Q226

Banco Sabadell delivers net profit of €971m on the back of strong business growth, and launches new €331m share buyback programme

- **Increased commercial activity delivered an improvement in revenue,** resulting in a 5.5% increase in credit volumes and 6.4% increase in customer funds year on year across the Group. New lending volumes in Spain grew considerably across all segments in the quarter: SMEs and corporates (+38%), mortgages (+22%) and consumer loans (+9%)
- **Growth in core banking revenue signals the anticipated inflection point**, with net interest income up quarterly 3.4% and fee income up 4%. This positive momentum is expected to continue into the second half of the year
- **The Group begins its 2026 shareholder remuneration schedule** with the launch of the new share buyback programme. It maintains its strong capacity to generate capital organically, with its CET1 fully-loaded ratio at 13.11%
- **Profitability will grow over the coming quarters**, driven by business growth, cost discipline and strong asset quality. The Group is on track to deliver its targets of 14.5% RoTE in 2026 and 16% in 2027

"These results reflect the strength of our model. Income is growing and is set to accelerate in the coming quarters, driven by strong commercial momentum. We look to the second half with confidence and remain focused on creating value for our customers, employees and shareholders"

Marc Armengol
CEO

"The resilience of our balance sheet and our capital generation capacity remain among the key strengths of the Group. We maintain robust capital ratios and are confident in the continued improvement of our results, providing strong foundation for the profitability targets we have set for 2026 and 2027"

Sergio Palavecino
CFO

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The Q226 headlines

Positive momentum banking sector revenue

Net interest income
€1,774m
(-2.0% YoY / +3.4% QoQ)

Fee income
€643m
(-0.9% YoY / +4% QoQ)

Total revenue from banking operations
€2,417m
(-1.7% YoY / +3.6% QoQ)

A strong boost to commercial activity in Spain

Outstanding loans in Spain
€107,100m
(+3.6% YoY / +2.8% QoQ)

New production in:
Mortgages
(-17% YoY / +22% QoQ)
Consumer credit
(-3% YoY / +9% QoQ)
Companies
(+7% YoY / +38% QoQ)

Customer funds
€188,110m
(+6.4% YoY / +1.8% QoQ)

Group balance sheet assets
€133,380m
(+4.7% YoY / +0.9% QoQ)

Off-balance-sheet assets
€54,730m
(+11% YoY / +4.2% QoQ)

Improved quality of assets on the balance sheet

NPL
2.47%
(-34 bps YoY / -8 bps QoQ)

Coverage ratio based on total provisions
69%
(-10 bps YoY / -200 bps QoQ)

Launch of the shareholder remuneration schedule for 2026

New share buyback
€331m
In addition to the €800m from the buyback programme already implemented and the distribution of an extraordinary dividend of 50 cents from the sale of TSB, which has already been paid out

13.6% Recurrent RoTE

13.1% CET1 FL

Banco Sabadell Group has earned **net profit** of 971 million euros during the first half of 2026, in line with the same period of the previous year (−0.5%) and including the contribution from TSB (which formed part of the Group during four months of this year until its sale). Excluding the contribution of the UK unit and non-recurring items, recurring profit stood at 691 million euros (-14.1%) and returned to quarter-on-quarter growth (8.4%), supported by strong business momentum, a trend that will continue in the coming quarters.

As expected, **core banking revenue** has resumed quarter-on-quarter growth, driven by strong commercial momentum, after reaching a trough between January and March. This improvement will continue into the second half of the year and, together with cost containment and high asset quality, it will help profitability measured as **recurrent RoTE** to increase over the coming quarters from 13.6% at the end of June to 14.5% by the end of 2026 and to 16% in 2027.

The Bank has begun its 2026 shareholder remuneration schedule. Following the payment in May of a 0.50 euros per share extraordinary cash dividend related to the sale of TSB, the Group has announced a new share **buyback programme** of 331 million euros (equivalent to around 2.1% of the bank's share capital), which will be launched next week.

The shareholder remuneration policy is supported by the bank's proven capacity to generate capital organically. The fully loaded CET1 ratio stood at 13.11%.

The **Chief Executive Officer of Banco Sabadell, Marc Armengol**, declared that: "*These results reflect the strength of our model. Income is growing and is set to accelerate in the coming quarters, driven by strong commercial momentum. We look to the second half with confidence and remain focused on creating value for our customers, employees and shareholders*".

The **Chief Financial Officer of Banco Sabadell, Sergio Palavecino**, assured that: "*The resilience of our balance sheet and our capital generation capacity remain among the key strengths of the Group. We maintain robust capital ratios and are confident in the continued improvement of our results, providing strong foundation for the profitability targets we have set for 2026 and 2027*".

14.5%	>1%	<3%	~40bps
RoTE target	**Net interest margin**	**Costs**	**Total cost of risk**

Strong commercial activity across all segments

The boost provided by commercial activity has materialised in a year-on-year increase in **performing loans** of 5.5%, pushing them close to 125,200 million euros. In Spain, that growth was 3.6%, reaching 107,100 million euros, with increases across all segments. In SMEs and **corporates**, lending volumes rose to around 45,700 million euros, representing an increase of 1.9% year-on-year and of 2.1% quarter-on-quarter. New lending volumes recorded growth of 38% in quarterly terms.

Outstanding **mortgage** lending is also showing positive momentum, climbing to 40,200 million euros (+3.4% year-on-year and +0.9% quarter-on-quarter), with new mortgages growing by 22% during the quarter. A similar pattern was seen in **consumer loans**, which reached 5,600 million euros (+12.7% year-on-year and +2.7% quarter-on-quarter), with new lending items accelerating during the quarter by 9%.

Outstanding lending is growing in Spain

107,100 €BN

In June 2026

+3.6% YoY

		YoY	QoQ
45,700	SMEs and large corporates	+1.9%	+2.1%
40,200	Mortgages	+3.4%	+0.9%
12,500	Public sector	+8.2%	+7.9%
5,600	Consumer lending	+12.7%	+2.7%
3,000	Other lending	-2.6%	+23.4%

The largest segment is SMEs and large corporates

Consumer lending is the fastest-growing segment

This business momentum was also evident in **customer funds**, which recorded a year-on-year increase of 6.4% in the Group, reaching 188,110 million euros. Growth was driven by both on-balance sheet funds (+4.7% year-on-year) and off-balance sheet funds (+11% year-on-year). Among the latter, investment funds were a particularly strong contributor, supported by positive net inflows, alongside the strong performance of wealth management and insurance activities.

Inflection point and accelerated growth

Not including TSB, Banco Sabadell earned **core banking revenue** (net interest income plus fee income) of 2,417 million euros during the first six months of the year, 1,230 million of them in the second quarter, when it recorded an increase of 3.6% compared to the first quarter, driven by strong business activity, as the Bank had anticipated. The curve is expected to slope upwards in the coming quarters.

This inflection point was confirmed in **net interest income**, which recorded quarter-on-quarter growth of 3.4% to reach 902 million euros, driven by larger credit volumes. Having attained 1,774 million euros in the first half of the year, the Bank continues to predict that it will end the year with growth of over 1% for the full twelve-month period.

Similarly, **fee and commission income** improved by 4% compared to the first quarter, standing at 328 million euros (643 million between January and June), as a result of a bigger contribution from service fees. This trend will also continue in the second half of the year, allowing the Bank to close the financial year with growth in the mid-single digit.

Total costs during the half-year came to 1,227 million euros and included 88 million euros of non-recurrent costs stemming from the early retirement plan launched in Spain, which has now been completed and will deliver further efficiency improvements going forward. Annualised savings will be 40 million euros gross from 2027 onwards, although 20 million of them will already come through in the second half of 2026, which is more than the one-third of those 40 million that had initially been expected. As a result, recurring costs are expected to increase by less than 3% at the end of 2026.

The earnings for the first six months of the year include several one-off impacts. On the positive side, the sale of TSB has generated **capital gains** net of taxes of 322 million euros (340 million gross). Conversely to that, other impacts were recorded, such as the early retirement plan in Spain. The total balance has resulted in a positive contribution of 201 million euros net for the income statement.

As for asset quality, the **NPL ratio** continues to improve and has fallen to 2.47% in the second quarter of 2026, compared to 2.55% in the previous quarter, with stage 3 coverage considering total provisions standing at 68.7%. This good trend followed by the NPL rate is the result of the reduction of non-performing assets. The balance of NPAs has fallen by 44 million euros during the quarter and by 421 million euros over the past twelve months. Cost of risk stood at 40 basis points, which is the figure predicted for the full year.

Figures in € million	Jun 25	Jun 26	Change YoY
Net interest income	**1.810**	**1.774**	**-2,0%**
Fees & commissions	649	643	-0,9%
Core banking revenue	**2.459**	**2.417**	**-1,7%**
Trading income& forex	16	17	5,3%
Other income & expenses	59	28	-52,0%
Gross operating income	**2.534**	**2.463**	**-2,8%**
Operating expenses	-911	-1.025	12,5%
Depreciation & amortisation	-175	-202	15,9%
Total costs	-1.085	-1.227	13,0%
Promemoria:			
Recurrent costs	*-1.085*	*-1.139*	*4,9%*
Non-recurrent costs	*0*	*-88*	*--*
Pre-provisions income	**1.449**	**1.236**	**-14,7%**
Total provisions & impairments	-241	-285	18,3%
Gains on sale of assets and other results	-12	279	--
Profit before taxes	**1.195**	**1.230**	**2,9%**
Taxes and minority interest	-391	-338	-13,5%
TSB net contribution	**171**	**79**	**-53,9%**
Net profit including TSB	**975**	**971**	**-0,5%**

PRO MEMORIA Balances in € million	Jun 25	Jun 26	Change YoY
Total assets	252.373	199.084	-21,1%
Performing gross loans	118.710	125.184	5,5%
Customer-based funding on balance sheet	127.404	133.380	4,7%
Customer-based funding off balance sheet	49.318	54.726	11,0%

RATIOS	Jun 25	Jun 26
Core capital / Common equity fully-loaded (%)	13,56	13,11
NPL ratio (%)	2,81	2,47
NPL coverage ratio of stage 3	68,8	68,7
Number of branches	1.165	1.116
Number of employees	14.139	13.842