,083	385
Civil engineering construction	2,436	23,926	381,482	9,984	1,495	61,402	35,190	424	300
Other purposes	104,797	1,937,598	13,160,842	1,001,301	418,994	3,958,033	2,256,398	139,211	14,144
Large enterprises	29,438	668,346	8,677,285	370,222	219,710	1,777,190	1,412,334	51,469	76
SMEs and individual entrepreneurs	75,359	1,269,252	4,483,557	631,079	199,284	2,180,843	844,064	87,742	14,068
Other households	**162,977**	**1,203,800**	**6,339,585**	**2,240,829**	**164,903**	**6,496,874**	**1,435,476**	**76,750**	**96,868**
Home loans	119,720	867,581	5,072,926	1,732,932	136,851	4,985,963	1,269,614	61,189	89,631
Consumer loans	33,471	226,632	848,963	273,518	9,842	839,354	84,400	8,208	4,517
Other purposes	9,786	109,587	417,696	234,379	18,210	671,557	81,462	7,353	2,720
Total	**468,500**	**4,237,879**	**45,915,977**	**3,348,580**	**806,645**	**11,294,127**	**5,313,931**	**264,635**	**111,713**

Thousand euro

	31/12/2024									
		Autonomous communities								
	Total	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla y Leon	Catalonia
Central banks and credit institutions	**14,204,285**	**6,516**	**—**	**—**	**—**	**—**	**675,463**	**—**	**—**	**340,977**
General governments	**26,491,016**	**838,013**	**200,973**	**485,216**	**281,625**	**623,209**	**3,798**	**104,287**	**1,165,056**	**753,196**
Central government	17,059,279	—	—	—	—	—	—	—	—	—
Other	9,431,737	838,013	200,973	485,216	281,625	623,209	3,798	104,287	1,165,056	753,196
Other financial corporations and individual entrepreneurs	**1,592,634**	**3,676**	**7,059**	**1,564**	**1,104**	**1,010**	**192**	**600**	**3,155**	**507,306**
Non-financial corporations and individual entrepreneurs	**45,718,342**	**2,283,729**	**964,655**	**1,207,186**	**2,013,048**	**1,426,144**	**159,343**	**725,414**	**1,079,368**	**11,787,070**
Construction and real estate development	1,825,366	91,110	29,656	32,522	64,018	17,467	9,378	16,853	20,142	431,933
Civil engineering construction	802,765	26,752	25,486	19,449	5,899	4,588	2,209	9,292	12,429	137,437
Other purposes	43,090,211	2,165,867	909,513	1,155,215	1,943,131	1,404,089	147,756	699,269	1,046,797	11,217,700
Large enterprises	21,223,409	722,362	418,009	369,616	1,151,408	548,755	59,540	274,708	277,830	4,787,108
SMEs and individual entrepreneurs	21,866,802	1,443,505	491,504	785,599	791,723	855,334	88,216	424,561	768,967	6,430,592
Other households	**41,121,596**	**2,976,928**	**602,581**	**1,136,105**	**1,548,502**	**680,949**	**131,980**	**558,603**	**783,623**	**15,499,621**
Home loans	33,851,421	2,317,230	496,337	886,685	1,348,439	461,963	106,028	426,206	618,610	13,336,805
Consumer loans	4,623,855	523,198	56,225	116,229	123,335	191,841	18,758	102,818	107,839	1,257,706
Other purposes	2,646,320	136,500	50,019	133,191	76,728	27,145	7,194	29,579	57,174	905,110
Total	**129,127,873**	**6,108,862**	**1,775,268**	**2,830,071**	**3,844,279**	**2,731,312**	**970,776**	**1,388,904**	**3,031,202**	**28,888,170**

Thousand euro

	31/12/2024								
	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	**—**	**6,631**	**12,127,698**	**1**	**14,981**	**96,978**	**935,040**	**—**	**—**
General governments	**25,081**	**886,219**	**2,878,710**	**55,463**	**241,643**	**140,279**	**714,694**	**20,524**	**13,751**
Central government	—	—	—	—	—	—	—	—	—
Other	25,081	886,219	2,878,710	55,463	241,643	140,279	714,694	20,524	13,751
Other financial corporations and individual entrepreneurs	**18,822**	**2,860**	**483,376**	**3,082**	**3,157**	**504,353**	**31,906**	**19,399**	**13**
Non-financial corporations and individual entrepreneurs	**103,993**	**1,918,313**	**14,119,587**	**1,037,531**	**419,978**	**4,018,867**	**2,290,349**	**147,440**	**16,327**
Construction and real estate development	1,926	63,741	828,622	24,847	5,689	123,205	53,774	9,408	1,075
Civil engineering construction	2,762	34,266	413,497	11,123	1,954	62,790	31,606	648	578
Other purposes	99,305	1,820,306	12,877,468	1,001,561	412,335	3,832,872	2,204,969	137,384	14,674
Large enterprises	18,834	538,327	8,550,785	354,124	197,981	1,586,584	1,327,246	40,105	87
SMEs and individual entrepreneurs	80,471	1,281,979	4,326,683	647,437	214,354	2,246,288	877,723	97,279	14,587
Other households	**155,100**	**1,116,123**	**5,923,789**	**2,129,027**	**162,440**	**6,171,863**	**1,380,957**	**71,366**	**92,039**
Home loans	116,884	820,754	4,761,165	1,705,960	135,119	4,934,905	1,233,985	58,747	85,599
Consumer loans	30,077	209,894	785,256	249,565	10,126	748,680	81,158	7,425	3,725
Other purposes	8,139	85,475	377,368	173,502	17,195	488,278	65,814	5,194	2,715
Total	**302,996**	**3,930,146**	**35,533,160**	**3,225,104**	**842,199**	**10,932,340**	**5,352,946**	**258,729**	**122,130**

Sovereign risk exposure

Sovereign risk exposures, broken down by type of financial instrument, as at 30 June 2025 and 31 December 2024, are as follows:

Thousand euro

	30/06/2025											
	Sovereign debt securities							Derivatives				
Sovereign risk exposure by country (*)	Financial assets held for trading	Financial liabilities held for trading - Short positions	Mandatorily at fair value through profit or loss	Measured at fair value through other comprehensive income	Financial assets at amortised cost	Loans and advances to customers (**)	*Of which: Financial assets FVOCI or non-derivative and non-trading financial assets measured at fair value through equity*	With positive fair value	With negative fair value	Total	Other off-balance sheet exposures (***)	%
Spain	226,217	72,932	—	2,104,410	16,570,501	11,411,040	—	1,691	(6,439)	30,380,352	—	71.2%
Italy	758,016	50,512	—	211,650	4,117,147	—	—	—	—	5,137,325	—	12.0%
United States	—	—	11,339	1,319,611	493,458	264	—	—	—	1,824,672	—	4.3%
United Kingdom	—	—	—	390,691	1,509,193	3,562	—	—	—	1,903,446	—	4.5%
Portugal	78,793	12,452	—	—	659,294	38,915	—	—	—	789,454	—	1.9%
Mexico	—	—	—	847,715	99,996	24,552	—	—	—	972,263	—	2.3%
Rest of the world	220,567	72,081	—	365,651	969,890	17,789	—	—	—	1,645,978	—	3.9%
Total	**1,283,593**	**207,977**	**11,339**	**5,239,728**	**24,419,479**	**11,496,122**	**—**	**1,691**	**(6,439)**	**42,653,490**	**—**	**100.0%**

(*) Sovereign risk positions shown in accordance with EBA criteria.

(**) Includes undrawn balances of credit transactions and other contingent risks (923 million euros as at 30 June 2025).

(***) Relates to commitments for cash purchases and sales of financial assets.

Thousand euro

31/12/2024												
	Sovereign debt securities							Derivatives				
Sovereign risk exposure by country (*)	Financial assets held for trading	Financial liabilities held for trading - Short positions	Mandatorily at fair value through profit or loss	Measured at fair value through other comprehensive income	Financial assets at amortised cost	Loans and advances to customers (**)	*Of which: Financial assets FVOCI or non-derivative and non-trading financial assets measured at fair value through equity*	With positive fair value	With negative fair value	Total	Other off-balance sheet exposures (***)	%
Spain	85,870	34,320	—	2,350,205	15,030,019	10,025,246	—	1,839	(4,702)	27,522,797	—	72.3%
Italy	359,729	4,144	—	209,921	3,999,632	—	—	—	—	4,573,426	—	12.0%
United States	—	—	12,840	1,355,022	329,671	171	—	—	—	1,697,704	—	4.5%
United Kingdom	—	—	—	397,207	1,560,187	5,084	—	—	—	1,962,478	—	5.2%
Portugal	19,597	12,293	—	—	654,431	49,594	—	—	—	735,915	—	1.9%
Mexico	—	—	—	808,424	100,524	93,255	—	—	—	1,002,203	—	2.6%
Rest of the world	167,439	22,562	—	72,847	297,663	3,619	—	—	—	564,130	—	1.5%
Total	**632,635**	**73,319**	**12,840**	**5,193,626**	**21,972,127**	**10,176,969**	**—**	**1,839**	**(4,702)**	**38,058,653**	**—**	**100%**

(*) Sovereign risk positions shown in accordance with EBA criteria.

(**) Includes undrawn balances of credit transactions and other contingent risks (1,022 million euros as at 31 December 2024).

(***) Relates to commitments for cash purchases and sales of financial assets.

Exposure to construction and real estate development sector

Details of lending for construction and real estate development and the relevant impairment allowances as at 30 June 2025 and 31 December 2024 are set out below:

Thousand euro

	30/06/2025		
	Gross carrying amount	Surplus above value of collateral	Impairment allowances
Lending for construction and real estate development (including land) (business in Spain)	**1,771,912**	**472,066**	**75,799**
Of which: stage 3 exposures	102,538	64,738	63,530

Thousand euro

	31/12/2024		
	Gross carrying amount	Surplus above value of collateral	Impairment allowances
Lending for construction and real estate development (including land) (business in Spain)	**1,897,768**	**522,656**	**97,189**
Of which: stage 3 exposures	*141,069*	*73,503*	*84,406*

Thousand euro

	Gross carrying amount	
Memorandum item:	**30/06/2025**	**31/12/2024**
Write-offs (*)	20,790	32,708

(*) Refers to lending for construction and real estate development reclassified as write-offs during the year.

Thousand euro

	Amount	Amount
Memorandum item:	**30/06/2025**	**31/12/2024**
Loans to customers, excluding general governments (business in Spain) (carrying amount)	93,630,747	90,214,965
Total assets (total business) (carrying amount)	252,372,725	239,597,927
Allowances and provisions for exposures classified as stage 2 or stage 1 (total operations)	696,287	745,249

The breakdown of lending for construction and real estate development for transactions registered by credit institutions (business in Spain) as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	Gross carrying amount 30/06/2025	Gross carrying amount 31/12/2024
Not secured with real estate	**860,062**	**938,013**
Secured with real estate	**911,850**	**959,756**
Buildings and other completed works	479,006	486,728
Housing	327,502	361,307
Other	151,504	125,421
Buildings and other works in progress	355,021	428,128
Housing	328,606	402,043
Other	26,415	26,085
Land	77,823	44,900
Consolidated urban land	76,978	43,953
Other land	845	947
Total	**1,771,912**	**1,897,769**

The figures presented do not show the total value of guarantees received, but rather the gross carrying amount of the associated exposure.

Guarantees received associated with lending for construction and real estate development are shown below, for both periods:

Thousand euro

Guarantees received	30/06/2025	31/12/2024
Value of collateral	1,113,582	1,191,015
Of which: securing stage 3 loans	22,455	29,778
Value of other guarantees	231,261	234,055
Of which: securing stage 3 loans	12,725	20,981
Total value of guarantees received	**1,344,843**	**1,425,070**

The breakdown of loans to households for home purchase for transactions recorded by credit institutions (business in Spain) as at 30 June 2025 and 31 December 2024 is as follows:

Thousand euro

	30/06/2025	
	Gross carrying amount	*Of which: stage 3 exposures*
Loans for home purchase	**37,664,719**	***604,949***
Not secured with real estate	693,324	*15,564*
Secured with real estate	36,971,395	*589,385*

Thousand euro

	31/12/2024	
	Gross carrying amount	*Of which: stage 3 exposures*
Loans for home purchase	**36,451,232**	***714,824***
Not secured with real estate	639,299	*66,527*
Secured with real estate	35,811,933	*648,297*

The tables below show home equity loans granted to households for home purchase, broken down by the loan-to-value ratio (ratio of total risk to gross carrying amount of last available property appraisal) of transactions recorded by credit institutions (business in Spain) as at 30 June 2025 and 31 December 2024:

Thousand euro

	30/06/2025	
	Gross value	***Of which: stage 3 exposures***
LTV ranges	**36,971,395**	***589,385***
LTV <= 40%	6,655,950	*100,836*
40% < LTV <= 60%	9,896,654	*130,919*
60% < LTV <= 80%	14,771,081	*145,378*
80% < LTV <= 100%	4,114,155	*96,239*
LTV > 100%	1,533,555	*116,013*

Thousand euro

	31/12/2024	
	Gross value	***Of which: stage 3 exposures***
LTV ranges	**35,811,933**	***648,297***
LTV <= 40%	7,051,192	*105,209*
40% < LTV <= 60%	10,374,648	*136,490*
60% < LTV <= 80%	14,587,376	*165,316*
80% < LTV <= 100%	2,317,261	*107,515*
LTV > 100%	1,481,456	*133,767*

Lastly, the table below gives details of assets foreclosed or received in lieu of debt by the consolidated Group entities, for transactions recorded by credit institutions in Spain, as at 30 June 2025 and 31 December 2024:

Thousand euro

	30/06/2025			
	Gross carrying amount	**Allowances**	***Gross amount (*)***	***Allowances (*)***
Real estate assets acquired through lending for construction and real estate development	**253,251**	**90,083**	***295,554***	***132,497***
Completed buildings	227,283	76,649	*260,183*	*109,660*
Housing	131,240	34,023	*150,919*	*53,640*
Other	96,043	42,626	*109,264*	*56,019*
Buildings under construction	709	361	*971*	*624*
Housing	457	206	*620*	*369*
Other	252	155	*352*	*255*
Land	25,259	13,072	*34,400*	*22,213*
Developed land	14,152	7,012	*16,629*	*9,490*
Other land	11,107	6,059	*17,771*	*12,723*
Real estate assets acquired through mortgage lending to households for home purchase	**398,748**	**103,043**	***460,718***	***165,599***
Other real estate assets foreclosed or received in lieu of debt	**12,441**	**3,392**	**16,587**	**7,538**
Capital instruments foreclosed or received in lieu of debt	—	—	—	—
Capital instruments of institutions holding assets foreclosed or received in lieu of debt	—	—	—	—
Financing to institutions holding assets foreclosed or received in lieu of debt	—	—	—	—
Total	**664,440**	**196,517**	***772,860***	***305,634***

(*) Non-performing real estate assets including real estate located outside the national territory and the provision allocated in the original loan, and excluding the credit risk transferred in portfolio sales (see reconciliation between assets foreclosed or received in lieu of debt and non-performing assets, below).

Thousand euro

	31/12/2024			
	Gross carrying amount	Allowances	*Gross amount (*)*	*Allowances (*)*
Real estate assets acquired through lending for construction and real estate development	**280,537**	**101,715**	***326,407***	***148,526***
Completed buildings	251,824	86,790	286,549	*122,449*
Housing	143,541	37,867	*164,152*	*59,035*
Other	108,282	48,924	*122,396*	*63,414*
Buildings under construction	708	362	971	*624*
Housing	457	206	*620*	*369*
Other	251	*155*	*351*	*255*
Land	28,005	14,563	38,888	*25,452*
Developed land	14,599	7,018	*18,517*	*10,936*
Other land	13,406	7,545	*20,371*	*14,516*
Real estate assets acquired through mortgage lending to households for home purchase	**424,116**	**113,672**	***490,810***	***181,061***
Other real estate assets foreclosed or received in lieu of debt	**13,259**	**3,648**	***18,408***	***8,797***
Capital instruments foreclosed or received in lieu of debt	—	—	—	—
Capital instruments of institutions holding assets foreclosed or received in lieu of debt	—	—	—	—
Financing to institutions holding assets foreclosed or received in lieu of debt	—	—	—	—
Total	**717,913**	**219,035**	**835,625**	**338,385**

(*) Non-performing real estate assets including real estate located outside the national territory and the provision allocated in the original loan, and excluding the credit risk transferred in portfolio sales (see reconciliation between assets foreclosed or received in lieu of debt and non-performing assets, below).

The reconciliation of the real estate assets shown in the two previous tables of this Schedule as at 30 June 2025 and 31 December 2024 is shown below:

Thousand euro

	30/06/2025		
	Gross value	Allowances	Net book value
Total real estate portfolio in the national territory (in books)	**664,440**	**196,517**	**467,923**
Total operations outside the national territory and others	1,115	573	542
Provision allocated in original loan	109,145	109,145	—
Risk transferred in portfolio sales	(1,840)	(601)	(1,238)
Total non-performing real estate	**772,860**	**305,634**	**467,226**

Thousand euro

	31/12/2024		
	Gross value	Allowances	Net book value
Total real estate portfolio in the national territory (in books)	**717,913**	**219,035**	**498,877**
Total operations outside the national territory and others	1,115	564	551
Provision allocated in original loan	121,052	121,052	—
Risk transferred in portfolio sales	(4,454)	(2,266)	(2,187)
Total non-performing real estate	**835,625**	**338,385**	**497,241**

Banco Sabadell Group consolidated interim Directors' Report for the first six months of 2025

The consolidated interim Directors' Report is prepared with the sole purpose of explaining the significant events and changes that occurred in the six-month period, without duplicating the information already published in the Directors' Report of the most recent consolidated annual financial statements. Consequently, for proper comprehension of the information included in this consolidated interim Directors' Report, it should be read together with the Directors' Report for the 2024 consolidated annual financial statements, which was prepared in accordance with the recommendations of the "Guide for the preparation of management reports of listed companies" published by the CNMV in July 2013.

1. BANCO SABADELL GROUP

1.1 Mission and values

Banco Sabadell helps people and businesses bring their projects to life, anticipating their needs and helping them make the best economic decisions. It does this through environmentally and socially responsible management.

This is Banco Sabadell's *raison d'être*: to help its customers make the best economic decisions so that they may see their personal and/or business projects take shape. To that end, it gives customers the benefit of the opportunities offered by big data, digital capabilities and the expertise of its specialists.

The Bank and those who form part of it share the values that help to accomplish this mission, however, wherever and whenever that may be.

Banco Sabadell accomplishes its mission while staying true to its values:

- Commitment and Non-Conformism, values that define its way of being.
- Professionalism and Effectiveness, values that define its way of working.
- Empathy and Openness, values that define its way of interacting.

1.2. Strategic priorities

During the first half of 2025, the strategic priorities of Banco Sabadell Group were to (i) continue strengthening the Bank's competitive position in the domestic market and further improve the profitability of its businesses abroad, (ii) ensure cost control, (iii) adequately manage risks, (iv) generate capital, and (v) maximise the value for shareholders.

By business line, in Retail Banking, the approach involved continuing with the profound transformation undertaken in recent years, which has resulted in a profound change in the distribution of products and services and in the customer relationship model, consolidating a fundamentally digital and remote offering of products for which customers want autonomy, immediacy and convenience, such as consumer loans, accounts and cards.

For more sophisticated products, such as mortgages, insurance and savings/investment products, where customers require support, the approach was to reinforce the role of product specialists and offer multichannel assistance, along with greater process digitalisation.

As at the end of the first half of 2025, mortgage specialists generated around 70% of the total new business in this product. On the other hand, digital sales of consumer loans represent 84% of the total, while pre-approved loans account for around 85% of total new lending. Furthermore, around 50% of new customers onboarded via the digital channel.

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

In Business Banking, the goal was to strengthen the Bank's sizeable franchise in this segment by establishing specific levers to achieve profitable growth, such as sector-specific solutions for businesses, support for customers in their internationalisation process and the expansion of specialised solutions for SMEs. This was to be reinforced with an optimal risk management framework, complementing the insights of risk experts and business experts with new business intelligence and data analytics tools.

As at 30 June 2025, the granting of new lending items continued to be steered better, so that around 88% were granted to priority customers and sectors. 36 sector-specific offers have been introduced for businesses and the self-employed, and customer acquisition in these sectors has increased significantly. Furthermore, the number of customers with active Point of Sale (PoS) terminals has grown by 4% compared to the previous year.

Moreover, Business Banking includes the Private Banking business, which has over 500 bankers and has enhanced its value proposition in terms of both product and service offering. Following a sharp rise in funds under management (10% compared to the same period of the previous year), the focus remains on continuing to grow both in the number of customers and in the volume of funds managed.

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

The approach in Corporate Banking Spain was to develop plans to improve the profitability of each customer and increase the contribution of specialised product units to the generation of income. To that end, greater focus was placed on the continuous monitoring of customer profitability, measured using customers' Risk-Adjusted Return on Capital (RAROC). Furthermore, action plans have been set in motion, leading to increased profitability. As at the end of the first half of 2025, around 80% of customers had a RAROC above 10%.

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

TSB's priority was to focus on retail mortgages. TSB has an excellent platform, with high operational capabilities for mortgage management and a well-established network of brokers, a key factor in the British market where a substantial portion of new mortgages are arranged through this channel. New mortgage lending remained stable compared to the same period of the previous year, which saw a significant increase.

TSB remains focused on its core mortgage business and on reducing costs. To that end, it launched an efficiency plan in order to increase its contribution to the Group's profitability. This focus remained unchanged following the deal signed on 1 July 2025 to sell TSB to Banco Santander[9].

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

On 24 July 2025, Banco Sabadell will unveil its new 2025-2027 Strategic Plan to the market. The Plan outlines the strategic direction of the Group and provides an outlook on its key financial figures.

The new Strategic Plan is anchored in four pillars: (i) focus on Spain, capitalising on the country's robust macroeconomic outlook, (ii) growth in lending volume, fee income, and customers, (iii) execution capabilities, and (iv) shareholder remuneration.

The transformation initiated in 2021 has positioned the Bank for accelerated growth, as evidenced by the solid performance of the first half of 2025.

The outlook for net interest income, fees and commissions, costs, and cost of risk over the next three years supports a Group profit in 2027 that exceeds 2024 levels (excluding TSB) with a projected ROTE of 16%.

Based on these earnings expectations, the Bank anticipates distributing approximately 6.3 billion euros to shareholders between 2025 and 2027, thereby maintaining its commitment to return any excess capital above the CET1 management target of 13%[10] and to uphold the 60% payout.

[9] Deal subject to approval by shareholders at the Extraordinary General Meeting of Banco Sabadell and to certain regulatory conditions.
[10] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

1.3. Banco Sabadell share performance

Share price performance

As at 31 December 2024, the Bank's share capital stood at 680,027,680.875 euros and was represented by 5,440,221,447 registered shares with a par value of 0.125 euros each. While as at 30 June 2025, the Bank's share capital saw a reduction of 661,028,657.75 euros and was represented by 5,288,229,262 registered shares with a par value of 0.125 euros each. This capital reduction was conducted as part of the share buyback programmes detailed in Note 3 to the condensed consolidated interim financial statements of the Group as at 30 June 2025.

Banco Sabadell's share price extended its 2024 rally into the first half of 2025, with a cumulative revaluation of 50.7% (adjusted for dividends), closing trading on 30 June 2025 at 2.70 euros per share.

Sabadell's share price was in line with the average of its peers[11] in Spain and outperformed the average of the European banking sector benchmark (STOXX Europe 600 Banks), with a cumulative revaluation of 52.8% and 29.1%, respectively. The relative stock market performance also outperformed that of general indices such as EURO STOXX 50 and IBEX 35, which cumulatively increased by 3.4% and 20.7%, respectively, in the first six months of the year.

The year got off to a very good start for European stock markets in general and for the financial sector in particular, with an expansion in multiples, thanks to reported earnings that were higher than expected in some cases and thanks to the expectation that profitability levels in the banking industry will remain high in the coming years, despite central banks' interest rate cuts.

However, volatility increased in capital markets in the second quarter of the year following the announcement that the United States was introducing tariffs on the rest of the world. In the weeks following the pause on tariffs, the markets started to gradually recover to pre-announcement levels.

As for the macroeconomic environment, globally, GDP growth expectations of the main developed economies for this year were revised downwards, due to the impact of tariffs on global trade and, as a result, on exports. Despite this environment, the Spanish economy continued to show signs of greater momentum.

In addition, inflation continued to ease, approaching the central banks' target levels. The European Central Bank implemented four interest rate cuts of 25 basis points each, with the deposit facility rate standing at 2.00%, while the Federal Reserve kept its interest rate unchanged and the Bank of England continued with its series of cuts, albeit at a slower pace than the ECB.

Lastly, in the particular case of Banco Sabadell, the share price was mainly influenced by improved earnings estimates following its financial results publications.

1.4. Corporate governance

Banco Sabadell has a sound corporate governance structure that ensures effective and prudent management of the Bank, in which it prioritises ethical, solid and transparent governance, taking into account the interests of shareholders, customers, employees and society in the geographies in which it operates.

The internal governance framework, which sets out, among other aspects, its shareholding structure, the governing bodies, the Group's structure, the composition and operation of corporate governance, the internal control functions, key governance matters, the risk management framework, the internal procedure for the approval of credit transactions granted to Directors and their related parties and the Group's policies, is published on the corporate website: www.grupbancsabadell.com (see section "Corporate Governance and Remuneration Policy – Internal Governance Framework").

As required by Article 540 of the Spanish Capital Companies Act, the Group has prepared the Annual Corporate Governance Report for the year 2024, which, in accordance with Article 49 of the Spanish Code of Commerce, forms part of the consolidated Directors' Report for 2024. It includes a section on the extent to which the Bank follows recommendations on corporate governance currently in existence in Spain.

As it has done on previous occasions, Banco Sabadell has opted to prepare the Annual Corporate Governance Report in free PDF format, in accordance with CNMV Circular 2/2018 of 12 June, in order to explain and publicise, with maximum transparency, the main aspects contained therein.

[11] Includes Caixabank, Banco Santander, BBVA, Bankinter and Unicaja.

Annual General Meeting 2025

The Bank's main governing body is the Annual General Meeting (AGM), in which shareholders decide on matters attributed to the Meeting by law, the Articles of Association (available on the corporate website under "Corporate Governance and Remuneration Policy – Articles of Association") and its own Regulation, as well as any business decisions that the Board of Directors considers to be of vital importance for the Bank's future and corporate interests.

The Annual General Meeting has approved its own Regulation, which sets out the principles and basic rules of action (see corporate website under "Shareholders' General Meeting – Regulations of the Shareholders' Meeting"), safeguarding the rights of shareholders and transparency of information.

At the Annual General Meeting, shareholders may cast one vote for every thousand shares that they own or represent. The Policy for communication and contact with shareholders, institutional investors and proxy advisors, approved by the Board of Directors and adapted to the Good Governance Code of Listed Companies following its June 2020 revision, aims to promote transparency *vis-à-vis* the markets and build trust while safeguarding, at all times, the legitimate interests of institutional investors, shareholders and proxy advisors and of all other stakeholders of Banco Sabadell.

The Board of Directors, at its meeting on 6 February 2025, resolved to permit votes and proxies in the 2025 Annual General Meeting to be cast and nominated (respectively) remotely prior to the AGM and to put systems and procedures in place so that shareholders and their proxies could attend via electronic means that connected in real time to the venue where the AGM was being held, and to allow shareholders to speak and cast votes using the systems and procedures set up for that purpose, in accordance with that provided in the Articles of Association and in the Regulations of the Shareholders' Meeting.

At the Annual General Meeting held on 20 March 2025, shareholders approved all items on the agenda, including the annual financial statements and the corporate management of the financial year 2024 and, in relation to appointments, they approved the re-election as Board members of César González-Bueno Mayer Wittgenstein, in the capacity of Executive Director, and of Manuel Valls Morató, in the capacity of Independent Director, as well as the appointment of María Gloria Hernández García and of Margarita Salvans Puigbò, in the capacity of Independent Directors.

Information regarding the 2025 Annual General Meeting is published on the corporate website: www.grupbancsabadell.com (see section "Shareholders and Investors - Shareholders' General Meeting").

On 3 July 2025, the Board of Directors agreed to convene an Extraordinary General Meeting scheduled to be held on 6 August 2025 at 10 a.m., on second call, for shareholders to vote on whether to authorise the disposal of the entire share capital of Banco Sabadell's subsidiary TSB Banking Group plc and other equity instruments and securities issued by the latter. It also agreed to convene another Extraordinary General Meeting, to be held on the same day at 1 p.m., on second call, for shareholders to vote on whether to approve an extraordinary cash dividend of 50 euro cents (gross) per share charged against unrestricted voluntary reserves, subject to the sale of TSB Banking Group plc and payable on the last business day of the month following the receipt of the sale price.

Composition of the Board of Directors

With the exception of matters reserved to the Annual General Meeting, the Board of Directors is the most senior decision-making body of the company and its consolidated group, as it is responsible, under the law and the Articles of Association, for the management and representation of the Bank. The Board of Directors acts mainly as an instrument of supervision and control, delegating the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined and transparent rules of governance, in particular to the Articles of Association and the Regulation of the Board of Directors (available on the corporate website under "Corporate Governance and Remuneration Policy – Regulation of the Board of Directors"), and it conforms to best practices in the area of corporate governance.

On 6 February 2025, Laura González Molero, Independent Director of Banco Sabadell, tendered her resignation as a member of the Board of Directors, effective from the Annual General Meeting that took place, on second call, on 20 March 2025. During the meeting of the Board of Directors held on the same date, 6 February 2025, Alicia Reyes Revuelta, Independent Director of Banco Sabadell, expressed her decision not to renew her term of office as a member of the Board of Directors, resulting in her departure from that position effective from the date of the Annual General Meeting that took place, on second call, on 20 March 2025. To fill these vacancies, the Board Appointments and Corporate Governance Committee of Banco Sabadell submitted to the Board of Directors the corresponding proposals for the appointment of María Gloria Hernández García and Margarita Salvans Puigbò as Independent Directors, which were approved by shareholders at the Annual General Meeting. Once the corresponding regulatory authorisations had been obtained, both Independent Directors accepted the position on 15 May 2025 and 3 June 2025, respectively.

Board Committees

Pursuant to the Articles of Association, the Board of Directors has the following Board Committees:

– The Board Strategy and Sustainability Committee.

– The Delegated Credit Committee.

– The Board Audit and Control Committee.

– The Board Appointments and Corporate Governance Committee.

– The Board Remuneration Committee.

– The Board Risk Committee.

The organisation and structure of the Board Committees are set out in the Articles of Association, in the Regulation of the Board of Directors and in the Board Committees' respective Regulations, which establish the rules governing their composition, operation and responsibilities (see the section of the corporate website "Corporate Governance and Remuneration Policy – Regulations of the Committees"), and which develop and supplement the rules of operation and basic functions set out in the Articles of Association and in the Regulation of the Board of Directors.

The Board Committees have sufficient resources to perform their duties and they may seek external professional advice and information on any aspect of the Institution, having unrestricted access both to Senior Management and Group executives and to all information and documentation, of any kind, held by the Institution on matters within their remit.

The composition of the Board Committees as at 30 June 2025 is shown in the table below:

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments and Corporate Governance	Remuneration	Risk
Chair	Josep Oliu Creus	Pedro Fontana García	Manuel Valls Morató	Pedro Fontana García	Mireya Giné Torrens	George Donald Johnston III
Voting member	Lluís Deulofeu Fuguet	Lluís Deulofeu Fuguet	Ana Colonques García-Planas	Aurora Catá Sala	Ana Colonques García-Planas	Aurora Catá Sala
Voting member	Pedro Fontana García	Mireya Giné Torrens	María Gloria Hernández García	Ana Colonques García-Planas	Margarita Salvans Puigbò	María Gloria Hernández García
Voting member	María José García Beato	César González-Bueno Mayer	Margarita Salvans Puigbò	María José García Beato	-	Manuel Valls Morató
Voting member	César González-Bueno Mayer (*)	Pedro Viñolas Serra	-	Pedro Viñolas Serra	-	-
Voting member	George Donald Johnston III	-	-	-	-	-
Non-Voting Secretary	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Gonzalo Barettino Coloma

(*) Member for matters of strategy only.

1.5. Other information (tender offer)

Proposed merger and voluntary tender offer for the acquisition of shares of Banco Sabadell put forward by Banco Bilbao Vizcaya Argentaria, S.A.

In an Inside Information disclosure dated 30 April 2024, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,227, Banco Sabadell confirmed that it had received, on that same day, an indicative written proposal from Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) for a merger (the Proposal). It also advised that the Board of Directors of Banco Sabadell would properly analyse all aspects of the Proposal.

Further to the aforementioned Inside Information disclosure, on 6 May 2024, through a separate Inside Information disclosure entered in the CNMV's register under number 2,234, Banco Sabadell submitted a press release on the decisions taken by its Board of Directors on that date, informing that Banco Sabadell, in fulfilment of its duties and with the assistance of financial advisors and a legal advisor, had carefully considered the Proposal and believed that it significantly undervalued the potential of Banco Sabadell and its standalone growth prospects. The press release also stated that the Board of Directors was highly confident in Banco Sabadell's growth strategy and its financial targets and was of the view that Banco Sabadell's standalone strategy would create superior value for its shareholders. Therefore, based on the detailed assessment of the Proposal, the Board of Directors had concluded that it was not in the best interest of Banco Sabadell and its shareholders and had therefore rejected BBVA's Proposal; this decision was, moreover, thought to be aligned with the interest of Banco Sabadell's customers and employees.

Furthermore, as part of its strong commitment to shareholder value creation and supported by the company's business plan and solid capital generation, the Board of Directors reiterated its commitment to distribute, on an ongoing basis, any excess capital above the 13% CET1 ratio[12] to its shareholders. The overall excess capital amount to be generated over 2024 and 2025, together with recurrent dividends during this period according to a successful completion of the current business plan, was projected to be 2.4 billion euros[13], with part of the distribution to shareholders potentially subject to supervisory approval.

In addition, on 8 May 2024, through an Inside Information disclosure entered in the CNMV's register under number 2,240, with regard to the news published in the press on that same day, and to ensure that the market had complete and transparent information in respect thereto, the Bank published the verbatim text of the communication which, without any prior contact or exchange between the parties, was received by the Chairman of the Board of Directors of Banco Sabadell from the Chairman of the Board of Directors of BBVA on 5 May 2024. In that communication, the Chairman of BBVA's Board of Directors stated that, in connection with the terms of the proposed merger, BBVA had no room to improve its economic terms.

On 9 May 2024, BBVA sent the CNMV the prior announcement of a tender offer for the acquisition of all shares issued by Banco Sabadell, conditional upon its acceptance by 50.01% of the share capital of Banco Sabadell (subsequently amended to acceptance of the tender offer for a number of shares that allows BBVA to acquire at least more than half of the effective voting rights of Banco Sabadell, excluding any treasury shares held by Banco Sabadell at that time, which BBVA undertakes to redeem at the bank's first General Meeting of Shareholders following the tender offer) further conditional upon approval by BBVA shareholders at their General Meeting of the increase of its share capital through the issuance of new ordinary shares with non-cash contributions in an amount sufficient to fully cover the consideration offered, and further conditional upon obtaining authorisation by the National Markets and Competition Commission (CNMC) in Spain and by the Prudential Regulation Authority (PRA) in the United Kingdom. The transaction also requires approval by the CNMV and a statement of non-opposition from the European Central Bank.

On 24 May 2024, BBVA filed an application for authorisation of the tender offer with the CNMV, which was admitted for processing by the latter on 11 June 2024. The aforesaid offer initially consisted of one newly issued BBVA share for every 4.83 shares of Banco Sabadell.

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[12] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

[13] Subsequently, in July 2024, the estimation of Banco Sabadell's shareholder remuneration to be charged to the earnings of 2024 and 2025 was updated, announcing to the market that the expected amount would change from the 2.4 billion euros announced on 6 May 2024 (to be increased by the 250 million euros pending execution under Banco Sabadell's share buyback programme suspended on 13 May 2024 following publication of the prior announcement of the tender offer, which represented a total of 2.65 billion euros) to 2.9 billion euros (already including the aforesaid 250 million euros pending execution under the Bank's share buyback programme), representing a net increase of 250 million euros. Similarly, at its meeting of 6 February 2025, the Board of Directors updated its estimated total shareholder remuneration amount against earnings of 2024 and 2025 to 3.3 billion euros. Finally, at its meeting of 7 May 2025, the Board of Directors updated, once again, its estimated total shareholder remuneration amount to be paid for out of earnings of 2024 and 2025 to 3.4 billion euros.

On 1 October 2024, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 30,745 announcing the adjustment of the consideration under the tender offer in the terms set forth in section 8 of the prior announcement of the offer, establishing, as from 10 October 2024 and following payment by Banco Sabadell and BBVA of their respective interim cash dividends charged to 2024, an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.0196 ordinary shares of Banco Sabadell that accept the offer.

On 28 March 2025, BBVA released an Other Relevant Information disclosure entered in the CNMV's register under number 33,736 announcing an adjustment of the consideration under the tender offer as a result of Banco Sabadell's final dividend charged to earnings for 2024, establishing, as from 26 March 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.29 euros in cash for every 5.3456 ordinary shares of Banco Sabadell that accept the offer. In addition, it announced a further adjustment of the exchange ratio as a result of BBVA's final dividend charged to earnings for 2024, establishing, as from 8 April 2025 (ex-dividend date), an exchange ratio of one newly issued ordinary share of BBVA and 0.70 euros in cash for every 5.3456 ordinary shares of Banco Sabadell that accept the offer.

On 5 July 2024, at their Extraordinary General Meeting, BBVA shareholders approved an increase in its share capital through the issuance of ordinary shares, up to a maximum par value of 551,906,524.05 euros, with non-cash contributions in order to cover the consideration in kind of the voluntary tender offer put forward by BBVA for the acquisition of up to 100% of Banco Sabadell's shares.

Subsequently, in September 2024, BBVA obtained authorisation from the UK's Prudential Regulation Authority (PRA) for the acquisition of indirect control over TSB and the ECB's decision not to oppose the takeover of Banco Sabadell.

On 30 April 2025, the CNMC's Board approved the economic concentration between BBVA and Banco Sabadell in phase two, subject to certain commitments undertaken by BBVA. Subsequently, on 24 June 2025, the Spanish Council of Ministers authorised the aforementioned concentration in phase three, with a condition additional to the BBVA commitments previously accepted by the CNMC. This condition was based on various criteria of public interest.

As at the sign-off date of the condensed consolidated interim financial statements, the tender offer remains pending receipt of regulatory authorisation from the CNMV. It also remains pending acceptance of the offer, if it reaches this stage, by a number of shares that allows BBVA to acquire at least more than half of the effective voting rights of Banco Sabadell at the end of the offer acceptance period (therefore excluding any treasury shares held by Banco Sabadell at that time), in accordance with the amended offer released by BBVA on 9 January 2025 through an Inside Information disclosure entered in the CNMV's register under number 2,544.

For as long as the tender offer remains pending, it will generate uncertainty for the Group, which is inherent in the very nature of the offer put forward. At the present time, there can be no certainty as to the ultimate outcome of the tender offer, if approved.

2. ECONOMIC AND FINANCIAL ENVIRONMENT

2.1 Global economic, political and financial context

The implementation of the Trump administration's agenda triggered the main events of the first half of 2025. The increase in tariffs by the United States was quicker and more aggressive than anticipated at the start of Trump's second term in office, with heightened uncertainty in light of the Liberation Day announcements made by Trump in early April. This, together with concerns over the deteriorated institutional quality in the US, led people to start challenging the notion, at certain times, of whether US government bonds continue to be safe haven assets or whether the dollar can still be considered an international reserve currency. The negative impact of all these events on the financial markets was later reversed thanks to the temporary truce in the trade war announced by Trump. It is also worth noting that Trump went back on his initial threats regarding the potential removal of the Chair of the Federal Reserve. Aside from trade data, the negative impact on economic indicators was limited during the first half of 2025, and the main geographies continued to show remarkable resilience.

In the area of geopolitics, Trump did not fulfil his promise of quickly ending the conflict in Ukraine, largely due to Russia's reluctance to compromise. The clashes between the parties intensified and reached their most intense level since the start of the conflict, with Donald Trump stepping aside from his role as mediator. Against this backdrop, the European Union (EU) and the United Kingdom updated their defence strategies and resolved to dramatically increase expenditure in this area in the coming years. The European Commission also unveiled its strategy to completely stop using Russian gas by the end of 2027.

In the Middle East, Trump's arrival at the White House marked a renewal of support for Israel, which was thereby emboldened to pursue its strategy in Gaza more aggressively and, in an unprecedented move, directly launch an attack on Iran aimed at ending its nuclear programme. The United States also ended up launching an attack on Iran, with this same goal, and then acted as mediator to broker a truce between Iran and Israel to prevent the conflict from escalating or impacting the outflow of energy from the Middle East. All in all, the upward impact on oil prices was relatively limited and short-lived.

In the European political arena, the shift stemming from the outcome of the legislative elections in Germany was decisive, with a new government led by conservatives poised to ramp up fiscal efforts coming to power. The re-establishment of German leadership was accompanied by a degree of calm in the French political landscape, despite ongoing parliamentary paralysis and the fact that Le Pen was banned from office due to corruption charges. As a result, she is currently unable to take part in the 2027 presidential elections. In spite of these events, several polls showed how the far right continues to make waves in Europe and to push for anti-immigration policies. In particular, the conservative coalition won the legislative elections in Portugal, but the main player was the far-right party, Chega, which received significant support. In Romania, the pro-EU centrist candidate won the presidential elections, albeit by a narrow margin, against the far-right candidate. In Poland, the nationalist candidate won the elections with rhetoric opposing the liberal government. Finally, in the Netherlands, the coalition government collapsed after the far-right party pulled out of the coalition as the other three parties rejected a proposal to tighten anti-immigration measures.

With regard to the performance of the various economies, trade disruptions impacted GDP data of the first quarter of 2025 and some indicators, especially those related to economic confidence, weakened. In any case, the economies continued to show resilience. In particular, in the Eurozone, GDP rebounded strongly during the first quarter of 2025 with a quarterly increase of 0.6%, driven by exports, due to US consumers making purchasing decisions earlier than usual. Thus, the economies that benefitted the most were those with greater exposure to the United States, such as Ireland. However, the first matching data of the second quarter of 2025, such as manufacturing output, signalled a correction in growth figures in that quarter.

In the United States, the economy contracted by 0.1% quarter-on-quarter in the first quarter of 2025. Although the figure was heavily influenced by imports being brought forward ahead of the tariffs scheduled to come into force, the general sentiment of the economic indicators showed some deterioration. The labour market showed signs of cooling, and the unemployment rate rebounded, although it remains at historically low levels. One of the main focus areas in the United States was the approval, by Congress, of the fiscal reform (known as the One Big Beautiful Bill Act) by a narrow margin. The package includes an extension of the tax cuts introduced in 2017 as well as new tax cuts. As a trade-off, the following were approved: (i) some tax rises, such as a tax on remittances for non-residents, and (ii) cuts to healthcare cover. Some estimates suggest that all this will increase the debt-to-GDP ratio by more than 10 percentage points over the coming decade. The legislation also included an article that sets forth fiscal retaliation mechanisms against countries that implement "unfair foreign taxes" affecting US persons or businesses. In any event, the reform still needs to be approved by the Senate.

In the United Kingdom, economic activity data surprised to the upside in the first quarter of 2025, with GDP growth of 0.7% over the quarter. This growth can be partially explained, nonetheless, by exports to the US being brought forward. The underlying momentum in activity remained moderate, as evidenced by consumption and investment data, as well as confidence surveys relating to the second quarter of 2025. As regards the labour market, records continued to show cooling, as seen in the reduced number of vacancies and weak employment figures.

In terms of inflation, the services component showed signs of easing, and so far the main price indices show no signs of any impacts from the tariffs. In the Eurozone, inflation remained close to the European Central Bank's target of 2.0%, driven by subdued service price inflation. This meant that core inflation, which excludes energy and foods, stood at its lowest level since 2022. In the United Kingdom, inflation rebounded, driven by the rise in regulated prices and by energy. The core component remained relatively sticky, with the price of services staying elevated for longer than in other developed economies. In the United States, inflation continued to gradually normalise, although the services sector remained particularly sticky. In any event, recent data was positive, with records in line with the Fed's target, although uncertainty over the impact of trade policy on prices remains high.

In Spain, economic activity continued to do well throughout the six-month period, although some indicators pointed towards slightly weaker performance in the second quarter. Thus, GDP growth remained strong during the first quarter of 2025, up 0.6% over the quarter compared to 0.7% in the fourth quarter of 2024, buoyed by private consumption and services exports. In the first months of the second quarter of 2025, some activity indicators such as manufacturing output, social security enrolments and, especially, business confidence underperformed. This was impacted by heightened uncertainty due to, among other reasons, the announcement of tariffs by the United States. Despite this, economic outlooks for the Spanish economy remained relatively positive, with GDP growth expectations amply surpassing those of the Eurozone as a whole. Inflation continued to slow down during the year to around 2% year-on-year, largely driven by a smaller contribution from energy products and, to a lesser extent, processed foods. The most noteworthy aspects of economic policy were the following: (i) the approval of a package of fiscal measures that included, among others, a minimum corporate income tax rate of 15% for large enterprises, an extension of the bank levy, and an increase in the marginal savings rate to 30%, (ii) the increase in the minimum wage of 4.4% to 1,184 euros per month in 14 payments, (iii) a public support plan in response to the tariffs announced by the United States, with ICO guarantees for companies and aid for internationalisation processes, and (iv) the government's approval of the draft bill to reduce the maximum working week from 40 to 37.5 hours, which so far does not have the necessary support to be approved by Congress.

In Mexico, the GDP figure for the first quarter of 2025 surprised to the upside with a slight increase of 0.2% over the quarter compared to a 0.7% contraction in the fourth quarter of 2024. By components, investment continued to weigh down, and consumption contracted for the second quarter in a row, so activity was underpinned by the outperformance of foreign trade, partly due to exports to the US being brought forward as a result of the tariff uncertainty. With regard to the second quarter of 2025, initial activity data showed weakness, and both vehicle manufacturing and exports experienced significant falls. Meanwhile, remittances, which represent a significant driver of consumption, fell by 12% year-on-year in April – the largest drop seen in over a decade. Against this backdrop, economic outlooks for Mexico continued to point towards stagnation or slight recession for 2025 as a whole.

In China, economic activity indicators pointed to stronger consumption, somewhat weaker manufacturing output and investment, and a real estate sector that remains extremely fragile. Meanwhile, confidence indicators showed resilience in the services sector and a mixed bag for the manufacturing sector. China’s GDP is expected to moderate its growth in the second quarter of 2025, but with a remarkable resilience to the global environment, partially due to the stimulus policies to boost domestic consumption.

Finally, in terms of the financial landscape, Trump’s agenda for financial services has affected the sector since he came into power. Domestically, he dismantled most federal agencies linked to the financial sector, dismissing employees and cutting budgets, while he appointed new directors to those agencies, who also advocate for financial deregulation. Globally, deregulation prospects in the United States prompted the EU to promote a simplification of financial regulations and to delay the implementation of certain components of the Basel III banking regulation to align with the United States and the United Kingdom, where the contagion effects from Trump’s deregulatory push can be seen more clearly. In addition, the US government promoted the crypto-assets and stablecoins industry and made progress on their regulatory framework. Against this backdrop, EU finance ministers agreed that the digital euro should be given more priority in an effort to compete with stablecoins, although the authorities acknowledged that, in the short term, the focus should be on integrating instant retail payment systems across multiple countries.

On the other hand, amidst the increased geopolitical and economic policy uncertainty, financial authorities indicated that there is an increased risk to financial stability. The Eurozone supervisor, the Single Supervisory Mechanism (SSM), included geopolitics as one of its supervisory priorities and remained focused on possible tensions affecting the dollar liquidity of banks in the region. Furthermore, progress was made towards the Savings and Investments Union (SIU) to increase the integration of the European financial sector, and banking consolidation processes were centre stage in several countries, such as Italy, Portugal and the UK. In Spain, the Governor of the Bank of Spain indicated that he will introduce macroprudential measures aimed at borrowers to supplement the countercyclical capital buffer.

2.2 Central banks and fixed-income markets

With regard to monetary policy, the European Central Bank (ECB) and the Bank of England continued with their interest rate cuts, while the Federal Reserve put them on pause against a backdrop of heightened uncertainty over the impact of the Trump administration's agenda.

In particular, the ECB continued to cut the deposit rate during the first half of 2025 to 2%, a level in keeping with the monetary neutrality estimated by the ECB. In June, Lagarde pointed out that the central bank is close to ending the series of cuts and finds itself in a good position to face the significant uncertainty of the current environment. In any event, she insisted that the ECB's decisions are taken on a meeting-by-meeting basis and will largely depend on the economic data at the time.

In the United States, the Federal Reserve (the Fed) kept interest rates unchanged during the first half of 2025, in the 4.25% to 4.50% range. The Fed paused its changes after cutting interest rates by 100 basis points in the second half of 2024, since inflation did not hit its target and in light of the new administration's decisions on tariffs that are clearly inflationary. Against this backdrop, the members of the Fed were in favour of acting with caution. In relation to quantitative tightening, the Fed began slowing the pace at which it was winding down its public debt holdings as from April 2025. The decline in reserve balances, together with the drain of deposits held in the reverse repo facility, triggered this adjustment.

The Bank of England cut interest rates by 50 basis points in the first six months of 2025, with the base rate standing at 4.25%. There were differing views among members of the English central bank, with some expressing concern over domestic inflationary pressures driven by sharp wage growth, while others warned of weakening demand in light of new external shocks. In terms of balance sheet policy, the Bank of England further reduced the size of its balance sheet and extended its schedule for sales of gilts held in the Asset Purchase Facility (APF) to October 2025, estimating sales of around 100 billion pounds.

The Bank of Japan continued with its monetary policy normalisation process and hiked the official interest rate to 0.5%. In any event, it was cautious around this process given trade uncertainties. In addition, the Bank of Japan scaled down its intervention in debt markets with reduced sovereign bond purchases.

Against expectations of a weak global economy, the evolution of official interest rates expected by the financial markets for 2025 and 2026 was revised downwards, especially in the case of the Fed. The market currently anticipates that the ECB will implement an additional 25 basis point cut in 2025, while pricing in a total of 100 basis points in rate cuts by the Fed until December 2026 (50 basis points more than were expected at the start of the year).

The markets reacted with intensity to the reciprocal tariffs announced by Trump in April 2025, with sharp declines in stock markets, increases in various volatility indices, and significant rebounds in corporate loan spreads. The US dollar, unlike in previous episodes of risk aversion, experienced a widespread depreciation this time around. On a more positive note, European sovereign risk premiums remained contained throughout the period, underpinned by rating upgrades in several countries. All of the losses sustained by risk assets during April's episode were reversed after Trump announced a trade truce. In any case, there is still some evidence that investors have lost confidence in US assets.

Long-term government bond yields in the main developed economies ended the first half of the year with no major changes. Nonetheless, there were significant fluctuations during this period. In March 2025, there was a distinctive and historically significant divergence between German and US bond yields, with German yields rebounding on the back of expectations of increased fiscal expenditure, while US yields declined amid concerns over a deteriorating economic outlook. It is also worth noting that in April, US public debt temporarily lost its status as a safe-haven asset, although this was later reversed following the announcement of a trade truce and Trump's confirmation that he would not remove Powell from his position as Chair of the Federal Reserve.

2.3 Currency market

The euro, in its currency pair with the US dollar, appreciated by close to 14% in the first half of 2025, standing at 1.18 dollars per euro. These are levels that had not been seen since mid-2021. The European currency was supported by the announcement of increased fiscal expenditure in Germany, while the US dollar was weighed down by worsening growth expectations for the US economy and the loss of confidence in the currency itself due to Trump's erratic economic policy.

The pound sterling depreciated against the euro after trading at around 0.83 pounds per euro in late 2024. Concerns over fiscal sustainability led to a depreciation of the currency against most major currency pairs at the start of the year. Subsequently, the pound reacted negatively to the risk aversion episodes stemming from the trade war. Following the trade deals in May and the de-escalation of the trade war, the currency stabilised at close to 0.85 pounds per euro, which represents a depreciation of almost 3% against the euro so far this year.

The yen appreciated against the dollar, with the Bank of Japan's normalisation policy being one of the main drivers of this fluctuation. As at 30 June 2025, the currency pair stood close to 145 yen per dollar, which represents an appreciation of close to 8% over the year.

2.4 Emerging markets

Emerging markets generally proved to be resilient in the first six months of the year, in spite of the uncertainty related to Trump's tariffs and the geopolitical events in the Middle East and Ukraine. Thus, sovereign risk premiums rose due to the aversion following Liberation Day, although they remained well below previous peaks, and later declined after the tariff truce, settling slightly above the end-2024 level and clearly below the historical average. Furthermore, the weak dollar, driven by fiscal concerns in the United States and uncertainty over tariffs, buoyed emerging currencies. In China, both the yuan and the country's main stock market index closed the six-month period at levels above those at the start of the year.

In Latin America, the disinflationary trend continued, making it easier for central banks to implement additional interest rate cuts, with Brazil being the exception. The Brazilian central bank doubled down on the restrictive cycle it began in September 2024 in response to persistent inflation and ongoing fiscal concerns. In Mexico, the markets performed well despite weak growth expectations and domestic noise surrounding the implementation of constitutional reforms. As a result, the Mexican peso appreciated by around 9% in the first half of 2025, supported by a weak dollar and further underpinned by Mexico's conciliatory tone toward the United States. The outcome of the first judicial elections held in June, which strongly aligned with the governing party, had no impact on the performance of the Mexican currency.

Meanwhile, Turkey's shift toward orthodox economic policy over the past two years has been slow and incomplete, with inflation currently at double digits. Meanwhile, institutional weakness continued to weigh on investor sentiment, as evidenced in March following the arrest of the main opposition leader, which reignited fears of socio-political instability and triggered sharp corrections in domestic financial markets. As a result, the central bank was forced to reverse the series of cuts it had initiated in December 2024.

3. FINANCIAL INFORMATION

Banco Sabadell and its group ended the first half of 2025 with attributable net profit of 975 million euros, compared to 791 million euros in the same period of 2024. The positive change is due mainly to the strong performance of asset quality and credit provisions, and also due to the impact of the bank levy, which entailed the recognition of -192 million euros in the first half of 2024, compared to -62 million euros recognised for the tax on the net interest and commission income of certain financial institutions (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC) during the first half of 2025.

3.1 Income statement

Million euro

	30/06/2025	30/06/2024	Year-on-year change (%)
Net interest income	**2,425**	**2,493**	**(2.7)**
Net fees and commissions	694	674	3.0
Core revenue	**3,119**	**3,168**	**(1.5)**
Profit or loss on financial operations and exchange differences	29	37	(23.4)
Equity-accounted income and dividends	102	87	17.6
Other operating income and expenses	(35)	(230)	(84.7)
Gross income	**3,214**	**3,061**	**5.0**
Operating expenses	(1,278)	(1,266)	1.0
Staff expenses	(773)	(744)	3.9
Other general administrative expenses	(506)	(522)	(3.2)
Depreciation and amortisation	(232)	(249)	(6.9)
Total costs	(1,510)	(1,515)	(0.3)
Memorandum item:			
Recurrent costs	(1,510)	(1,508)	0.1
Non-recurrent costs	—	(7)	(100.0)
Pre-provisions income	**1,704**	**1,546**	**10.2**
Total provisions and impairments	(262)	(389)	(32.9)
Provisions for loan losses	(201)	(333)	(39.6)
Provisions for other financial assets	(20)	(28)	(29.3)
Other provisions and impairments	(41)	(29)	40.5
Capital gains on asset sales and other revenue	(12)	(2)	406.0
Profit or loss before tax	**1,431**	**1,154**	**24.0**
Corporation tax	(454)	(362)	25.4
Profit or loss attributed to minority interests	1	1	49.4
Profit attributable to the Group	**975**	**791**	**23.3**

Net interest income in the first half of 2025 came to 2,425 million euros, 2.7% less compared to the first half of 2024, mainly driven by the performance in Spain, which saw a lower credit yield and a reduced contribution by credit institutions impacted by lower interest rates, which was partially offset by growth at TSB.

Net fees and commissions in the first six months of the year amounted to 694 million euros, rising by 3.0% in year-on-year terms, due mainly to higher asset management and insurance fees.

Profit or loss on financial operations and exchange differences amounted to 29 million euros in the first half of 2025, a decline of 23% compared to the same period of the previous year, mainly due to exchange differences.

Equity-accounted income and dividends received in the first half of the year came to a total of 102 million euros, compared to 87 million euros in the first six months of 2024. The positive variation compared to the previous year is mainly due to a larger contribution by the insurance business and higher earnings from BanSabadell Capital investees.

Other operating income and expenses came to -35 million euros during the first six months of 2025, compared to -230 million euros during the first half of 2024. The positive variation is mainly attributable to the effect of the bank levy, which resulted in an impact of -192 million euros in the first half of 2024.

Total costs in the first half of 2025 came to 1,510 million euros, while in the first half of 2024 they came to a total of 1,515 million euros, representing a drop of 0.3% year-on-year. This reduction is explained by a fall in both other general administrative expenses and depreciation/amortisation, which partially offset the higher staff expenses.

The cost-to-income ratio as at the end of June 2025 stood at 47.0%, compared to 48.3% as at 30 June 2024.

As a result of all the above, the first half of 2025 ended with pre-provisions income of 1,704 million euros compared to 1,546 million euros in the first half of 2024.

Total provisions and impairments came to a total of -262 million euros, compared to -389 million euros in the first six months of 2024, representing a reduction of 32.9% due to an improvement in provisions for loan losses.

Capital gains on asset sales and other revenue amounted to -12 million euros as at the end of June 2025, compared to -2 million euros recorded during the first six months of 2024. The variation is explained by the recognition of asset write-offs in the first quarter of 2025.

In the first half of 2025, an expense of 62 million euros was recorded under the Corporation tax heading, reflecting the accrual of the tax on net interest and commission income (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC) established in Final Provision Nine of Law 7/2024 of 20 December.

After deducting corporation tax and minority interests, net profit attributable to the Group amounted to 975 million euros as at the end of the first half of 2025. These results reflect year-on-year growth of 23.3% and an improvement in the Group's profitability, with ROTE increasing to 15.3%.

3.2 Balance sheet

Million euro

	30/06/2025	31/12/2024	Change (%)
Cash, cash balances at central banks and other demand deposits	26,359	18,382	43.4
Financial assets held for trading	3,755	3,439	9.2
Non-trading financial assets mandatorily at fair value through profit or loss	172	168	2.4
Financial assets at fair value through other comprehensive income	6,473	6,370	1.6
Financial assets at amortised cost	201,363	196,520	2.5
Debt securities	27,400	24,876	10.1
Loans and advances	173,963	171,644	1.4
Investments in joint ventures and associates	455	525	(13.2)
Tangible assets	1,993	2,078	(4.1)
Intangible assets	2,556	2,549	0.3
Other assets	9,246	9,567	(3.4)
Total assets	**252,373**	**239,598**	**5.3**
Financial liabilities held for trading	2,068	2,381	(13.2)
Financial liabilities at amortised cost	233,787	220,228	6.2
Deposits	197,596	186,341	6.0
Central banks	695	1,697	(59.1)
Credit institutions	13,518	14,822	(8.8)
Customers	183,384	169,823	8.0
Debt securities issued	28,002	27,437	2.1
Other financial liabilities	8,188	6,450	26.9
Provisions	437	478	(8.7)
Other liabilities	1,590	1,477	7.6
Total liabilities	**237,882**	**224,565**	**5.9**
Shareholders’ equity	14,996	15,389	(2.6)
Accumulated other comprehensive income	(541)	(391)	38.4
Minority interest [non-controlling interests]	36	34	3.1
Equity	**14,491**	**15,033**	**(3.6)**
Total equity and total liabilities	**252,373**	**239,598**	**5.3**
Loan commitments given	27,109	28,775	(5.8)
Financial guarantees given	1,888	1,980	(4.6)
Other commitments given	8,901	9,366	(5.0)
Total memorandum accounts	**37,897**	**40,121**	**(5.5)**

Million euro

	30/06/2025	31/12/2024	Change (%)
Loans and credit secured with mortgages	89,365	89,185	0.2
Loans and credit secured with other collateral	5,478	5,924	(7.5)
Trade credit	8,320	8,356	(0.4)
Finance leases	2,495	2,376	5.0
Bank overdrafts and other short-term borrowings	55,147	51,071	8.0
Gross performing loans to customers	**160,806**	**156,913**	**2.5**
Stage 3 assets (customers)	4,061	4,595	(11.6)
Accrual/deferral adjustments	208	208	(0.3)
Gross loans to customers, excluding reverse repos	**165,075**	**161,717**	**2.1**
Reverse repos	—	—	–
Gross loans to customers	**165,075**	**161,717**	**2.1**
Impairment allowances	(2,599)	(2,844)	(8.6)
Loans and advances to customers	**162,475**	**158,872**	**2.3**

As at the end of the first half of 2025, total assets of the Group amounted to 252,373 million euros, representing a 5.3% increase with respect to December 2024.

Gross performing loans to customers had a balance of 160,806 million euros as at 30 June 2025, increasing by 2.5% from the balance as at the end of 2024, driven by the performance in Spain, where it is worth mentioning the higher levels of business lending and the growth of the mortgage book.

As at 30 June 2025, the NPL ratio improved and stood at 2.47% (2.84% as at 2024 year-end), while the stage 3 coverage ratio including total provisions rose to 63.6% (up from 61.7% as at 2024 year-end).

As at 30 June 2025, on-balance sheet customer funds amounted to 168,229 million euros, compared to 169,557 million euros as at the end of 2024, representing a 0.8% reduction, due to currency depreciation.

Demand deposit balances amounted to 140,529 million euros, representing an increase of 1.6% compared to 2024 year-end. Term deposits amounted to 27,228 million euros, 12.3% below the figure recorded as at the end of 2024.

Total off-balance sheet customer funds amounted to 49,318 million euros, increasing by 6.8% compared to the end of the previous year. In this item, it is particularly worth noting the good performance of mutual funds. As at the end of June 2025, they amounted to 29,892 million euros, representing a 5.6% increase compared to 2024 year-end, mainly due to a positive flow of net subscriptions and an increase in yields.

Total funds under management and third-party funds amounted to 260,705 million euros as at 30 June 2025, compared to 243,431 million euros at the end of the previous year, representing a 7.1% increase, driven by the growth in repos.

3.3 Solvency

The Common Equity Tier 1 (CET1) ratio as at 30 June 2025 stood at 13.62% (phase-in) and at 13.56% (fully-loaded).

As indicated previously, the Bank's Board of Directors has committed to distribute, on a recurrent basis, any excess capital above the 13% management target set for the CET1 ratio to shareholders[14]. After deducting this amount, the CET1 capital ratio stands at 13.06% in phase-in terms and at 13.00% in fully-loaded terms.

Credit ratings

The Group retained its investment grade rating from all credit rating agencies.

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

On 10 January 2025, Fitch Ratings upgraded Banco Sabadell's long-term rating to 'BBB+' from 'BBB' and maintained the stable outlook. The upgrade was driven by the strengthening of Banco Sabadell's asset quality, profitability and capitalisation, as well as the improved assessment of the operating environment for Spanish banks. The short-term rating was kept at 'F2'. Furthermore, on 9 May 2025, Fitch placed Banco Sabadell on Rating Watch Positive and later, on 4 July 2025, it affirmed Banco Sabadell's rating following the announcement of the deal to sell TSB Banking Group plc to Banco Santander, S.A.

On 18 February 2025, Morningstar DBRS confirmed Banco Sabadell's long-term issuer rating at 'A (low)' with a stable outlook, reflecting the Institution's improved profitability and its significant reduction of non-performing loans. The agency also expects that the Bank will continue to report solid profitability despite the lower interest rate environment, largely supported by the lending volume growth and the materialisation of the cost savings implemented in TSB. The short-term rating remained at 'R-1 (low)'.

On 27 March 2025, S&P Global Ratings upgraded Banco Sabadell's long-term issuer credit rating to 'A-' from 'BBB+', stating that the outlook is stable. The rating upgrade is the result of Sabadell's improved standalone credit profile, which the agency sees as commensurate with its peers, as well as easing industry risks in the Spanish banking system. The short-term rating was kept at 'A-2'.

[14] The 13% is set in terms of fully-loaded CET1, applying the regulatory implementation schedule of the output floor.

If the sale of the TSB subsidiary goes ahead, the credit rating agencies that have issued opinions on this transaction to date have indicated that neither the sale nor any potential subsequent dividend distribution would affect the Institution's credit rating.

3.4 Branches and offices

At the end of the first half of 2025, Banco Sabadell had 1,340 branches and offices. Of the total number of branches and offices of Banco Sabadell and its group, 843 operate under the Sabadell brand (including 26 business banking and 2 corporate banking branches), 85 operate as Sabadell Herrero (3 business banking branches), 81 branches operate under the Solbank brand, 62 operate as Sabadell Gallego (3 business banking branches), 62 as SabadellGuipuzcoano (5 business banking branches), and 7 as SabadellUrquijo. The other 200 branches and offices made up the international network, of which 175 corresponded to TSB, 12 to Sabadell Mexico and the rest to foreign branches and overseas representative offices.

4. BUSINESS REVIEW

The key financial figures associated with the Group's largest business units are set out here below, in line with the segment information described in Note 31 to the condensed consolidated interim financial statements for the six-month period ended 30 June 2025.

4.1 Banking Business Spain

Net profit as at 30 June 2025 amounted to 767 million euros, representing a year-on-year increase of 14.5%, mainly driven by good provisioning coverage and the reduced impact of the tax on net interest and commission income of certain financial institutions (*Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC) recognised in 2025, compared to the temporary bank levy recorded in 2024.

Net interest income amounted to 1,719 million euros as at the end of June 2025, falling by 5.9% year-on-year, mainly as a result of a reduced credit yield and a smaller contribution by credit institutions, which were impacted by lower interest rates.

Net fees and commissions stood at 637 million euros, 4.3% more than at the end of June 2024, mainly due to the increase in asset management and insurance fees.

Equity-accounted income and dividends showed year-on-year growth of 17.6%, due mainly to the increased contribution of the insurance business and higher earnings from BanSabadell Capital investees.

The positive variation in other income and expenses is mainly attributable to the effect of the bank levy, which was payable in both 2023 and 2024, resulting in an impact of -192 million euros in the first half of 2024 as the entire expense amount was recognised during the first quarter of 2024.

Total costs recorded a year-on-year rise of 3.8%, due to higher staff expenses and general expenses, partially offset by a reduction in amortisation/depreciation expenses.

Provisions and impairments amounted to -241 million euros, down by 30.7% year-on-year, mainly due to improved provisions for loan losses.

In the first half of 2025, an expense of 62 million euros was recorded under the Corporation tax heading, reflecting the accrual of the tax on net interest and commission income *(Impuesto sobre el Margen de Intereses y Comisiones*, or IMIC) established in Final Provision Nine of Law 7/2024 of 20 December.

Million euro

	30/06/2025	30/06/2024	Year-on-year change (%)
Net interest income	**1,719**	**1,826**	**(5.9)**
Net fees and commissions	637	610	4.3
Core revenue	**2,355**	**2,436**	**(3.3)**
Profit or loss on financial operations and exchange differences	14	8	82.8
Equity-accounted income and dividends	102	87	17.6
Other operating income and expenses	(29)	(191)	(84.7)
Gross income	**2,442**	**2,339**	**4.4**
Operating expenses, depreciation and amortisation	(1,038)	(1,000)	3.8
Pre-provisions income	**1,404**	**1,339**	**4.9**
Total provisions and impairments	(241)	(348)	(30.7)
Capital gains on asset sales and other revenue	(12)	—	59,352.4
Profit or loss before tax	**1,151**	**991**	**16.1**
Corporation tax	(382)	(320)	19.4
Profit or loss attributed to minority interests	1	1	49.4
Net profit	**767**	**670**	**14.5**
ROTE	15.5%	14.1%	
Cost-to-income ratio	42.5%	33.8%	
NPL ratio	2.8%	3.9%	
Stage 3 coverage ratio, with total provisions	68.8%	62.7%	

Gross performing loans increased by 4.7% over the six-month period ended 30 June 2025, driven by the good performance of business lending and the mortgage book.

On-balance sheet customer funds remained constant at 0.1% during the six-month period, while off-balance sheet funds grew by 6.8%, mainly due to a positive flow of net mutual fund subscriptions.

Million euro

	30/06/2025	31/12/2024	Change (%)
Assets	**192,914**	**177,348**	**8.8**
Gross performing loans to customers	114,396	109,291	4.7
Non-performing real estate assets, net	467	497	(6.0)
Liabilities and equity	**192,914**	**177,348**	**8.8**
On-balance sheet customer funds	124,356	124,235	0.1
Wholesale funding in capital markets	21,039	21,135	(0.5)
Allocated own funds	11,734	12,161	(3.5)
Off-balance sheet customer funds	**49,318**	**46,171**	**6.8**
Other indicators			
Employees	13,638	13,525	0.8
Branches and offices	1,153	1,152	0.1

4.2 Banking Business United Kingdom

Net profit came to 171 million euros as at the end of June 2025, representing strong year-on-year growth of 80.6% on the back of improved net interest income, lower costs, and a positive impact of 35 million euros related to a negotiated recovery with Lloyds Banking Group plc.

Net interest income came to a total of 615 million euros, growing by 9.5% year-on-year, as a result of a higher credit yield.

Net fees and commissions amounted to 46 million euros as at 30 June 2025, representing a year-on-year reduction of 15.7%, due to a reduction in card fees.

Total costs amounted to 425 million euros, falling by 5.3% year-on-year due to an improvement across all items, particularly general expenses. Recurrent costs also decreased by 3.8% year-on-year.

Provisions and impairments amounted to -20 million euros, decreasing as a result of lower provisions for conduct risk.

Million euro

	30/06/2025	30/06/2024	Year-on-year change (%)
Net interest income	**615**	**562**	**9.5**
Net fees and commissions	46	54	(15.7)
Core revenue	**660**	**615**	**7.3**
Profit or loss on financial operations and exchange differences	12	24	(49.3)
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	7	(29)	(125.7)
Gross income	**680**	**611**	**11.3**
Operating expenses, depreciation and amortisation	(425)	(449)	(5.3)
Pre-provisions income	**255**	**162**	**57.2**
Total provisions and impairments	(20)	(28)	(28.2)
Capital gains on asset sales and other revenue	1	1	(19.5)
Profit or loss before tax	**235**	**135**	**74.9**
Corporation tax	(64)	(40)	61.3
Profit or loss attributed to minority interests	—	—	—
Net profit	**171**	**95**	**80.6**
ROTE	15.6%	9.4%	
Cost-to-income ratio	62.5%	63.9%	
NPL ratio	1.4%	1.5%	
Stage 3 coverage ratio, with total provisions	32.9%	37.1%	

The exchange rates applied to the income statement are EUR/GBP 0.8423 (average) and EUR/GBP 0.8546 (average) in the first half of 2025 and 2024, respectively.

Gross performing loans declined by 3.0% over the year, influenced by the depreciation of the pound sterling. At a constant exchange rate, the loan volume remained stable.

On-balance sheet customer funds decreased by 3.1% over the year, while considering a constant exchange rate, they showed no variation.

Million euro

	30/06/2025	31/12/2024	Change (%)
Assets	**53,130**	**55,604**	**(4.4)**
Gross performing loans to customers	42,097	43,380	(3.0)
Liabilities and equity	**53,130**	**55,604**	**(4.4)**
On-balance sheet customer funds	40,825	42,123	(3.1)
Wholesale funding in capital markets	6,286	5,859	7.3
Allocated own funds	2,491	2,543	(2.0)
Off-balance sheet customer funds	**—**	**—**	**—**
Other indicators			
Employees	4,781	4,729	1.1
Branches and offices	175	186	(5.9)

The exchange rates applied to the balance sheet are EUR/GBP 0.8555 as at 30 June 2025 and EUR/GBP 0.8292 as at 31 December 2024.

4.3 Banking Business Mexico

Net profit as at the end of June 2025 amounted to 37 million euros, representing a year-on-year increase of 39.8%, due to reduced costs and lower provisions.

Net interest income stood at 91 million euros, decreasing by 13.5% year-on-year, driven by the depreciation of the Mexican peso, as at a constant exchange rate, it increased by 1.9% due to larger volumes partially offset by a reduced credit yield stemming from interest rate cuts.

Net fees and commissions amounted to 12 million euros as at the end of June 2025, increasing by 2 million euros compared to the same period of the previous year.

Total costs stood at 48 million euros, representing a year-on-year decrease of -28.1%, mainly driven by lower general expenses, particularly marketing costs.

Provisions and impairments include provisions released for single-name borrowers.

Million euro

	30/06/2025	30/06/2024	Year-on-year change (%)
Net interest income	**91**	**106**	**(13.5)**
Net fees and commissions	12	10	19.3
Core revenue	**104**	**116**	**(10.6)**
Profit or loss on financial operations and exchange differences	2	5	(62.7)
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(13)	(10)	30.9
Gross income	**92**	**111**	**(16.9)**
Operating expenses, depreciation and amortisation	(48)	(67)	(28.1)
Pre-provisions income	**44**	**44**	**—**
Total provisions and impairments	—	(13)	(101.4)
Capital gains on asset sales and other revenue	—	(3)	(100.0)
Profit or loss before tax	**45**	**28**	**56.4**
Corporation tax	(8)	(2)	262.9
Profit or loss attributed to minority interests	—	—	—
Net profit	**37**	**26**	**39.8**
ROTE	11.2%	8.9%	
Cost-to-income ratio	51.9%	52.5%	
NPL ratio	2.2%	2.2%	
Stage 3 coverage ratio, with total provisions	66.4%	71.7%	

The exchange rates applied to the income statement are EUR/MXN 21.8216 (average) and EUR/MXN 18.5225 (average) in the first half of 2025 and 2024, respectively.

Performing loans grew by 1.7% over the year, impacted by the depreciation of the Mexican peso. At constant exchange rates, this increase was 10.3%.

On-balance sheet customer funds fell by 4.7% during the six-month period ended 30 June 2025, impacted by the depreciation of the Mexican peso, with the balance variation at a constant exchange rate being -0.9%.

Million euro

	30/06/2025	31/12/2024	Change (%)
Assets	**6,329**	**6,646**	**(4.8)**
Gross performing loans to customers	4,314	4,242	1.7
Liabilities and equity	**6,329**	**6,646**	**(4.8)**
On-balance sheet customer funds	3,048	3,199	(4.7)
Wholesale funding in capital markets	—	—	—
Allocated own funds	771	686	12.4
Off-balance sheet customer funds	**—**	**—**	**—**
Other indicators			
Employees	501	515	(2.7)
Branches and offices	12	12	—

The exchange rates applied to the balance sheet are EUR/MXN 22.0899 as at 30 June 2025 and EUR/MXN 21.5504 as at 31 December 2024.

5. SUBSEQUENT EVENTS

Since 30 June 2025, there have been no significant events worthy of mention, with the exception of those described below:

Through an Inside Information disclosure dated 16 June 2025, entered in the register of the Spanish National Securities Market Commission (CNMV) under number 2,776, the Bank confirmed, in connection with press coverage released that same day, that it had received preliminary and non-binding expressions of interest for the acquisition of the total share capital of TSB Banking Group plc (hereinafter, TSB) and that it would analyse any binding transaction that it might receive, subject to fulfilment of all legal obligations.

TSB has formed part of Banco Sabadell Group since its acquisition from Lloyds Banking Group plc in 2015. Since then, TSB is engaged in the Group's retail banking business in the United Kingdom, where it offers banking services to over five million customers, mainly through mortgage loans, and current and savings accounts.

Subsequently, through an Inside Information disclosure dated 1 July 2025, entered in the register of the CNMV under number 2,805, the Bank indicated that, following a binding offer to acquire TSB received from Banco Santander, S.A. (hereinafter, "Banco Santander"), the Board of Directors of Banco Sabadell agreed to put to shareholders at an Extraordinary General Meeting, scheduled to take place on 6 August 2025, the authorisation to sell all shares representing the share capital of TSB to Banco Santander. The transaction does not include the sale of the IT platform servicing TSB, owned by the subsidiary Sabadell Digital, S.A.U., which is expected to continue to serve TSB until the company migrates to another IT platform. Banco Sabadell has undertaken that no company within Banco Sabadell Group will compete with Banco Santander in the UK banking market for 24 months following the closing date of the transaction, without prejudice to the maintenance of the activities of Banco Sabadell's branch in the United Kingdom.

The consideration for the sale of the shares amounts to an initial price of 2,650 million pounds sterling (approximately, 3,098 million euros[15]), which will be adjusted, upwards or downwards, based on the positive or negative variation in TSB's tangible net asset value between 1 April 2025 and the closing date of the transaction.

Based on TSB's financial forecasts, and assuming the closing of the transaction takes place on 31 March 2026, the Bank estimates that the final price for the shares could be in the region of 2,875 million pounds (approximately 3,361 million euros[15]). The final price will be paid in full in cash.

The transaction also includes the sale of certain equity instruments and securities issued by TSB and subscribed by Banco Sabadell (perpetual securities contingently convertible into ordinary shares of TSB, redeemable subordinated bonds and unsecured senior debt) that have not matured nor been repurchased and redeemed as at the closing date, as well as the securities from any new issuance carried out as from 1 July 2025 until such date and subscribed by Banco Sabadell for the purpose of refinancing any of them (the "securities").

The sale price for the securities will be the sum of the fair values assigned to the securities at the closing date of the transaction based on the credit spreads agreed by the parties for each such instrument. Payment of the sale price for the securities will be made in cash on the closing date and will not be subject to subsequent revision. The nominal amount of these securities as at the date of the agreement with Banco Santander stood at 1,450 million pounds sterling (approximately 1,695 million euros[15]).

The closing of the transaction (expected to take place during the first quarter of 2026) is subject to approval by Banco Sabadell shareholders during an Extraordinary General Meeting and to obtaining the regulatory authorisations from the competent authorities.

In accordance with accounting standards applicable to the Group, transactions carried out by TSB and its subsidiaries, which comprised almost entirely the Banking Business UK segment (see Note 31 to the condensed consolidated interim financial statements), are now considered discontinued operations as from 1 July 2025. Consequently, the Group condensed consolidated interim financial statements do not reflect any impact arising from this transaction.

The amount of lending items as at 30 June 2025 and the profit after tax of the TSB consolidated subgroup for the six-month period then ended came to approximately 36,392 million pounds and 139 million pounds, respectively. Its Common Equity Tier 1 ratio stood at 16.3%. It is estimated that the transaction would have a positive effect on the Common Equity Tier 1 ratio of the Group of approximately 409 basis points.

[15] At the sterling to euro conversion rate published by the European Central Bank on 30 June 2025 of GBP 0.8555 per euro.

As a result mainly of the profit derived from the transaction and the release of regulatory capital following the derecognition from the consolidated balance sheet of assets belonging to TSB and its subsidiaries, Banco Sabadell will generate a capital surplus significantly above the threshold set by its Board of Directors for the distribution of excess capital (set at a fully-loaded CET1 ratio of 13%, applying the regulatory implementation calendar of the output floor on a consolidated basis), allowing the distribution of a substantial portion of this capital surplus to its shareholders while at the same time maintaining an estimated CET1 level above said threshold following its payment. As a result, at the same meeting where the Board resolved to submit the sale of TSB to shareholders for approval at an Extraordinary General Meeting, the Board of Directors of Banco Sabadell also agreed to propose the distribution of an extraordinary cash dividend, as described in Note 3 to the condensed consolidated interim financial statements.

Performance measures and reconciliation with management indicators

In the presentation of its results to the market, and for the purpose of monitoring the business and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other unaudited measures commonly used in the banking industry (Alternative Performance Measures, or APMs) as indicators to monitor the management of the Group's assets and liabilities, as well as its financial and economic situation, which facilitates its comparison with other institutions.

Following the ESMA guidelines on APMs (ESMA/2015/1415en of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group indicates below the definition, calculation and reconciliation for each APM.

Following the recommendations of the aforesaid guidelines, details of the APMs used are set out below, as well as the reconciliation of certain management indicators with those contained in the condensed consolidated interim financial statements. Figures are expressed in millions of euros unless otherwise indicated.

Alternative performance measures in the Group

1. Profitability and efficiency

1.1 Return on Assets (ROA)

Million euro

		30/06/2025 (*)	30/06/2024
Numerator	**(+) Consolidated profit or loss**	**1,917**	**1,561**
Denominator	**(+) Average total assets**	**244,922**	**240,760**
Ratio	**(=) ROA**	**0.8%**	**0.6%**

(*) For comparative purposes, consolidated profit or loss as at 30 June 2025 includes an adjustment of -96 million euros, corresponding to six months of accrual of the temporary bank levy booked in the accounts during the first quarter of 2024.

This ratio comprises the following items:

- Consolidated profit or loss: corresponds to the Group's profit or loss over the past twelve months.
- Average total assets: the arithmetic mean of the Group's daily asset balance over the past twelve months.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on the Group's assets.

1.2 Return on Equity (ROE)

Million euro

		30/06/2025 (*)	30/06/2024
Numerator	**(+) Profit attributable to the Group**	**1,915**	**1,560**
Denominator	**(+) Average shareholders' equity**	**15,039**	**14,410**
Ratio	**(=) ROE**	**12.7%**	**10.8%**

(*) For comparative purposes, profit attributable to the Group as at 30 June 2025 includes an adjustment of -96 million euros, corresponding to six months of accrual of the temporary bank levy booked in the accounts during the first quarter of 2024.

This ratio comprises the following items:

- Profit attributable to the Group: corresponds to the profit during the period attributable to owners of the parent over the past twelve months.
- Average shareholders' equity: the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on shareholders' equity.

1.3 Return on Risk-Weighted Assets (RORWA)

Million euro

		30/06/2025 (*)	30/06/2024
Numerator	**(+) Consolidated profit or loss**	**1,917**	**1,561**
Denominator	**(+) Average risk-weighted assets**	**79,740**	**79,050**
Ratio	**(=) RORWA**	**2.4%**	**2.0%**

(*) For comparative purposes, consolidated profit or loss as at 30 June 2025 includes an adjustment of -96 million euros, corresponding to six months of accrual of the temporary bank levy booked in the accounts during the first quarter of 2024.

This ratio comprises the following items:

- Consolidated profit or loss: corresponds to the Group's profit or loss over the past twelve months.

- Average risk-weighted assets: the arithmetic mean of the Group's balance of assets weighted according to their respective risk factors on the last day of each month over the past twelve months Risk factors reflect the perceived level of risk of a particular asset class.

Relevance of use: this is a more sophisticated ROA metric that indicates the accounting return obtained on risk-weighted assets, thereby introducing a correction factor to profitability figures according to the level of risk taken.

1.4 Return on Tangible Equity (ROTE)

Million euro

		30/06/2025 (*)	30/06/2024
Numerator	**(+) Profit attributable to the Group**	**1,915**	**1,560**
Denominator	**(+) Average shareholders' equity ex intangibles**	**12,523**	**11,943**
	(+) Average shareholders' equity	15,039	14,410
	(-) Average intangible assets	2,516	2,466
Ratio	**(=) ROTE**	**15.3%**	**13.1%**

(*) For comparative purposes, profit attributable to the Group as at 30 June 2025 includes an adjustment of -96 million euros, corresponding to six months of accrual of the temporary bank levy booked in the accounts during the first quarter of 2024.

This ratio comprises the following items:

- Profit attributable to the Group: corresponds to the profit during the period attributable to owners of the parent over the past twelve months.

- Average shareholders' equity excluding intangible assets: the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months, minus the amount of intangible assets.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on shareholders' equity after deducting intangible assets.

1.5 Cost-to-income ratio

Million euro

		30/06/2025	30/06/2024 (*)
Numerator	**(+) Administrative expenses**	**1,278**	**1,266**
	(+) Depreciation/amortisation	**232**	**249**
Denominator	**(+) Gross income**	**3,214**	**3,139**
Ratio	**(=) Cost-to-income ratio**	**47.0%**	**48.3%**

(*) For comparative purposes, gross income as at 30 June 2024 includes an adjustment of 78 million euros, corresponding to six months of accrual of the temporary bank levy and of the Spanish tax on deposits of credit institutions in 2024.

This ratio comprises the following items:

- Administrative expenses and amortisation/depreciation: found by taking the sum of administrative expenses and amortisation/depreciation from the income statement for the period.

- Gross income: taken directly from the 'Gross income' line item of the income statement for the period.

Relevance of use: this is one of the main indicators used to measure the productivity of banking activity.

1.6 Customer spread

Million euro

		30/06/2025	30/06/2024
Numerator	(+) Return on customer lending	3,229	3,308
Denominator	(+) Average balance of customer loans	158,255	152,210
(A)	**(=) Average annual rate on customer loans**	**4.12%**	**4.37%**
Numerator	(+) Return on customer deposits	913	986
Denominator	(+) Average balance of customer deposits	167,464	160,095
(B)	**(=) Average annual rate on customer deposits**	**1.10%**	**1.24%**
(A) - (B)	**(=) Customer spread**	**3.02%**	**3.13%**

The ratio is calculated as the difference between:

- Average annual rate on customer loans: obtained by finding the ratio of annualised interest revenue from customer loans booked in the accounts relative to the average daily balance of customer loans. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

- Average annual rate on customer deposits: obtained by finding the ratio of annualised interest expense on customer deposits booked in the accounts relative to the average daily balance of customer funds. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

Relevance of use: reflects the profitability of solely banking activity. It makes it possible to track the spread generated between the average yield on customer loans and the average cost of customer deposits.

2. Risk management

2.1 Credit cost of risk

In million euro and basis points

		30/06/2025	31/12/2024
Numerator	**(+) Provisions for loan losses (ex NPLs)**	**143**	**448**
	(+) Provisions for loan losses	201	567
	(-) Expenses on NPLs	57	118
Denominator	**(+) Gross loans to customers, ex reverse repos**	**165,075**	**161,717**
Denominator	**(+) Financial guarantees and other guarantees given**	**8,405**	**8,699**
Ratio	**(=) Credit cost of risk**	**17**	**26**

This ratio comprises the following items:

- Provisions for loan losses (excluding NPLs): comprises the line item ‘Provisions for loan losses’ in the income statement set out in the Directors’ Report, excluding the expenses associated with the management of stage 3 assets (NPLs). The resulting amount is annualised on a straight-line basis.

- Gross loans to customers, excluding reverse repos: obtained by taking ‘customer loans and advances’ then adding ‘impairment allowances’ and subtracting ‘reverse repos’.

- Financial guarantees and other guarantees given: consists of financial guarantees and other guarantees given under off-balance sheet exposures.

Relevance of use: this is one of the main indicators used in the banking industry to measure the credit risk performance of institutions, by giving the ratio of credit risk provisions booked over the past twelve months relative to the total loan book.

2.2 Total cost of risk

In million euro and basis points

		30/06/2025	31/12/2024
Numerator	**(+) Total provisions and impairments**	**262**	**714**
Denominator	**(+) Gross loans to customers, ex reverse repos**	**165,075**	**161,717**
Denominator	**(+) Financial guarantees and other guarantees given**	**8,405**	**8,699**
Denominator	**(+) Non-performing real estate assets**	**773**	**836**
Ratio	**(=) Total cost of risk**	**30**	**42**

This ratio comprises the following items:

- Total provisions and impairments: comprises the following line items included in the income statement set out in the Directors' Report: (i) Provisions for loan losses, (ii) Provisions for other financial assets, and (iii) Other provisions and impairments. The resulting amount is annualised on a straight-line basis.

- Gross loans to customers, excluding reverse repos: obtained by taking 'customer loans and advances' then adding 'impairment allowances' and subtracting 'reverse repos'.

- Financial guarantees and other guarantees given: consists of financial guarantees and other guarantees given under off-balance sheet exposures.

- Non-performing real estate assets: consists of real estate assets foreclosed or received in lieu of debt and real estate assets classified in the portfolio of non-current assets and disposal groups classified as held for sale, except for investment properties with significant unrealised capital gains and those under lease for which there is a final agreement for a sale to take place following refurbishment.

Relevance of use: risk metric used to measure the credit risk performance of institutions by giving the ratio of total provisions and impairments booked over the past twelve months relative to the total amount of the credit book and non-performing real estate assets.

2.3 Stage 3 coverage ratio, with total provisions

Million euro

		30/06/2025	31/12/2024
Numerator	**(+) Total hedging**	**2,730**	**2,990**
	(+) Impairment allowances	2,607	2,848
	(+) Provisions recognised under liabilities on balance sheet	123	142
Denominator	**(+) Stage 3 exposures**	**4,292**	**4,844**
	(+) Stage 3 assets	4,104	4,637
	(+) Stage 3 financial guarantees and other guarantees given	189	207
Ratio	**(=) Stage 3 coverage ratio, with total provisions**	**63.6%**	**61.7%**

This ratio comprises the following items:

- Total hedging: formed of the sum of (i) all impairment allowances for on-balance sheet assets, and (ii) provisions recognised on the liabilities side of the balance sheet associated with off-balance sheet exposures.

- Stage 3 exposures: formed of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under off-balance sheet exposures.

Relevance of use: key ratio used in the banking industry to monitor the status and performance of institutions' credit risk. It shows the level of accounting provisions that the Institution has allocated for assets classified as stage 3.

2.4 NPL ratio

Million euro

		30/06/2025	31/12/2024
Numerator	**(+) Stage 3 exposures**	4,292	4,844
	(+) Stage 3 assets	4,104	4,637
	(+) Stage 3 financial guarantees and other guarantees given	189	207
Denominator	**(+) Gross loans to customers, ex reverse repos**	165,075	161,717
	(+) Financial guarantees and other guarantees given	8,405	8,699
Ratio	**(=) NPL ratio**	**2.47%**	**2.84%**

This ratio comprises the following items:

- Stage 3 exposures: comprised of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under off-balance sheet exposures.

- Gross loans to customers, excluding reverse repos: obtained by taking customer loans and advances from the balance sheet and then adding impairment allowances and subtracting reverse repos.

- Financial guarantees and other guarantees given: consists of financial guarantees and other guarantees given under off-balance sheet exposures.

Relevance of use: a key indicator used in the banking industry to monitor the status and performance of the quality of credit risk undertaken with customers. This metric shows balances classified as impaired (stage 3) relative to the total loan book.

3. Liquidity management

3.1 Loan-to-Deposit (LTD) ratio

Million euro

		30/06/2025	31/12/2024
Numerator	**(+) Loans and advances to customers, ex reverse repos and brokered loans**	**161,374**	**157,988**
	(+) Loans and advances to customers, ex reverse repos	162,475	158,872
	(-) Brokered loans	1,101	884
Denominator	**(+) On-balance sheet customer funds**	**168,229**	**169,557**
Ratio	**(=) Loan-to-Deposit ratio**	**95.9%**	**93.2%**

This ratio comprises the following items:

- Loans and advances to customers, excluding reverse repos and brokered loans: taken from the balance sheet line item Loans and advances to customers, not including reverse repos and brokered loans.

- On-balance sheet customer funds: comprised of financial liabilities at amortised cost, excluding non-retail liabilities, such as deposits from central banks, deposits from credit institutions, institutional issues and other financial liabilities.

Relevance of use: measures the liquidity of a bank by showing the total volume of customer loans relative to funds available in customer deposits. Liquidity is one of the key aspects that define the structure of an institution.

4. Share price indicators

4.1 Earnings Per Share (EPS)

Million euro

		30/06/2025 (*)	30/06/2024
Numerator	**(+) Adjusted profit attributable to the Group**	**1,817**	**1,447**
	(+) Profit attributable to the Group	1,915	1,560
	(-) Remuneration on AT1 instruments	98	113
Denominator Million shares	**(+) Weighted average number of ordinary shares outstanding minus average number of treasury shares**	**5,330**	**5,424**
Ratio	**(=) EPS over past twelve months**	**0.34**	**0.27**

(*) For comparative purposes, profit attributable to the Group as at 30 June 2025 includes an adjustment of -96 million euros, corresponding to six months of accrual of the temporary bank levy booked in the accounts during the first quarter of 2024.

This ratio comprises the following items:

- Adjusted profit attributable to the Group: corresponds to the profit during the period attributable to owners of the parent over the past twelve months, adjusted by the amount of remuneration paid on Additional Tier 1 (AT1) instruments over the same period.

- Weighted average number of shares outstanding minus treasury shares: formed of the average number of shares outstanding over the past twelve months (average number of total shares minus the average number of treasury shares, including share buyback programmes, where applicable).

Relevance of use: an economic measurement or market ratio that indicates a company's profitability, and it is one of the measurements used most frequently to assess institutions' performance.

4.2 Book value per share

Million euro

		30/06/2025	30/06/2024 (*)
Numerator	**(+) Shareholders' equity**	**14,996**	**14,903**
Denominator Million shares	**(+) Number of shares outstanding minus treasury shares as at closing date**	**5,120**	**5,361**
Ratio	**(=) Book value per share**	**2.93**	**2.78**

(*) For comparative purposes, shareholders' equity as at 30 June 2024 includes an adjustment for a net amount of 83 million euros, corresponding to six months of accrual of the temporary bank levy and of the Spanish tax on deposits of credit institutions in 2024.

This ratio comprises the following items:

- Shareholders' equity: corresponds to the shareholders' equity stated on the consolidated balance sheet.

- Number of issued shares outstanding minus treasury shares: formed of the total number of shares outstanding minus treasury shares including share buyback programmes, where applicable, as at the closing date.

Relevance of use: this is an economic market measurement or market ratio that indicates the book value per share issued.

4.3 Tangible Book Value (TBV) per share

Million euro

		30/06/2025	30/06/2024 (*)
Numerator	**(+) Tangible book value**	**12,440**	**12,409**
	(+) Shareholders' equity	14,996	14,903
	Intangible assets	2,556	2,494
Denominator Million shares	**(+) Number of shares outstanding minus treasury shares as at closing date**	**5,120**	**5,361**
Ratio	**(=) TBV per share**	**2.43**	**2.31**

(*) For comparative purposes, shareholders' equity as at 30 June 2024 includes an adjustment for a net amount of 83 million euros, corresponding to six months of accrual of the temporary bank levy and of the Spanish tax on deposits of credit institutions in 2024.

This ratio comprises the following items:

- Tangible book value: formed of the balance sheet line item Shareholders' equity excluding intangible assets.
- Number of issued shares outstanding minus treasury shares: formed of the total number of shares outstanding minus treasury shares including share buyback programmes, where applicable, as at the closing date.

Relevance of use: this is an economic market measurement or market ratio that indicates the book value, after deducting intangible assets, per share issued.

4.4 Price to Tangible Book Value (P/TBV)

Euro

		30/06/2025	30/06/2024
Numerator	**(+) Share price**	**2.703**	**1.801**
Denominator	**(+) TBV per share**	**2.43**	**2.31**
Ratio	**(=) P/TBV**	**1.11**	**0.78**

This ratio comprises the following items:

- Share price: formed of the price or market value of the share as at the closing date.
- TBV per share: consists of the tangible value per share as at the closing date.

Relevance of use: an economic measurement or market ratio commonly used by the market to value listed entities; it represents the share price of a listed entity relative to its book value per share.

4.5 Price Earnings Ratio (PER)

Euro

		30/06/2025	30/06/2024
Numerator	**(+) Share price**	**2.703**	**1.801**
Denominator	**(+) Earnings Per Share (EPS)**	**0.34**	**0.27**
Ratio	**(=) PER**	**7.93**	**6.75**

This ratio comprises the following items:

- Share price: formed of the price or market value of the share as at the closing date.
- Earnings Per Share (EPS): formed of the attributable earnings per share over the past twelve months.

Relevance of use: an economic measurement or market ratio commonly used by the market to determine a company's ability to generate future earnings.

Equivalence of balance sheet and income statement line items in segment reporting and the Directors' Report with those set out in the published consolidated balance sheet and income statement

BALANCE SHEET

Other assets:

- Derivatives – Hedge accounting.
- Fair value changes of the hedged items in portfolio hedge of interest rate risk.
- Tax assets.
- Other assets.
- Non-current assets and disposal groups classified as held for sale.

Other liabilities:

- Derivatives – Hedge accounting.
- Fair value changes of the hedged items in portfolio hedge of interest rate risk.
- Tax liabilities.
- Other liabilities.
- Non-current liabilities and disposal groups classified as held for sale.

INCOME STATEMENT

Net fees and commissions:

- Fee and commission income.
- (Fee and commission expenses).

Core revenue:

- Net interest income.
- Fee and commission income.
- (Fee and commission expenses).

Profit or loss on financial operations and exchange differences:

- Net profit or net loss on financial operations.
- Exchange differences [gain or (-) loss], net.

Equity-accounted income and dividends:

- Dividend income.
- Profit or loss of entities accounted for using the equity method.

Other operating income and expenses:

- Other operating income.
- (Other operating expenses).

Operating expenses, depreciation and amortisation:

- (Administrative expenses).
- (Depreciation and amortisation).

Pre-provisions income:

- Gross income.
- (Administrative expenses).
- (Depreciation and amortisation).

Total provisions and impairments:

Provisions for loan losses:

- (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or (-) gains).
- (Provisions or (-) reversal of provisions) (including only commitments and guarantees given).

Provisions for other financial assets:

- (Provisions or (-) reversal of provisions) (excluding commitments and guarantees given).

Other provisions and impairments:

- (Impairment or (-) reversal of impairment on investments in joint ventures and associates).
- (Impairment or (-) reversal of impairment on non-financial assets).
- Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or (-) losses on the sale of interests and other items).
- Gains or (-) losses on derecognition of non-financial assets and interests, net (including only gains or losses on sale of investment properties).

Capital gains on asset sales and other revenue:

- Gains or (-) losses on derecognition of non-financial assets and interests, net (excluding gains or losses on sale of investment properties).
- Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (including only gains or (-) losses on the sale of interests and other items).

Corporation tax:

- (Tax expense or (-) income related to profit or loss from continuing operations).

Profit or loss attributed to minority interests:

- Attributable to minority interests [non-controlling interests].

Profit attributable to the Group:

- Profit or loss attributable to owners of the parent.