



**FY 2024**

**Results**

February 7, 2025

# Index

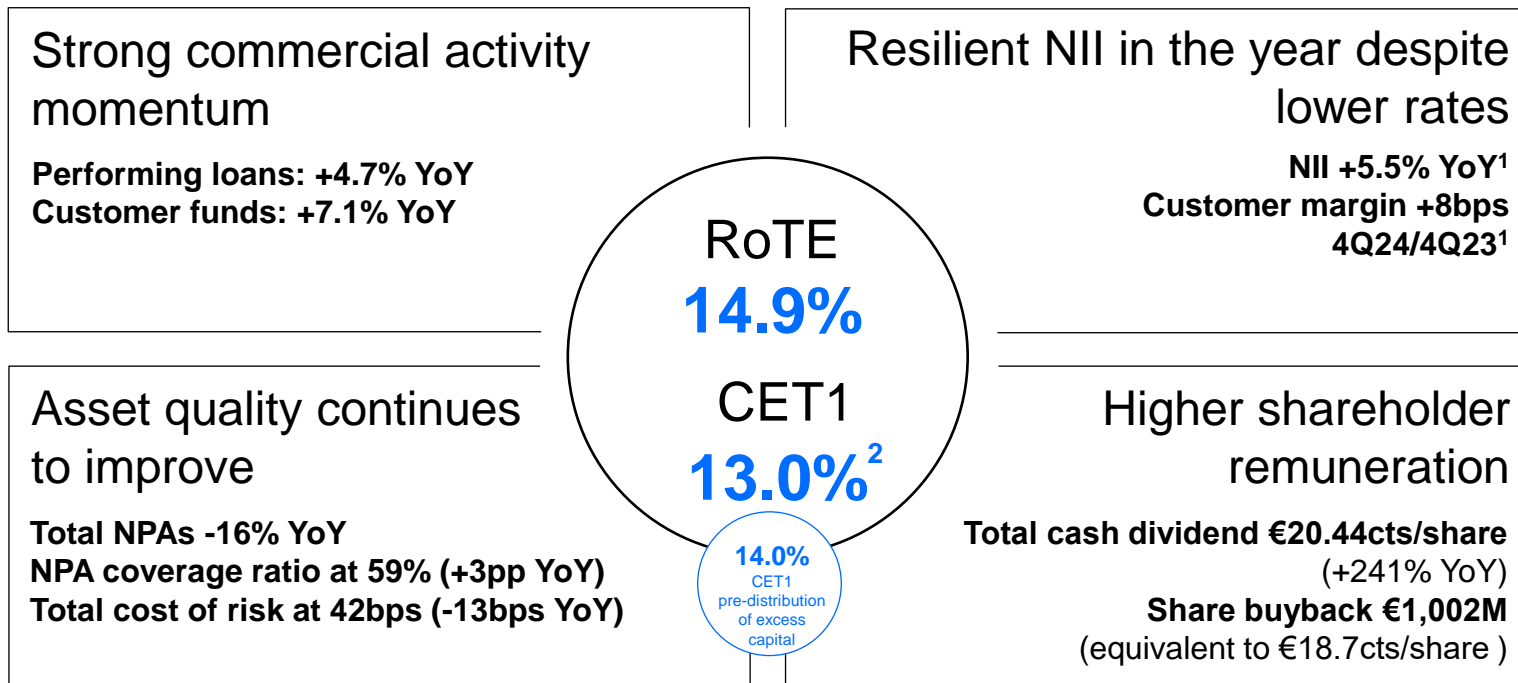
- 
- 1 2024 highlights
  - 2 Financial results
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**1**

2024  
Highlights

# 2024 key messages



**Record annual net profit of €1.8bn in 2024**

Note: RoTE calculated using equity of the last 12 months excluding intangibles and fair value adjustments.

<sup>1</sup> Excluding c.€36M of extraordinary interest on arrears related to a one-off in 4Q24 (NII +6.3% YoY reported).

<sup>2</sup> CET1 deducting excess capital distribution, already approved by ECB.

# 2024 RoTE of 14.0% excluding one-offs (14.9% reported), exceeding guidance

## 2024 Sabadell Group One-Off Items

€M

	Gross	Net
TSB efficiency initiatives	-32	-23
Other TSB extraordinary items <sup>1</sup>	29	17
4Q24 One-offs		115
<b>Total</b>		<b>109</b>

## 4Q24 Sabadell Group One-Off Items

€M

	Gross	Net
Extraordinary interest on arrears related to debt recovery	36	26
Provisions released due to the debt recovery and a top-up of provisions related to the Valencia floods	54	39
Reduction in taxes mainly driven by the recognition of technological innovation deductions		50
<b>Total</b>		<b>115</b>

2024 Group Net Income positively impacted by €109M of one-offs

<sup>1</sup> Includes €43M payment collected by TSB for insurance recoveries, which counterbalanced the -€13M fine charged for the treatment of customers in arrears.

# Loan volumes and customer funds recorded mid-single digit growth YoY

## Performing loans across geographies

€M

	Dec-24	QoQ	YoY
Spain	98,193	+1.4%	+3.8%
UK (TSB) <i>Constant FX</i>	43,380	+0.4% -0.4%	+4.8% +0.0%
Other international <i>Constant FX</i>	15,340	+7.5% +2.3%	+11.2% +8.8%
<b>Total</b> <i>Constant FX</i>	<b>156,913</b>	<b>+1.7%</b> +1.3%	<b>+4.7%</b> +3.5%

## Total customer funds

€M

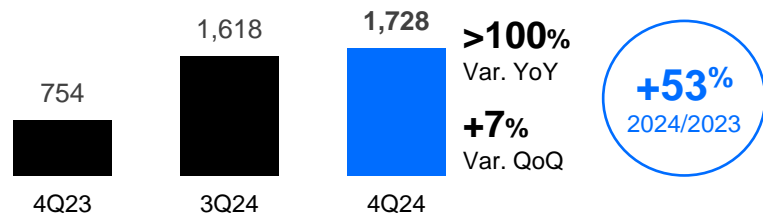
	Dec-24	QoQ	YoY
On-balance sheet <i>Constant FX</i>	169,557	+3.7% +3.5%	+5.4% +4.4%
Off-balance sheet	46,171	+3.1%	+13.8%
<b>Total</b> <i>Constant FX</i>	<b>215,729</b>	<b>+3.6%</b> +3.4%	<b>+7.1%</b> +6.3%

# Quarterly performance confirms excellent new lending activity in Spain

## Mortgages

€M, quarterly new lending in Spain

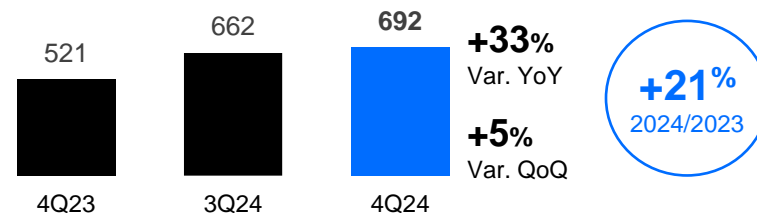
RaRoC, LTV and affordability at healthy levels and stable in the quarter



## Consumer loans

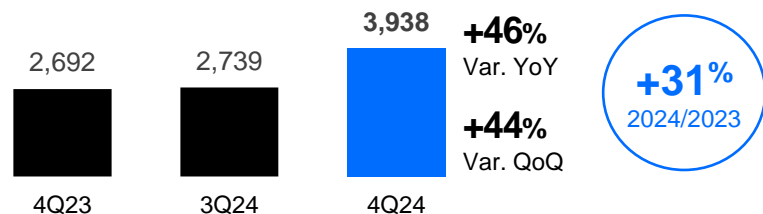
€M, quarterly new lending in Spain

c.90% pre-approved loans



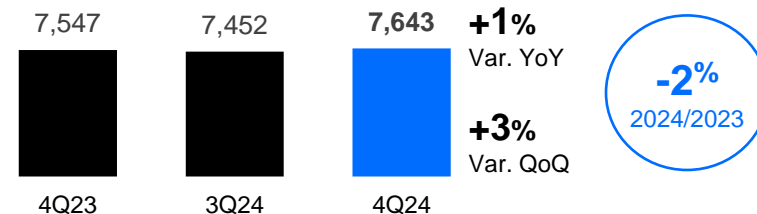
## Loans and credit facilities – Business Banking

€M, quarterly new lending in Spain



## Working capital<sup>1</sup> – Business Banking

€M, quarterly new lending in Spain

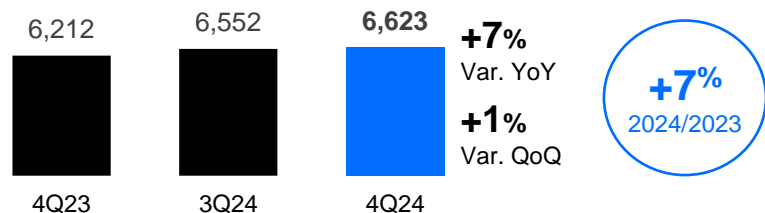


<sup>1</sup> Working capital includes trade discounting, factoring, reverse factoring, forfaiting and import/export finance.

# Strong growth in payment services continues. Savings & investment products increase

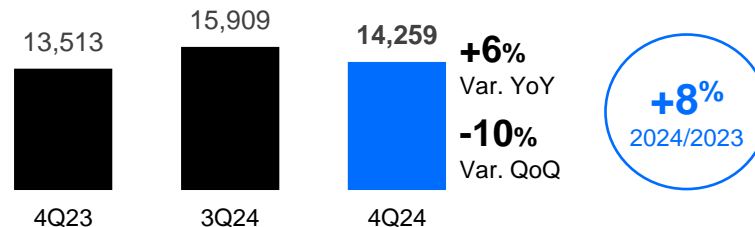
## Cards

Quarterly turnover in Spain (in €M)



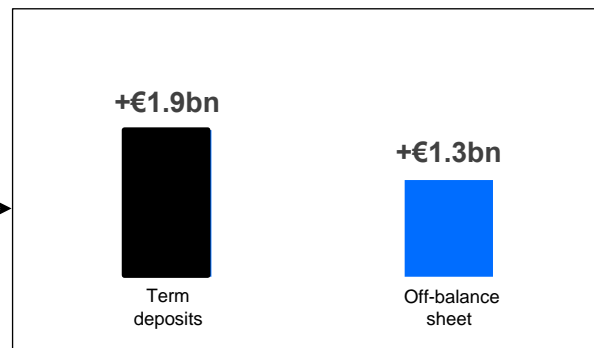
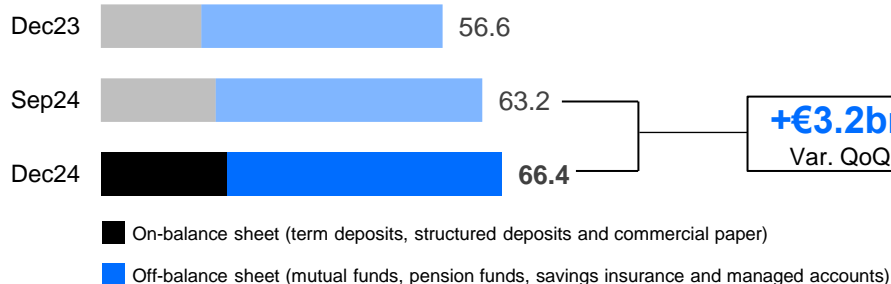
## Retailer payment services (PoS)

Quarterly turnover in Spain (in €M)



## Savings & investment products

Customer funds in Spain (in €bn)





# Loan growth accelerates in the Spanish and international businesses

## Performing loans by segment, ex-TSB

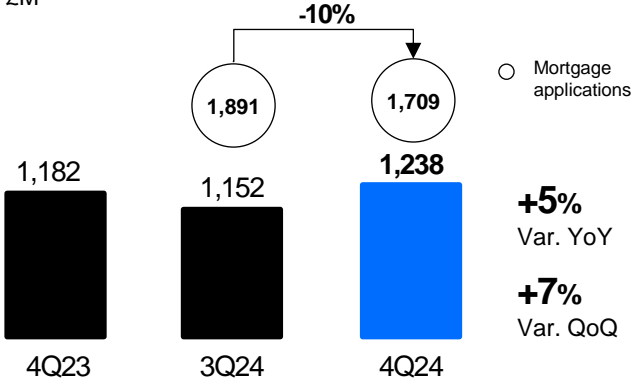
€bn

	Dec-24	QoQ	YoY		Dec-24	QoQ	YoY
<b>Mortgages</b>	<b>38.8</b>	+1.5%	+3.0%	<b>Mexico</b>	<b>4.2</b>	+2.1%	-7.5%
<b>Consumer loans</b>	<b>4.6</b>	+4.5%	+19.0%	<i>Constant FX</i>		-3.0%	-4.6%
<b>SMEs &amp; Corporates</b>	<b>41.6</b>	+0.8%	+3.8%	<b>Miami</b>	<b>7.1</b>	+12.7%	+23.5%
<b>Public sector</b>	<b>9.9</b>	+3.1%	+3.9%	<i>Constant FX</i>		+4.6%	+16.1%
<b>Other lending</b>	<b>3.3</b>	-2.2%	-5.9%	<b>Foreign branches</b>	<b>4.0</b>	+4.8%	+15.5%
				<i>Constant FX</i>		+4.4%	+13.0%
<b>Total Spain</b>	<b>98.2</b>	<b>+1.4%</b>	<b>+3.8%</b>	<b>Total international</b>	<b>15.3</b>	<b>+7.5%</b>	<b>+11.2%</b>
				<i>Constant FX</i>		+2.3%	+8.8%

# Positive dynamics in new mortgage lending and cost of deposits at TSB

## Quarterly new mortgage lending

£M



## TSB customer deposits

£Bn

	Dec-24	QoQ	YoY	4Q24 Cost
Current Accounts	<b>13.9</b>	+0.2%	-2.6%	-0.07%
Savings	<b>21.2</b>	-0.6%	+3.2%	-2.51%
<b>Total</b>	<b>35.1</b>	-0.3%	+0.8%	-1.56%

**1.59%**  
3Q24 Cost

## TSB performing loans

£bn

	Dec-24	QoQ	YoY
Secured	<b>33.7</b>	-0.4%	-0.1%
Consumer lending	<b>1.3</b>	+0.0%	+10.5%
Other unsecured lending	<b>1.0</b>	-0.7%	-6.9%
<b>Total</b>	<b>36.0</b>	-0.4%	+0.0%

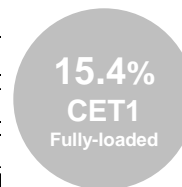
- New mortgage lending grew by +19% in 2024 but overall loan book growth was fairly flat in the year, as expected
- Cost of deposits started to decrease and dropped -3bps this quarter due to a reduction in savings' remuneration along with a slower flow of funds from current accounts to savings as interest rates stabilised

# Largest annual contribution from TSB

## TSB standalone P&L and its contribution to Sabadell

€M	4Q24	4Q24/3Q24	2024	2024/2023
NII	255	2.0%	984	-3.7%
Fees & commissions	21	-12.9%	91	-16.0%
Recurrent costs <sup>1</sup>	-183	4.1%	-740	-3.7%
<b>Core results<sup>2</sup></b>	<b>92</b>	<b>-5.5%</b>	<b>335</b>	<b>-7.3%</b>
Total provisions	4	n.m.	-32	-51.6%
<b>Net profit</b>	<b>70</b>	<b>18.3%</b>	<b>208</b>	<b>18.9%</b>
<b>Contribution to Sabadell (€M)<sup>3</sup></b>	<b>85</b>	<b>16.3%</b>	<b>253</b>	<b>29.9%</b>

- **NII has continued to increase throughout each quarter of 2024**, primarily driven by higher structural hedge income and business activity
- **Recurrent costs** decreased in the year driven by focus on costs, which helped to mitigate the impact of higher inflation
- **Provisions** declined supported by more benign backdrop in UK
- **Contribution to Sabadell stood at €253M (+30% YoY)** which represents an all-time high annual contribution from TSB
- **Optimising capital structure** by issuing £250M of AT1 and paying total dividend of £300M, including £200M of excess capital as a result of this AT1 issuance



Solvency



Profitability



<sup>1</sup> Excludes £17M and £24M of non-recurrent costs related to the new efficiency initiatives in UK in 3Q24 and 2024 respectively. <sup>2</sup> NII + fees – recurrent costs. <sup>3</sup> Consolidated financials at Group level include amortisation of brand intangibles of €5M before taxes in 2024, which are deducted from TSB standalone financials.

# TSB will keep increasing its profitability in 2025 and 2026



## Net Interest Income

Structural hedge contribution to improve by c.£100M in 2025



Net Interest Income to grow by high single digits in 2025

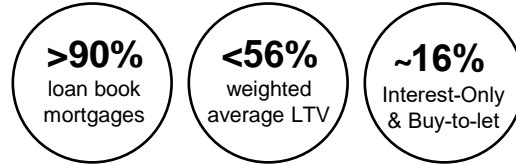
## Costs

Efficiency measures in 2024



Total costs to decline by -3% in 2025

## Cost of Risk



CoR normalising to levels < 20bps

Net profit to increase by mid-teens in 2025 and keep improving in 2026

# All-time high yearly net profit, above €1.8bn

	4Q24 (€M)	4Q24/3Q24	2024 (€M)	2024/2023
<b>NII</b>	1,275	+1.7%	5,021	+6.3%
<b>Fees</b>	347	+3.3%	1,357	-2.1%
<b>Recurrent costs<sup>1</sup></b>	-776	-0.2%	-3,062	+2.7%
<b>Core results<sup>2</sup></b>	845	+4.2%	3,315	+6.0%
<b>Provisions</b>	-152	-11.5%	-714	-21.6%
<b>Net profit</b>	532	+5.7%	1,827	+37.1%

**13.0%**  
CET1  
Reported

**14.0%**  
CET1<sup>3</sup>  
+83bps  
YoY capital  
generation

**14.9%**  
RoTE

<sup>1</sup> Excludes €14M and €21M of non-recurrent costs related to the efficiency initiatives in UK in 3Q24 and 2024 figures, respectively.

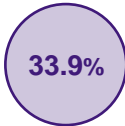
<sup>2</sup> NII + fees – recurrent costs. <sup>3</sup> Not deducting €755M of excess capital distribution.

# Maintaining our commitment to sustainability, reinforced by inclusion in Dow Jones Sustainability World Index

Significant progress made in achieving targets set in Sabadell's Commitment to Sustainability

**Institution**

Women on management team



**Customers**

Sustainable finance solutions



**Investors**

AuM invested in sustainable funds



**Society**

Beneficiaries in financial education programs



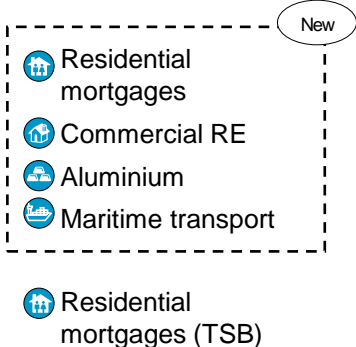
Good performance across all ESG indices and inclusion in DJSI World in 2024

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Decarbonisation targets for 11 emissions-intensive sectors + TSB mortgage book

- Electricity
- Oil & Gas
- Cement
- Coal
- Iron & Steel
- Automotive
- Aviation



International recognition for ESG efforts over the year

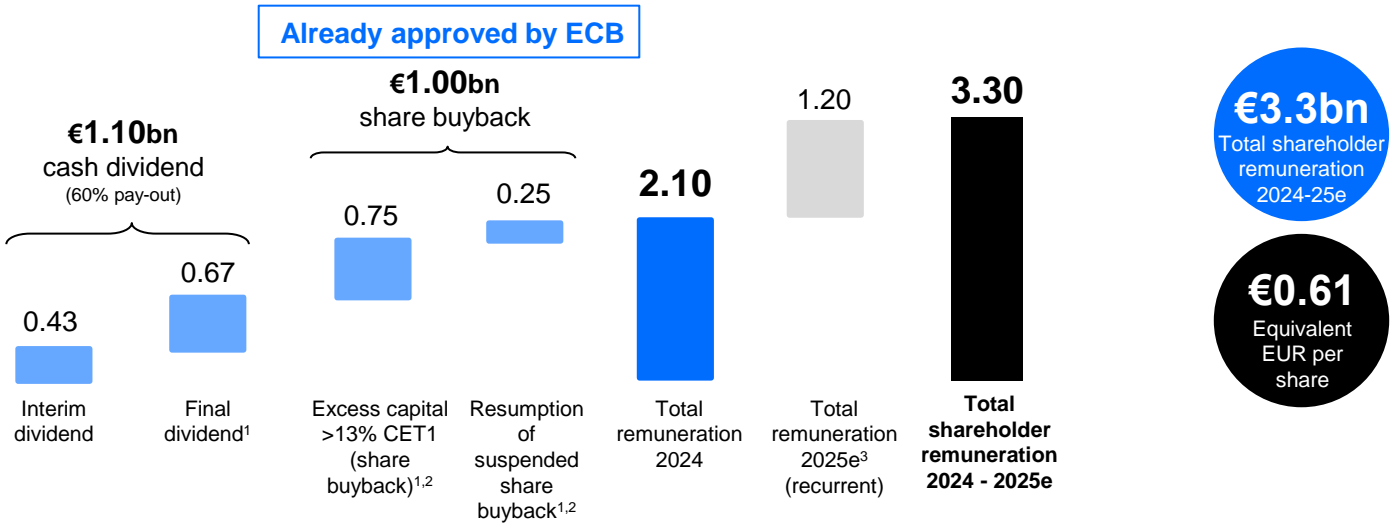


<sup>1</sup> Cumulated for 2021-2024. <sup>2</sup> Excluding guaranteed funds.

# Shareholder remuneration for 2024-25 improved to €3.3bn...

## Shareholder remuneration expected in 2024 and 2025

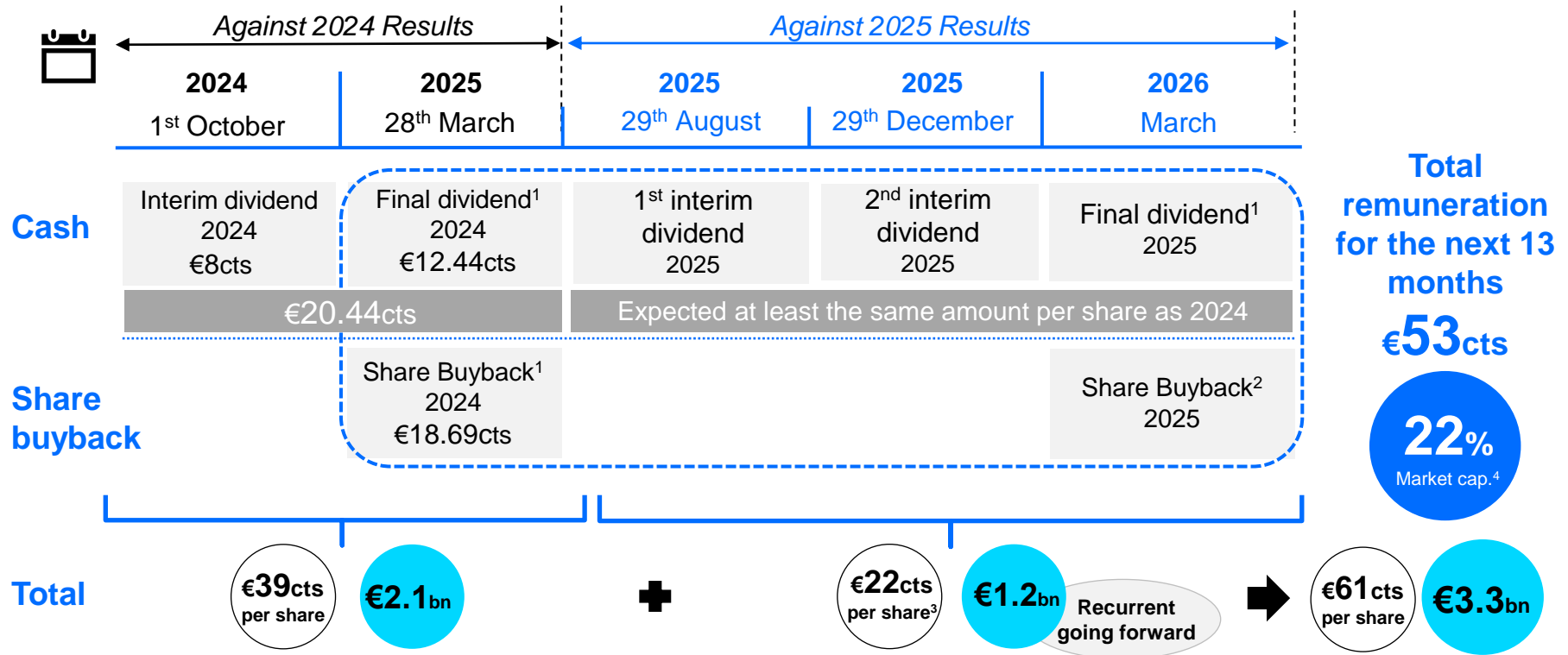
€bn



Sustainable capacity to remunerate shareholders

<sup>1</sup> Subject to shareholders approval . <sup>2</sup> Already deducted from CET1. <sup>3</sup> Subject to delivering on the business plan and a portion of which might be also subject to shareholder and supervisory approval.

# ... equivalent to €61cts/share with a clear path to distribute it



<sup>1</sup> Subject to shareholders approval. <sup>2</sup> Subject to shareholders and regulatory approvals. <sup>3</sup> Assuming currently outstanding number of shares.

<sup>4</sup> Calculated based on the closing price on 6<sup>th</sup> February 2025.



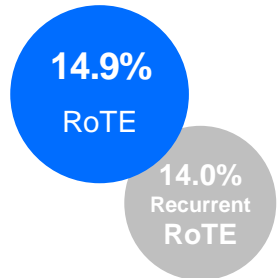


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# Financial results

# Recurrent profitability at 14% RoTE, beating the guidance

€M	Sabadell ex-TSB				Sabadell Group			
	4Q24	2024	4Q24/3Q24	2024/2023	4Q24	2024	4Q24/3Q24	2024/2023
① Net interest income	969	3,858	1.2%	8.7%	1,275	5,021	1.7%	6.3%
Fees & commissions	322	1,249	4.6%	-1.0%	347	1,357	3.3%	-2.1%
<b>Core banking revenue</b>	<b>1,290</b>	<b>5,107</b>	<b>2.0%</b>	<b>6.2%</b>	<b>1,621</b>	<b>6,378</b>	<b>2.1%</b>	<b>4.4%</b>
Trading income & forex	21	49	45.3%	-7.3%	31	87	70.1%	27.4%
Other income & expenses	-29	-105	n.m.	-64.2%	-41	-128	n.m.	-59.6%
<b>Gross operating income</b>	<b>1,282</b>	<b>5,051</b>	<b>-2.8%</b>	<b>10.5%</b>	<b>1,612</b>	<b>6,337</b>	<b>-3.1%</b>	<b>8.1%</b>
Recurrent costs	-558	-2,197	-2.5%	5.9%	-776	-3,062	-0.2%	2.7%
Restructuring costs	0	0	n.m.	n.m.	0	-21	n.m.	-35.2%
<b>Pre-provisions income</b>	<b>724</b>	<b>2,855</b>	<b>-3.0%</b>	<b>14.3%</b>	<b>836</b>	<b>3,254</b>	<b>-4.1%</b>	<b>14.3%</b>
② Total provisions & impairments	-157	-676	-0.7%	-19.0%	-152	-714	-11.5%	-21.6%
Gains on sale of assets and other results	-13	-18	n.m.	-60.9%	-14	-26	51.1%	-43.0%
<b>Profit before taxes</b>	<b>554</b>	<b>2,161</b>	<b>-5.5%</b>	<b>33.7%</b>	<b>669</b>	<b>2,514</b>	<b>-3.0%</b>	<b>33.0%</b>
③ Taxes	-106	-585	-32.0%	22.5%	-136	-685	-27.1%	23.0%
Minority interest	-1	-2	n.m.	28.1%	-1	-2	n.m.	28.1%
<b>Attributable net profit</b>	<b>447</b>	<b>1,574</b>	<b>3.9%</b>	<b>38.4%</b>	<b>532</b>	<b>1,827</b>	<b>5.7%</b>	<b>37.1%</b>
<b>Core results<sup>1</sup></b>	<b>733</b>	<b>2,911</b>	<b>5.8%</b>	<b>6.3%</b>	<b>845</b>	<b>3,315</b>	<b>4.2%</b>	<b>6.0%</b>



**Net profit positively impacted in the quarter by one-off items amounting to c.€115M after tax:**

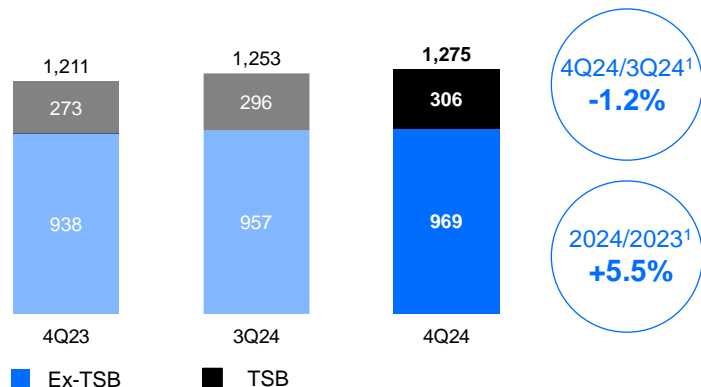
- ① Includes €36M (gross of taxes) of extraordinary interest on arrears in 4Q24 related to debt recovery following a favourable court ruling after a legal dispute
- ② Includes €54M (gross of taxes) of provisions released due to the debt recovery and a top-up of provisions related to the Valencia floods
- ③ Includes €50M of reduction in taxes mainly due to the recognition of technological innovation deductions

<sup>1</sup>NII + fees – recurrent costs (excludes €14M and €21M of non-recurrent costs related to the efficiency initiatives in UK in 3Q24 and 2024, respectively).

# NII grew by mid-single digits, meeting our YE target

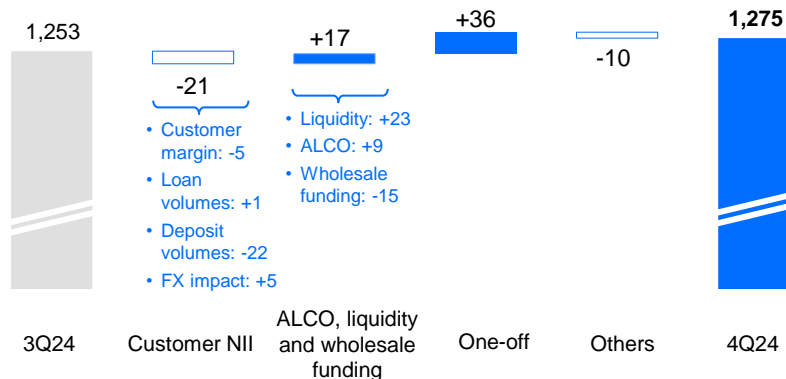
## Group NII

€M



## Group NII QoQ evolution

€M



## Customer margin



## Net interest margin



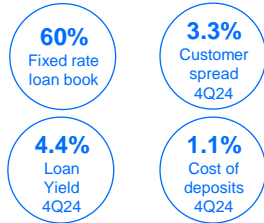
- Positive quarterly NII evolution impacted by a one-off (€36M) due to interest on arrears related to a debt recovery following a favourable court ruling after a legal dispute
- Customer margin declined in the quarter as the pace of interest rate cuts accelerated

<sup>1</sup> Excludes c.€36M of extraordinary interests on arrears related to a debt recovery following a favourable court ruling after a legal dispute in 4Q24. If included, customer margin would stand at 3.16% and net interest margin at 2.06%.

# Resilient NII in a lower interest rate environment

## 2025 outlook

### 1 Sabadell ex-TSB



- Loan book in Spain shows sustainable growth
  - Volumes to maintain the current trend
- Customer spread to remain above 3%
  - Loan yield at c.4%
  - Cost of deposits <1%
- Positive one-off in 4Q24 represents c.1% of NII ex-TSB
- Excess liquidity will be remunerated at lower rates
- Higher ALCO contribution
- Wholesale funding will benefit from the variable/hedged exposure

Assumptions	2024	2025e
ECB depo rate (end of period)	3.00%	1.75%
Loans (% YoY)	+5%	MSD increase
Deposits (% YoY)	+5%	LSD increase

Note: LSD = Low Single Digit    MSD = Mid Single Digit

Low single digit decline<sup>1</sup>

### 2 TSB

- Loan volumes to remain stable
- Lower cost of deposits to offset mortgage spread compression
- Structural hedge to improve its contribution by c.£100M

High single digit growth

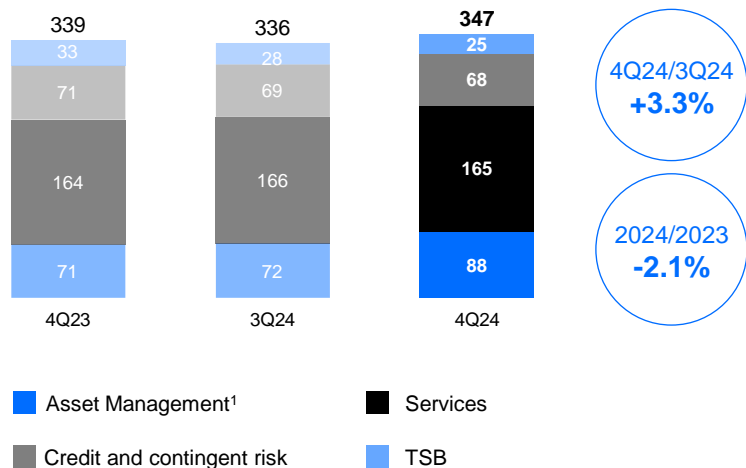
NII to remain above €4.9bn in 2025

<sup>1</sup> Excludes c.€36M of extraordinary interest on arrears related to a debt recovery following a favourable court ruling after a legal dispute in 4Q24.

# Fees performed better than guidance and are poised to grow Sabadell in 2025

## Group fees & commissions

€M



## Group fees & commissions

	4Q24/3Q24		2024/2023	
Credit and contingent risk	-€1M	-1.1%	-€6M	-2.2%
Services	-€4M	-2.3%	-€37M	-4.6%
Asset Mgmt. <sup>1</sup>	+€16M	+21.5%	+€14M	+4.5%

- In the quarter, commissions increased underpinned by asset management fees due to success fees
- Total fees declined in the year, driven by service fees which were in turn pressured by current account maintenance fees in a higher interest rate environment

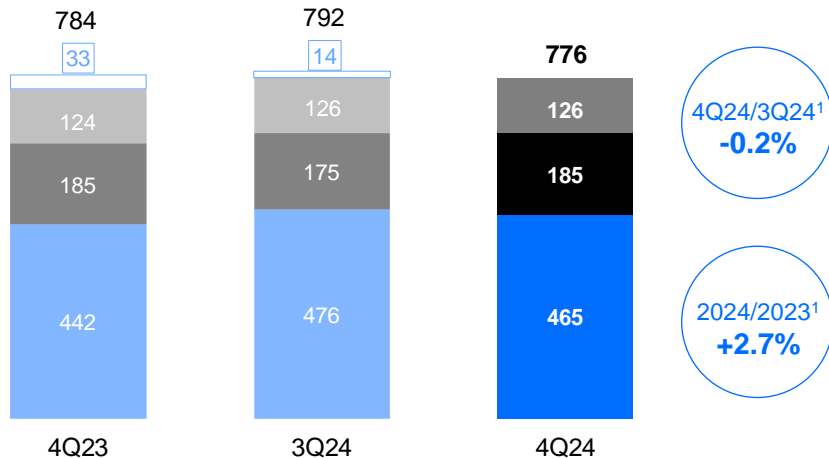
Fees to grow by low single digits in 2025

<sup>1</sup> Includes mutual funds, pension funds, insurance brokerage and managed account fees.

# Recurrent costs in line with our +c.2.5% YoY guidance

## Group costs

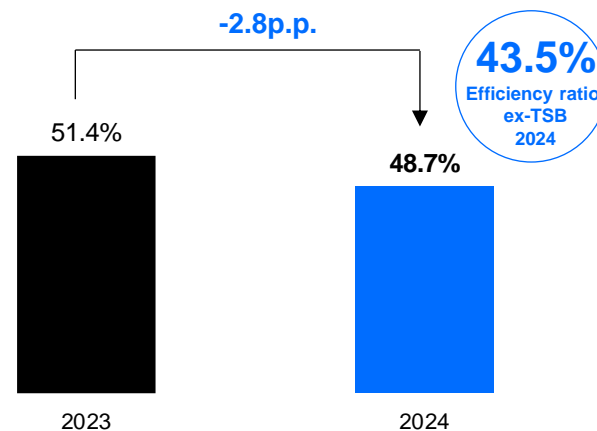
€M



- Ex-TSB expenses
- TSB recurrent expenses
- Amortisation & depreciation
- TSB extraordinary expenses

## Efficiency ratio<sup>2</sup>

%



Total costs expected to grow by c.1% in 2025

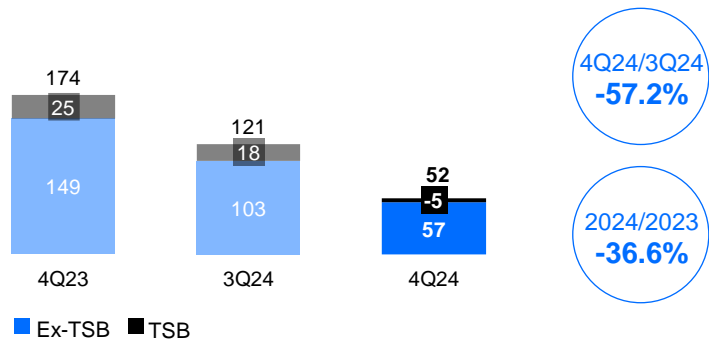
<sup>1</sup> Excludes €21M of non-recurrent costs related to the efficiency plan in the UK in 2024, of which €14M in 3Q24.

<sup>2</sup> Group total costs (including amortisation and restructuring costs) / gross operating income.

# Total CoR at 42bps beating our YE guidance

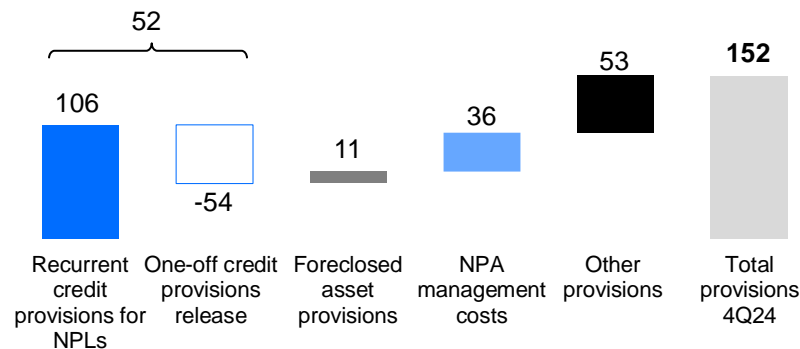
## Group credit provisions

€M

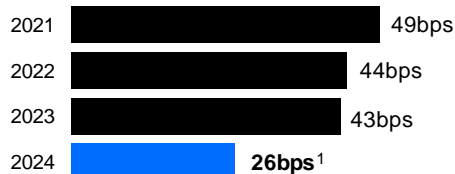


## Group total provisions 4Q24 breakdown

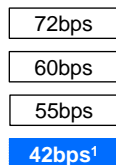
€M



## Group Credit CoR



## Group Total CoR



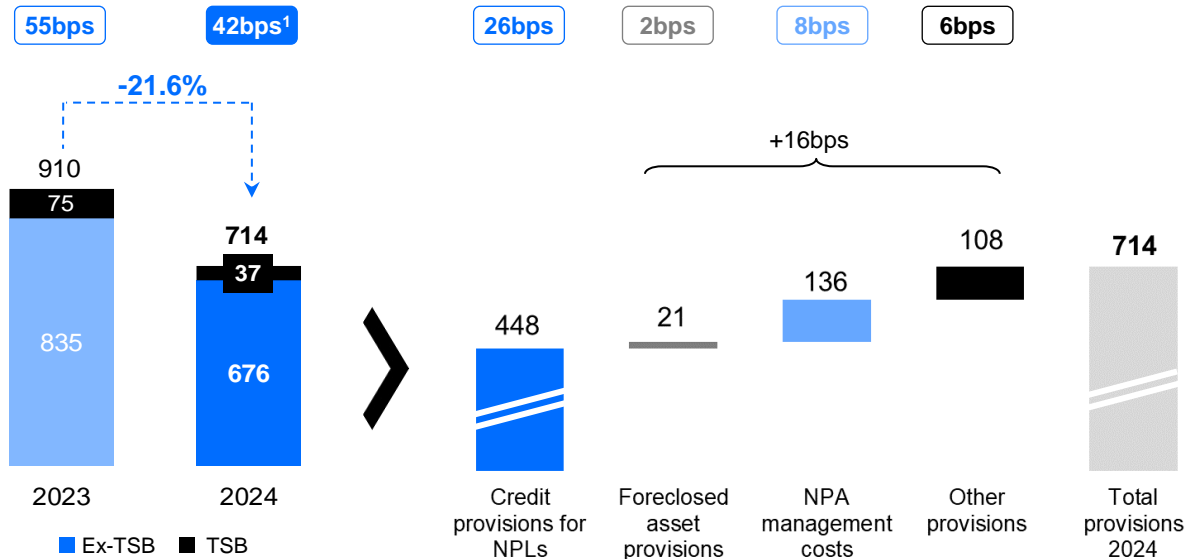
- Credit cost of risk declined, continuing with the positive trend and helped by the provisions release related to the recovery of an NPL following a favourable court ruling after a legal dispute
- NPA management costs and foreclosed asset provisions in line with the run rate
- Other provisions increased in the quarter driven by litigations and others

<sup>1</sup> Includes €54M of provisions released in connection with debt recovered following a favourable court ruling after a legal dispute and a top-up in provisions related to the flooding in Valencia, both in 4Q24. If excluded, credit cost of risk and total cost of risk would stand at 29bps and 45bps, respectively.

# Total CoR to improve further in 2025

## Group total provisions breakdown

€M



Total CoR guidance to improve to c.40bps in 2025

<sup>1</sup> Includes €54M of provisions released in connection with debt recovered following a legal dispute and a top-up in provisions related to the flooding in Valencia, both in 4Q24. If excluded, credit cost of risk and total cost of risk would stand at 29bps and 45bps, respectively.





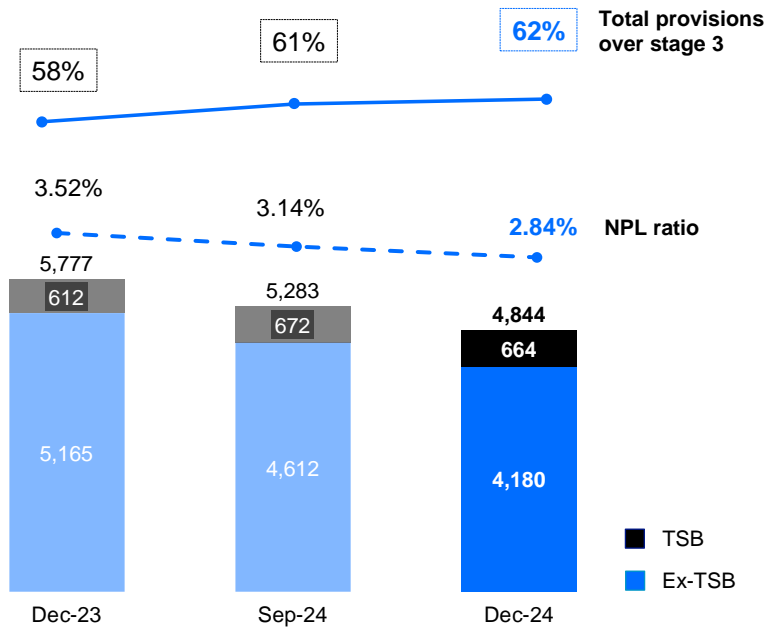
3

Balance sheet

# NPL ratio below 3%, at its lowest level since 2009

## Group NPLs and NPL ratio

€M



Note: Stage 3 exposure includes contingent risk.

## Exposure by stage and coverage ratio

€M, %

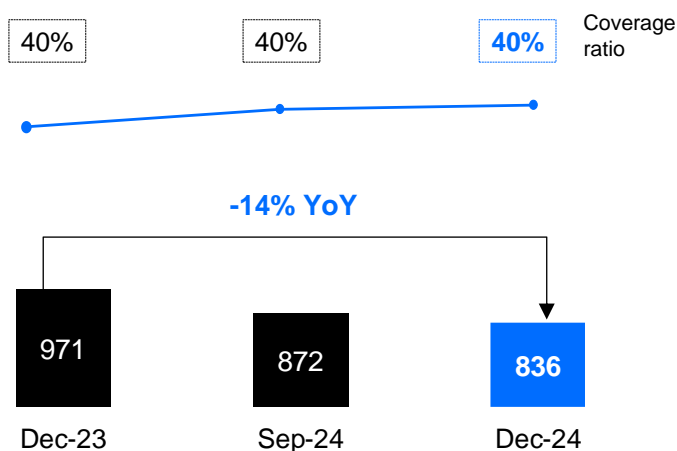
	Stage 2		Stage 3	
	Dec-24	YoY	Dec-24	YoY
Exposure (€M)	10,655	-1,567	4,844	-933
% of total loan book	6.3%	-118bps	2.8%	-67bps
<b>Coverage, Group</b>	<b>3.8%</b>	<b>-34bps</b>	<b>46.3%</b>	<b>+402bps</b>
<b>Coverage, ex-TSB</b>	<b>4.5%</b>	<b>-65bps</b>	<b>51.4%</b>	<b>+583bps</b>

- Stage 2 loans declined by more than €1.5bn in the year
- €360M recovery in 4Q24, related to a favourable court ruling after a legal dispute, and lower NPL inflows boosted both stage 3 exposure and NPL ratio improvements:
  - Stage 3 loans improved by roughly c.€1bn in the year
  - NPL ratio fell by -67bps in the year
- Coverage ratio considering total provisions continued to increase by more than +3pp in the year to 62%

# NPAs decreased by 16% in the year

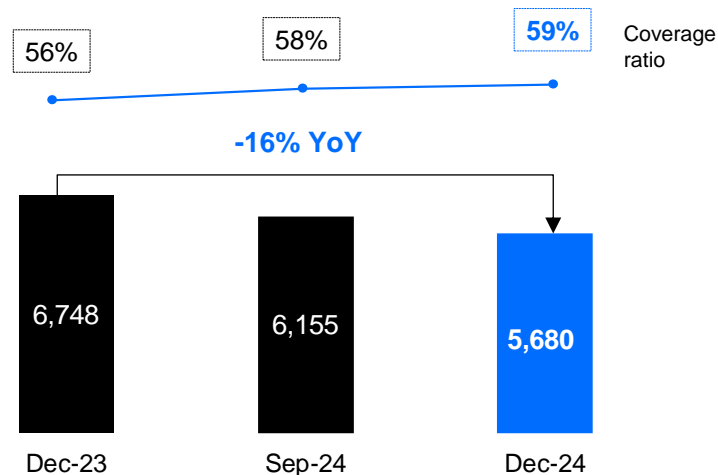
## Group foreclosed assets

€M



## Group NPAs

€M



- 21% of the stock sold in the last 12 months at an average premium of 10%
- 94% of total foreclosed assets are finished buildings

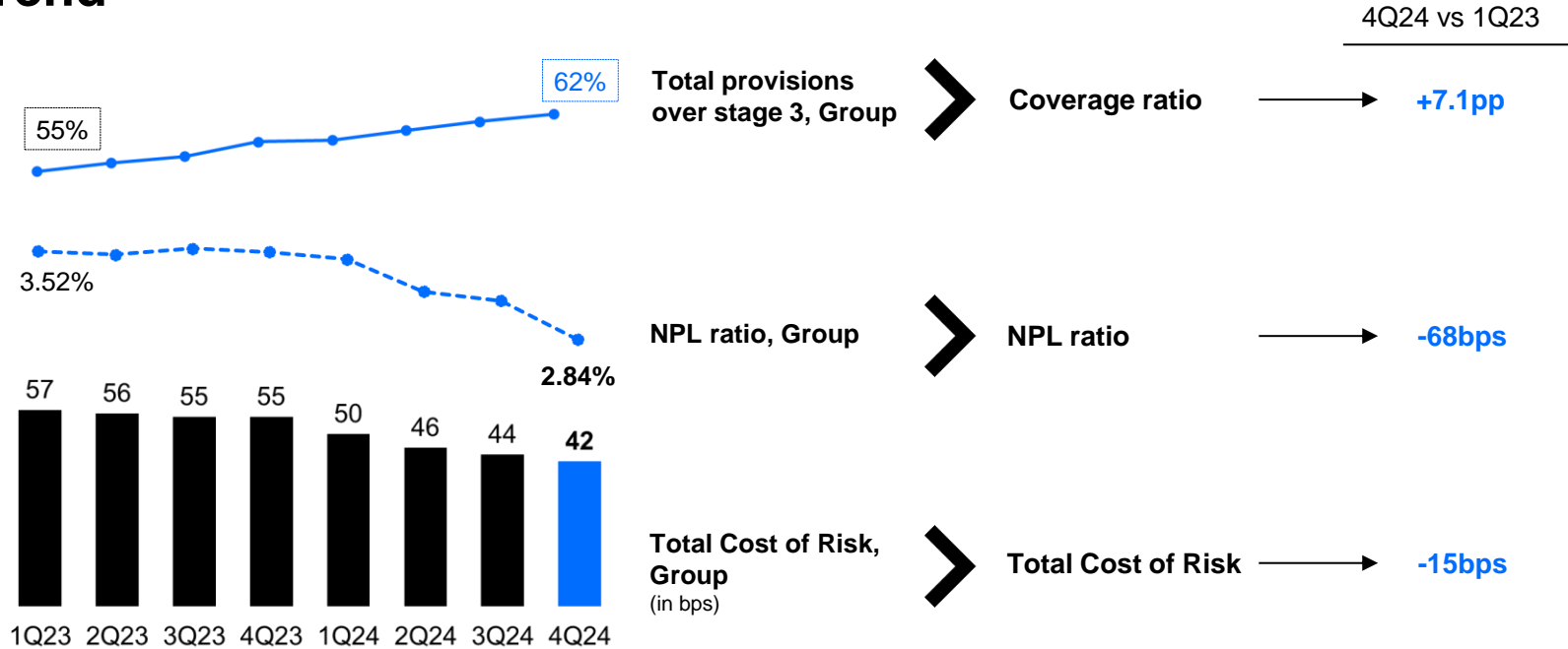
## Group key ratios

	Dec-23	Sep-24	Dec-24
Gross NPA ratio <sup>1</sup>	4.1%	3.6%	3.3%
Net NPA ratio	1.8%	1.5%	1.4%
Net NPAs / total assets	1.3%	1.1%	1.0%

Note: Includes contingent risk. NPA coverage ratio calculated as (total provisions for credit + total provisions for foreclosed assets) / (stage 3 + foreclosed assets).

<sup>1</sup> NPAs / (gross loans + foreclosed assets).

# Another consecutive quarter of improving asset quality trend



Constant focus on risk management will ensure that asset quality continues to improve in 2025

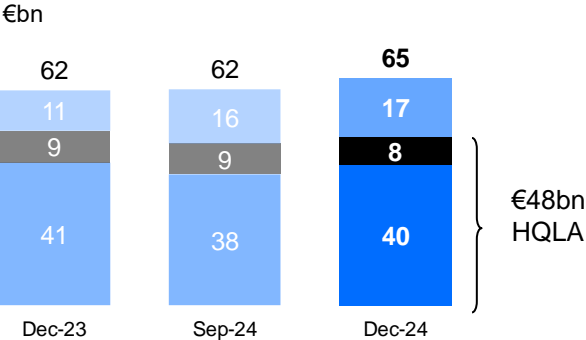
# Robust liquidity position along with improving credit ratings

## Liquidity metrics

Sabadell Group



## Total liquid assets



■ HQLAs Ex-TSB ■ HQLAs TSB ■ Other liquid assets

## Long-term ratings evolution

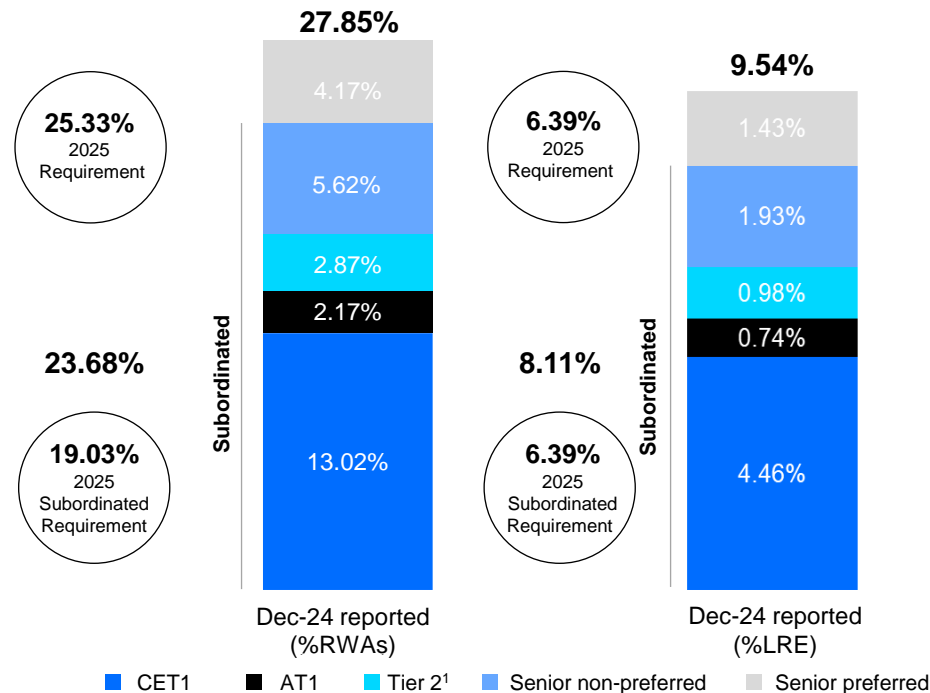
	Dec-23	Dec-24	Annual changes
<b>Standard &amp; Poor's</b>	BBB Positive	<b>BBB+</b> Positive	<ul style="list-style-type: none"> <li>One notch up and outlook remains positive</li> </ul>
<b>Moody's</b>	Baa2 Stable	Baa2 <b>Positive</b>	<ul style="list-style-type: none"> <li>Improved outlook</li> </ul>
<b>Fitch Ratings</b>	BBB- Positive	<b>BBB+</b> Stable <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">New</span>	<ul style="list-style-type: none"> <li>Two notches up and stable outlook</li> </ul>
<b>DBRS</b>	A (low) Stable	A (low) Stable	<ul style="list-style-type: none"> <li>Unchanged</li> </ul>

Note: Changes over the year highlighted in blue.

# Lower MREL requirements enhance management buffers

## MREL position, Sabadell Group

% Risk Weighted Assets (RWAs), % Leverage Ratio Exposure (LRE)



## 2024 public issuances by instrument

Instrument	Size (€bn)
Tier 2	0.5
Senior Non-Preferred	1
Senior Preferred	1.3
Covered bonds	2.9
<b>Bond issuances</b>	<b>5.7</b>
<b>+ 3 securitisations (SRT)</b>	

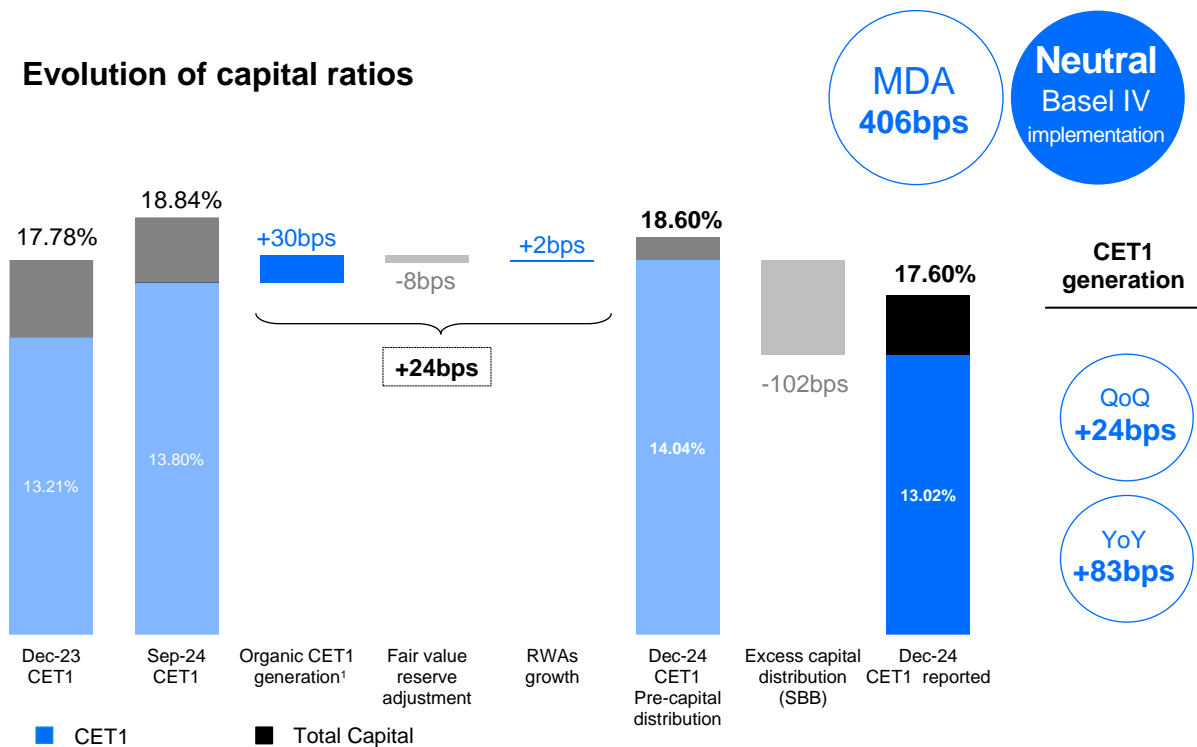
## 2025 funding plan

- **AT1/Tier 2:** keep buckets completed
- **Senior preferred/ non-preferred:** roll over the bonds which lose MREL eligibility
- **Covered bonds:** opportunistic issuer in EUR and GBP (TSB)
- **Significant Risk Transfer (SRT) transactions** for capital management optimisation

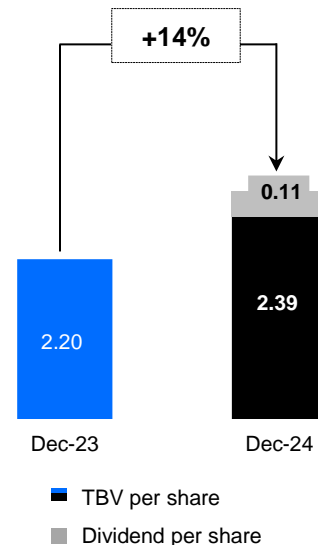
Note: Ratios include the Combined Buffer Requirement (at 3.19% in Dec-24 and onwards) and IFRS9 transitional arrangements. <sup>1</sup> For illustration purposes, the Tier 2 category includes subordinated debt that is no longer recognised as Own Funds when the instrument has a residual maturity of less than 5 years (Art. 62(2) CRR2) but remains eligible for MREL purposes.

# CET1 at 13.0% after distributing 1pp of excess capital

## Evolution of capital ratios



## Shareholder value creation<sup>2</sup>



<sup>1</sup> Accruing a dividend pay-out ratio of 60%.

<sup>2</sup> Shareholder value creation includes variation of TBV per share + distributed dividends in Apr'24 and Oct'24 (3 and 8 euro cents cash per share respectively)










4

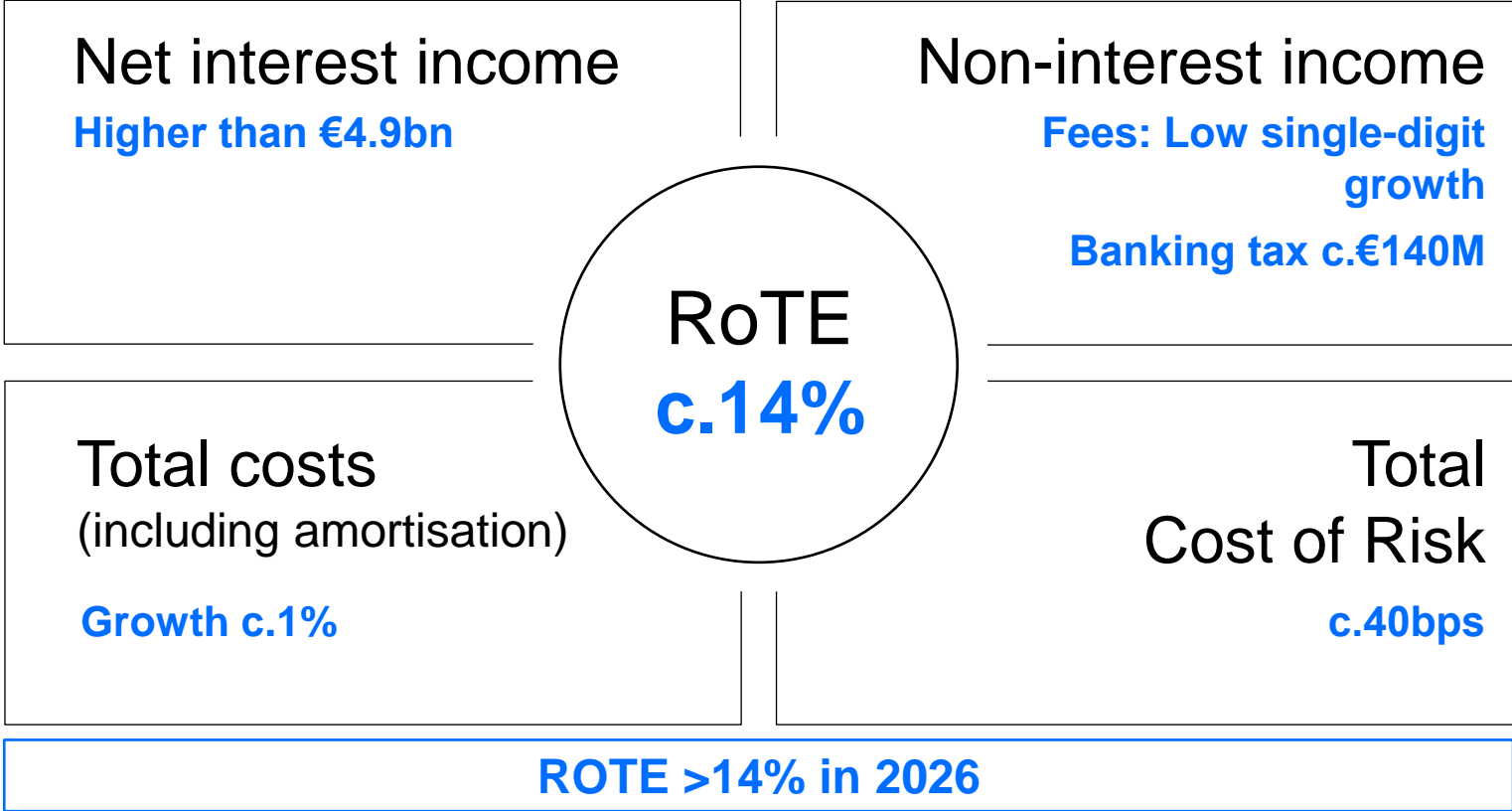
Closing remarks



# All full-year 2024 targets achieved

	2024 guidance (Jan'24)	2024 guidance (Apr'24)	2024 guidance (Jun'24)	2024 guidance (Sep'24)	FY2024	 Guidance 2024
Net Interest Income (YoY)	Low single-digit growth	c.3%	Mid-single digit growth	=	<b>+5.5%</b> <sup>1</sup>	
Fees & Commissions (YoY)	Mid-single digit decline	=	c.3% decline	=	<b>-2.1%</b>	
Total Recurrent Costs	c.2.5% growth	=	=	=	<b>+2.7%</b>	
Total Cost of Risk	< 55bps	=	< 50bps	c.45bps	<b>42bps</b>	
RoTE	>11.5%	>12%	>13%	=	<b>14.9%</b>	
Shareholder Remuneration over 2024-25		€2.4bn	€2.9bn	=	<b>€3.3bn</b>	

<sup>1</sup> Excludes c.€36M of extraordinary interest on arrears related to the debt recovered following a favourable court ruling after a legal dispute in 4Q24.



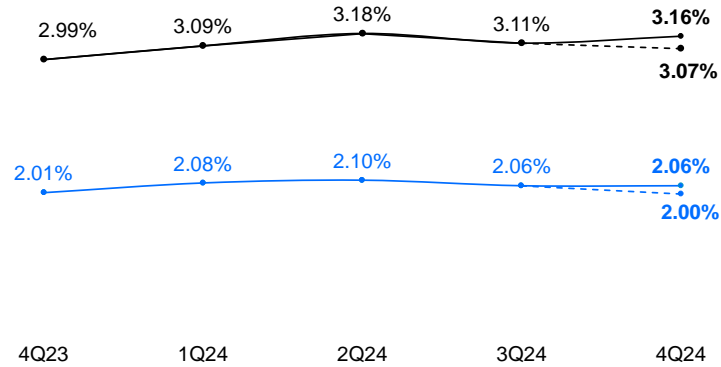
# Appendix

- 1 NIM and customer margin
- 2 Debt maturities and issuances
- 3 Significant Risk Transfer (SRT) instruments
- 4 ALCO portfolio
- 5 ESG milestones
- 6 TSB asset quality, solvency and liquidity position
- 7 RWAs breakdown
- 8 MDA buffer

# 1. NIM and customer margin

## Sabadell Group

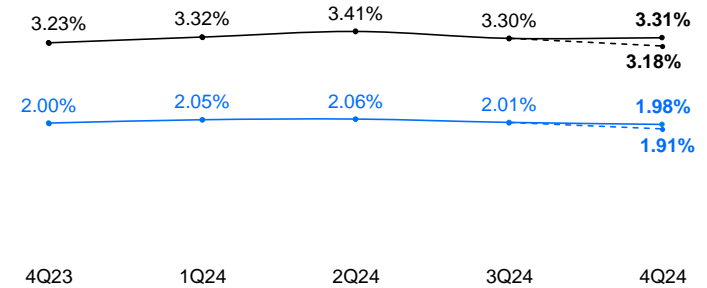
%, in euros



- Customer margin
- Customer margin, excluding extraordinary interest on arrears
- NIM as % of average total assets
- NIM as % of average total assets, excluding extraordinary interest on arrears

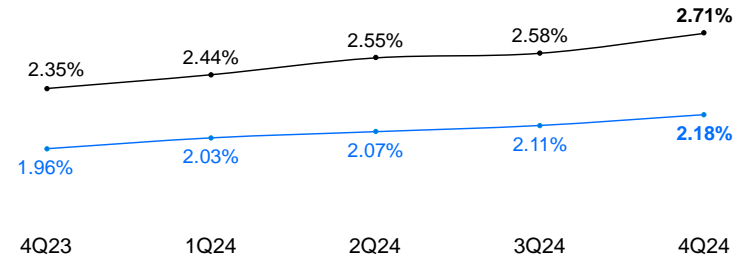
## Sabadell ex-TSB

%, in euros

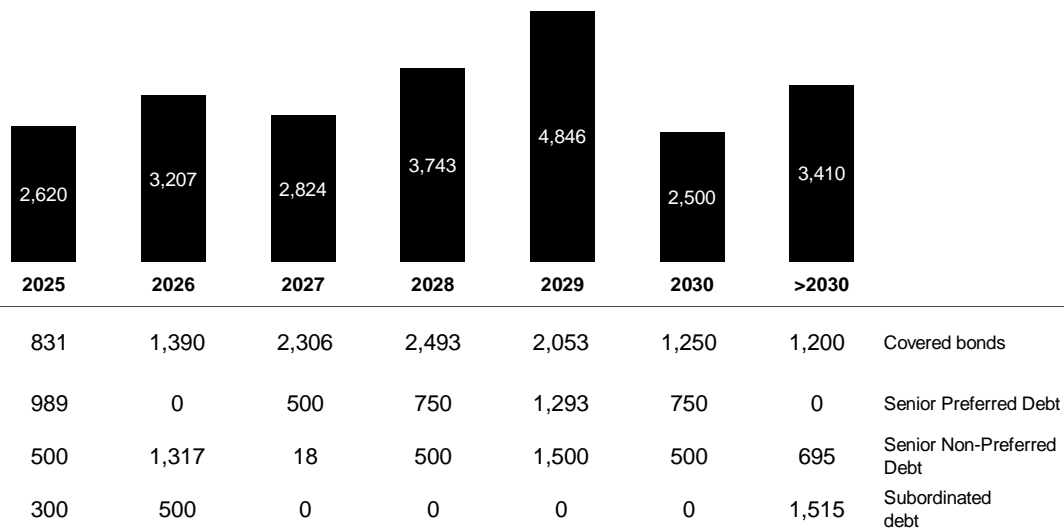


## TSB

%, in euros



## 2. Debt maturities and issuances



### Main debt maturities and redemptions in last 6 months

Instrument	Date	Nominal amount
Senior preferred bonds	17/11/2024 (call)	€500M
Covered bonds	27/12/2024	€250M
<b>Total</b>		<b>€750M</b>

### Main debt maturities and calls in next 12 months

Instrument	Date	Nominal amount
Tier 2	17/01/2025 (call)	€300M
Senior non-preferred bonds	24/03/2025 (call)	€750M
Senior non-preferred bonds	27/03/2025	€500M
Covered bonds	28/06/2025	€256M
Covered bonds	21/07/2025	€500M
Senior preferred bonds	22/07/2025	€980M
Senior non-preferred bonds	08/09/2025 (call)	€500M
<b>Total</b>		<b>€3,786M</b>

### 3. Significant Risk Transfer (SRT) transactions

#### Outstanding SRTs, Sabadell Group

Programme	Underlying assets portfolio	Outstanding transactions (#)
Hermes	Project Finance & Corporate loans in US, USD denominated	1
Consumo	Consumer loans originated in Spain	2
Boreas	Project Finance in Spain, mostly related to renewable energies	2
Galera	SME & Corporate loans mainly in Spain	2
Autos	Vehicle loans granted by Sabadell Consumer Finance in Spain	1

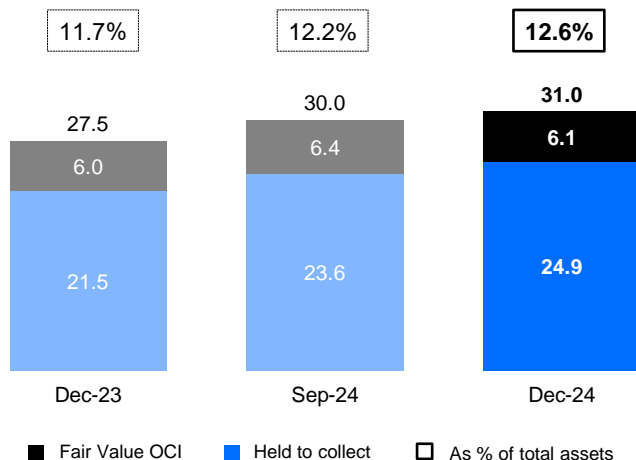
- Optimisation of capital consumption
- Active transfer of risk
- Cost of capital well below RoTE
- Allowing growth in profitable business

**+12bps**  
YoY impact  
on CET1

## 4. ALCO portfolio

### Evolution of fixed income portfolio

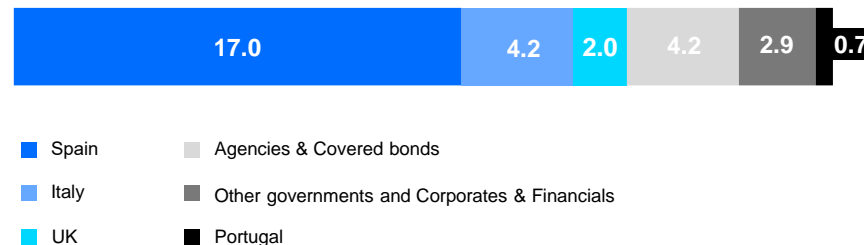
Sabadell Group. €bn



Dec-24	Yield	Total Duration <sup>1</sup>	Avg. Maturity
FV OCI	4.2%	1.3 years	4.8 years
Total	3.3%	2.7 years	6.6 years

### Composition of fixed income portfolio

Sabadell Group. €bn. Dec-24.



- As at Dec-24, TSB's ALCO portfolio size was €2.8bn
- The sensitivity of our capital position to bond spread volatility remains low as Fair Value OCI composition accounts for only a small proportion and is short duration
- Option to further reinvest in 2025
- Unrealised capital gains/losses (after tax):
  - Fair value OCI: -0.2pp of CET1 (already deducted)
  - Held to collect: -0.4pp of CET1

Note: Fixed income portfolio excludes trading portfolio and government treasury bills. <sup>1</sup> Duration includes the impact of hedges.

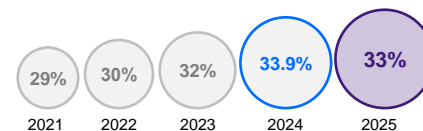
# 5. ESG. Milestones achieved

We keep driving forward our **ESG objectives and commitments**

2025 target

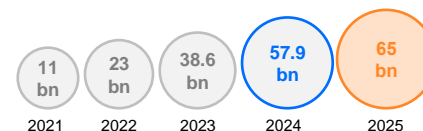
## Institution (Progress as a sustainable institution)

- Female membership of management teams increased to **33.9%**
- 100%** of electric power from renewable sources



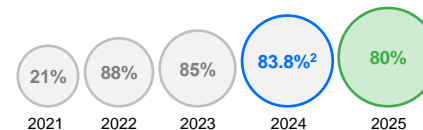
## Customers (Support customers in the transition to a sustainable economy)

- >€57.9bn mobilised in sustainable finance solutions** in 2024, representing over **89%** (cumulative) of the target set for 2021-2025
- Four new decarbonisation pathways defined** for emissions-intensive sectors (11 sectors + TSB mortgage book)



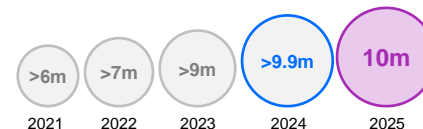
## Investors (Offer sustainable investment opportunities)

- >83.8% of assets under management invested in eligible sustainability funds<sup>1</sup>** (Art. 8 and Art. 9)
- Cumulative issuance volume (2021-2024) of **own-name green bonds >€3.9bn**



## Society (Work together for a sustainable and cohesive society)

- >9,900 beneficiaries** of financial education programmes in 2024
- Sogeviso** has started managing **affordable rentals for more than 1,700 properties** and has signed service agreements to increase current portfolio by **more than 3,000 additional homes** in the coming years




















<sup>1</sup> Funds sold under the SABAM brands and other Amundi asset managers. Considered sustainability funds as per Article 8 or 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). Article 8: financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics. Article 9: financial product that has sustainable investment as its objective. <sup>2</sup> Excludes guaranteed funds. Including guaranteed funds, it stands at 68.4%. The reduction compared to 2023 is explained by market performance and customer preference for guaranteed or target return products, which are fundamentally built on the public debt of EU Member States and do not qualify as sustainable.



# 5. Decarbonisation: targets for 2030 in 11 carbon-intensive industries and in UK residential mortgage portfolio

The Institution has set targets for 2030 for 11 CO<sub>2</sub>-intensive sectors, based on the objectives set out in the Paris Agreement, and continues to embrace key climate commitments such as the Net Zero Banking Alliance (NZBA) of UNEP FI. TSB has also disclosed its 2030 target for its residential mortgage portfolio.

## Carbon-intensive sectors

	<b>Electricity</b>	Keep the level of CO <sub>2</sub> emissions intensity between 85-45 kg CO <sub>2</sub> e/MWh. Starting point (61 kg CO <sub>2</sub> e/MWh) far below reference scenario (IEA NZE 2050). Reflects the Bank's specialisation in renewable energy
	<b>Oil &amp; Gas</b>	Reduce total financed emissions by 23% (4.9 Mt CO <sub>2</sub> e)
	<b>Cement</b>	Reduce emissions intensity per tonne produced by 23% (510 Kg CO <sub>2</sub> e/tn cement).
	<b>Coal</b>	Have no exposure to coal mining activities in 2030.
	<b>Iron &amp; Steel</b>	Reduce emissions intensity per tonne produced by 26% (1.172 Kg CO <sub>2</sub> e/tn steel).
	<b>Car manufacturing</b>	Reduce emissions intensity per kilometre produced by 41% (124 g CO <sub>2</sub> e/vkm).
	<b>Aviation</b>	Reduce emissions intensity per passenger-kilometre produced by 31% (65 g CO <sub>2</sub> e/rpk).
		<b>Residential mortgages</b>
		Reduce emissions intensity per square metre per year by 20% (16.8 kg CO <sub>2</sub> /m <sup>2</sup> /year)
		<b>Commercial Real Estate</b>
		Reduce emissions intensity per square metre per year by 51% (2.58 kg CO <sub>2</sub> /m <sup>2</sup> /year)
		<b>Aluminium</b>
		Reduce emissions intensity per tonne produced by 15% (549 kg CO <sub>2</sub> /tn aluminium)
		<b>Shipping</b>
		Reduce Alignment Delta (AD%) to 0% (Delta gCO <sub>2</sub> e/tnm)
	<b>Agriculture</b>	In progress: customer engagement underway
	<b>Residential mortgages (UK)</b>	Reduce current emissions of 20.14 kgCO <sub>2</sub> /m <sup>2</sup> to between 16.11–14.97 kgCO <sub>2</sub> /m <sup>2</sup> . (This brings TSB significantly closer to the 42% target reduction set under NZBA)

Note: CO<sub>2</sub>e: carbon dioxide equivalent; MWh: megawatts of electricity generated per hour; Mt CO<sub>2</sub>e: million tonnes of carbon dioxide equivalent; kgCO<sub>2</sub>/m<sup>2</sup>: kilograms of carbon dioxide equivalent per square metre; vkm: vehicle kilometre; rpk: revenue-passenger-kilometre, gCO<sub>2</sub>e/tnm: delta tonnage per nautical mile travelled in the year.

# 6. TSB asset quality, solvency and liquidity position



## Asset quality

	Dec-23	Sep-24	Dec-24
NPL ratio	1.5%	1.5%	1.5%
Coverage ratio	42%	37%	34%
Cost of risk <sup>1</sup> (YtD)	0.19%	0.13%	0.08%

## Solvency

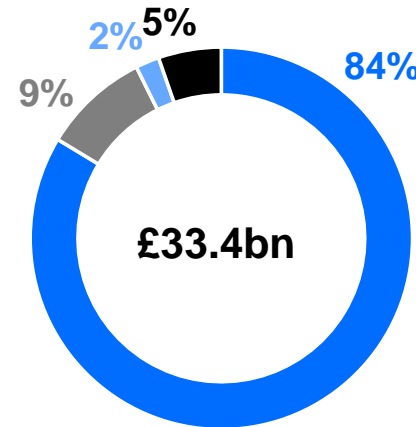
	Dec-23	Sep-24	Dec-24
CET1 ratio <sup>2</sup>	16.7%	16.6%	15.4%
Leverage ratio <sup>3</sup>	4.0%	4.1%	4.4%

## Liquidity

	Dec-23	Sep-24	Dec-24
LCR	203%	201%	200%

## TSB core mortgage portfolio overview

%



Mortgages  
**>90%**  
total loan  
book

- Residential repayment
- Residential interest only
- Buy to let repayment
- Buy to let interest only

- Average loan balance: £139k
- Average LTV: 56%<sup>4</sup>
- 81% of mortgages have LTV <75%
- 45% fixed rate for another 2 years or more
- Average seasoning: >4 years

Note: NPA coverage ratio calculated as (total provisions for credit + total provisions for foreclosed assets) / (stage 3 + foreclosed assets).<sup>1</sup> Calculated as P&L impairment charge divided by period-end gross spot balances. <sup>2</sup> CET1 ratio on a transitional basis. The Dec-24 CET1 FL ratio is 15.4%. <sup>3</sup> Calculated using EBA standards and on a transitional basis. <sup>4</sup> Weighted balance.

## 7. RWAs breakdown

Dec-24 RWAs

€80,559M

By type:

Credit risk  
€69.7bn

Market risk  
€0.7bn

Operational risk  
€10.1bn

Others  
€0.1bn

By geography:

 Spain  
€62.7bn

 UK  
€14.2bn

 Mexico  
€3.7bn

## 8. Ample MDA buffer of 406bps

Group capital requirements		Group capital position
Pillar 1 CET1	4.50%	
Pillar 2 CET1 Requirement (P2R)	1.27% <sup>1</sup>	
Capital Conservation Buffer	2.50%	
Countercyclical Buffer	0.44%	
Other Systemically Important Institutions	0.25%	
<b>CET1</b>	<b>8.95%</b>	<b>13.02%</b>
AT1	1.92% <sup>1</sup>	2.17%
Tier 2	2.56% <sup>1</sup>	2.42%
<b>Total Capital</b>	<b>13.44%</b>	<b>17.60%</b>

MDA buffer  
**406bps**

Leverage ratio  
**5.2%**

- MDA stands at 406bps, above 8.95% requirement
- 0.5% countercyclical buffer in Spain will represent 30bps for Sabadell Group
- Leverage ratio increased +1bps YoY

<sup>1</sup> Applying Article 104a CRD which assumes the Bank can use excess Tier 2 and AT1 to meet P2R (in total 98bps of excess hybrid capital, of which 42bps would be AT1 and 56bps Tier 2).

# Glossary

<b>AuM</b>	Assets under Management
<b>CET1</b>	Common Equity Tier 1
<b>CoR</b>	Cost of Risk
<b>CRR2 and CRR3</b>	Capital Requirements Regulation 2 and 3
<b>HQLA</b>	High Quality Liquid Asset
<b>LCR</b>	Liquidity Coverage Ratio: short-term liquidity ratio
<b>LRE</b>	Leverage Ratio Exposure denominator is equivalent to total assets and a variety of off-balance sheet items including derivatives and repurchase agreements, among others
<b>LTV</b>	Loan to Value
<b>MDA</b>	Maximum Distributable Amount
<b>MREL</b>	Minimum Requirement of Eligible Liabilities
<b>NII</b>	Net Interest Income
<b>NIM</b>	Net Interest Margin

<b>NPA</b>	Non-Performing Asset
<b>NPL</b>	Non-Performing Loan
<b>NSFR</b>	Net Stable Funding Ratio: medium-term liquidity ratio
<b>NZBA</b>	Net-Zero Banking Alliance
<b>P2R</b>	Pillar 2 Requirement
<b>RaRoC</b>	Risk-Adjusted Return on Capital
<b>RoTE</b>	Return on Tangible Equity
<b>RWA</b>	Risk Weighted Asset
<b>SBB</b>	Share Buyback
<b>SME</b>	Small and Medium-sized Enterprise
<b>SRT</b>	Significant Risk Transfer securitisation
<b>UNEP FI</b>	United Nations Environment – Finance Initiative

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