

**Record first-half profit of €975 million, up 23.3%**

# **Banco Sabadell announces a new strategic plan to deliver €6.3 billion of returns to shareholders over the next three years and increase RoTE to 16% by 2027 as it focusses on accelerating growth and maintaining sustainable shareholder returns**

- **César González-Bueno: “Following our record profit in the first half, Banco Sabadell has set out a clear plan to deliver sustainable, recurring growth in the coming years. This plan will enable us to continue to deliver strong capital generation and maximise shareholder returns”**
- **The plan envisages average capital generation of 175 basis points per year, which alongside the extraordinary dividend from the sale of TSB, enables us to distribute shareholder returns equivalent to more than 40% of the current market value of Banco Sabadell**
- **The ordinary cash dividend pay-out in 2025, 2026 and 2027, will exceed the 2024 dividend of 20.44 cents gross per share**

- **Profit is expected to be above €1.6 billion in 2027, excluding TSB, as a result of higher business volumes, cost containment and an improved risk profile**
- **The bank expects its credit balance to increase by around 5% annually, ahead of the market, while improving the quality of its balance sheet. The cost of risk will be around 40 basis points in 2027, and the NPL ratio below 2.5%**
- **Banco Sabadell will focus its strategy on Spain – a predictable and stable market with one of the most positive macroeconomic outlooks in the European Union in the coming years**
- **The bank delivered a recurring RoTE rose from 14% to 14.4% in the first half**

## 24 July 2025

**Grupo Banco Sabadell** today presents its **Strategic Plan 2025-2027**, which aims to **increase its ROTE** over the three-year period, reaching **16% by 2027**, and to generate an average of 175 basis points of capital per year. With all of this, it **estimates it will return €6.3 billion to shareholders** over the three years, **more than 40% of the bank's current market value**, including the extraordinary dividend from the planned sale of TSB.

As a result of its plan, Banco Sabadell has raised financial guidance and expects profit of more than €1,600 million in 2027, without TSB. To achieve this, the bank expects to grow commercial activity in Spain at a pace above the market in most business segments; increase its loan book by 5% annually; improve its risk profile; grow revenues; and maintain efficient cost management.

**CEO César González-Bueno** said: “Today we announced a record first-half profit of €975 million, with improved profitability and strong capital generation. For the 18th consecutive quarter, we have outperformed market expectations, and this is a sign of what we will continue to deliver in the coming years”.

“Following our record profit in the first half, Banco Sabadell has set out a clear plan to deliver sustainable, recurring growth in the coming years. This plan will enable us to continue to deliver strong capital generation and maximise shareholder returns” he emphasised, adding that “Banco Sabadell expects to return €6.3 billion to shareholders between 2025 and 2027, equivalent to more than 40% of the bank’s current market value”.

“The bank will accelerate its processes and move forward in a prudent, sustainable and sound manner, with steady growth in loan volumes and customer funds, improvements in asset quality, greater acquisition of new clients and a moderate increase in market share in Spain,” said González-Bueno.

**CFO Sergio Palavecino** commented that “the new strategy means we can maintain attractive returns to shareholders on a recurring basis well beyond the proposed sale of TSB and the distribution of an extraordinary dividend”.

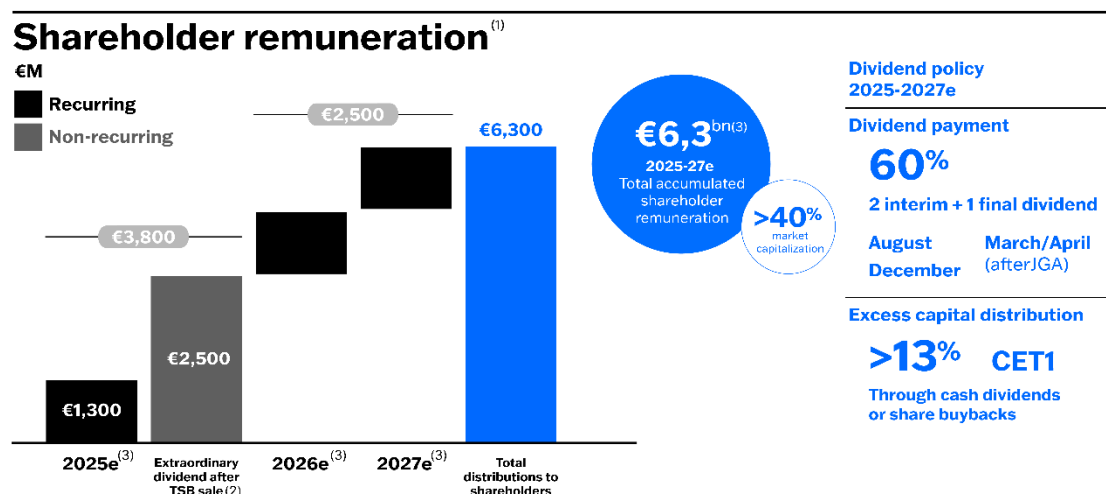
Under the new strategy, Palavecino added: “We’ll accelerate business volume growth and boost banking revenues, while maintaining a healthier, more diversified loan portfolio.”

The CFO added that the bank’s business “is focused on Spain, one of the countries with the strongest economic outlook’s in the European Union, giving us access to stable and predictable. revenues as well as controlled cost of risk”.

## €6.3 Billion in remuneration over three years

As a result of our Strategic Plan, focussed on accelerating growth and delivering returns, Banco Sabadell plans to distribute a total of €6.3 billion to its shareholders between 2025 and 2027, equivalent to 40% of its current market capitalisation. The ordinary cash dividend pay-out in 2025, 2026 and 2027, will exceed the 2024 dividend of 20.44 cents gross per share.

This figure, which will be distributed through cash dividends and share buybacks, includes the distribution of 60% of the profits achieved in the period, the distribution of all capital in excess of 13% and the extraordinary dividend of €2,500 million from the sale of TSB, subject to shareholder approval on 6 August.



\* 1.Shareholder remuneration through dividends and share buybacks corresponding to the relevant fiscal year. 2.Subject to shareholder approval.  
3.Subject to the fulfillment of the business plan, a portion of which may also be subject to approval by shareholders and supervisors. 4. Fully-loaded, applying the regulatory calendar of the output floor

Of the total, €1.3 billion will be paid out of the current year in cash dividends and share buybacks. **The first ordinary interim dividend of 7 cents gross per share will be paid out of 2025 earnings on 29 August.** An interim dividend is also planned for 29 December and a final dividend in March or April 2026, plus the distribution of excess capital.

As a commitment for the following two years, Banco Sabadell estimates that it will distribute at least €2,500 million to its shareholders.

In parallel, the bank has in place a share buyback programme for a total of €1,002 million, 85% of which has been executed so far. The aim of this programme is to reduce Banco Sabadell's share capital by amortising the own shares repurchased as an additional formula to create value for its shareholders. This means that each shareholder owns a larger percentage of the bank and, therefore, is entitled to receive a greater share of the profits.





## Higher volumes and more revenue

Banco Sabadell is basing the growth outlined in its strategic plan on an increase in business volumes, which will enable it to achieve moderate increases in market share in Spain. To this end, one of the first levers to be activated will be to increase the pace of customer acquisition, especially in the digital sphere. Its objective is to increase the rate of growth by 15%, a figure that will rise to 30% in the case of those arriving through digital channels.

Banco Sabadell estimates that the mortgage loan portfolio will grow at a rate of over 4% a year, performing in line with the market. Similarly, it expects the corporate and SME segment to perform slightly faster than the sector as a whole, with increases of more than 4% each year. In both areas, the bank's positive performance will be underpinned by its specialisation and a customer service model built on trusted relationships.

In consumer banking, the bank expects to perform significantly better than the market, which is forecasted to grow 6% annually. It also expects annual increases of 5% in savings and investment, with private banking as the driving force; 15% in insurance, thanks to the alliance with Zurich, and 25% in penetration of business customers with POS terminals until 2027, up from 20% at the end of 2024.

## Commercial activity

Business segment	Spanish banking system	Banc Sabadell targets
	CAGR 24-27e	CAGR 24-27e
 Mortgages	~4%	In line
 Consume	~6%	Well above
 Large corporates and SMEs	~4%	Above
 International <small>(Ex-TSB) Constant FX(Foreign Exchange)</small>	n.a.	Sustained growth

In total, it expects annual growth of more than 5% in the exTSB loan book, a healthy portfolio with a diversified composition and a low risk profile. Overall, it forecasts annual growth of more than 5% in the ex-TSB loan book, a healthy portfolio with a diversified composition and a low risk profile. This growth, slightly higher than that forecast for the market as a whole, will allow it to gain between 25 and 30 basis points of market share, from the current 8%.

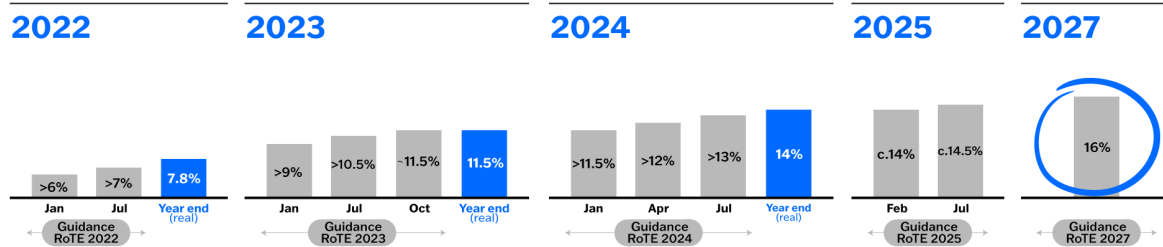
## Cost efficiency and record profitability

With this increased activity in the different lines of business, Banco Sabadell expects net interest income to reach €3.9 billion in the last year of the strategic plan, and to achieve an average annual improvement in fee income of around 5%, thanks to higher volumes in insurance, means of payment and savings and investment, while the customer margin will stabilise at around 3%.

Risk management will continue to be another of the bank's main ways of improving profitability. The objective is for the cost of risk to end 2027 at around 40 basis points, after the NPL ratio improves to below 2.5% and the coverage ratio is above 65%.

In sum, it calculates that it will raise its RoTE return to record levels of 16%, from 14.6% at the end of 2024 ex-recurring TSB, which will enable it to raise shareholder remuneration to €6.3 billion.

## RoTE Guidance vs results



## Banco Sabadell achieved a record profit of €975 million in the first half of 2025, up 23.3%

Coinciding with the launch of its strategic plan, Banco Sabadell presents its results for the first half of 2025, during which it obtained a **record half-yearly net profit of €975 million, up 23.3%**. This level of profit increased the Group's RoTE to 14.4% recurring (15.3% reported), from 13.1% in June 2024.

Excluding TSB, profits also rose to a half-year record of €804 million.

Banco Sabadell's banking **business revenues** (net interest income plus net fees and commissions) amounted to €3,119 million in the first half, down 1.5% year-on-year. This fall in revenues was partly offset by a 0.3% reduction in expenses, which amounted to €1,510 million.

**Net interest income** was €2,425 million, 2.7% lower than in the first nine months of 2008 because of lower lending due to lower interest rates. Net fees amounted to €694 million, 3% more because of the increase in asset management and insurance business.

In Spain, **gross lending outstanding** improved 6.1% year-on-year and 3.6% in the quarter, with growth in all segments, particularly in loans to companies and mortgages.

**Mortgage activity** showed a very positive evolution. In the first half of the year, mortgage grants rose by 44% compared to the same period of the previous year, to €3,462 million.

**Corporate loan origination in Spain**, i.e. medium and long-term financing plus credit lines, amounted to €10,394 million between January and June, in line with the same period of the previous year, with a notable rise of 30% in quarter-on-quarter terms.

The **CET1 fully-loaded** ratio was 13.6% at the end of June 2025, 25 b.p. higher in the quarter, demonstrating that Banco Sabadell once again achieved solid capital generation on a recurring basis. The phase-in CET1 ratio reached 13.62%, also up 25 basis points, while the Total Capital Ratio rose to 19.29%, comfortably above regulatory requirements, with an MDA buffer of 468 basis points.

The Group's NPL ratio declined to 2.5%. The trend is the same excluding TSB, where the NPL ratio was 2.8%. The balance of problem assets (NPAs) declined by €329 million in the second quarter of 2025 to €5,065 million with a coverage ratio of 59.9%, of which €4,292 million corresponded to stage 3 assets and €773 million to problem real estate assets.

The improved asset quality reduced provisions by 32.9% and lowered the cost of credit risk to 17 b.p. at the Group level and 19 b.p. at the ex-TSB level, as well as the total cost of risk, which also improved quarter-on-quarter and year-on-year to 30 b.p. at the Group level and 37 b.p. at the ex-TSB level.

## **TSB, cost control and positive effect of structural hedge**

TSB reported in the first half of 2025 an individual net profit of £139 million, up 77.2% year-on-year, as a result of the good performance of commercial activity, cost control and the positive effect of structural hedging. The UK subsidiary ended the first six months of the year with a contribution to Grupo Banco Sabadell of €171 million.

Net interest income was 7.9% higher year-on-year at £518 million, while fee income declined 16.9% year-on-year to £38 million. Total costs were 6.1% lower at £364 million.



In commercial activity, mortgage applications - considered a leading indicator of the level of production - rose 11% in the second quarter of 2025.

Figures in € million	Sabadell Group			Sabadell ex-TSB		
	Jun 24	Jun 25	Change YoY	Jun 24	Jun 25	Change YoY
<b>Net interest income</b>	<b>2.493</b>	<b>2.425</b>	<b>-2,7%</b>	<b>1.932</b>	<b>1.810</b>	<b>-6,3%</b>
Fees & commissions	674	694	3,0%	620	649	4,6%
<b>Core banking revenue</b>	<b>3.168</b>	<b>3.119</b>	<b>-1,5%</b>	<b>2.552</b>	<b>2.459</b>	<b>-3,7%</b>
Trading income& forex	37	29	-23,4%	13	16	25,2%
Other income & expenses	-144	67	--	-115	59	--
<b>Gross operating income</b>	<b>3.061</b>	<b>3.214</b>	<b>5,0%</b>	<b>2.450</b>	<b>2.534</b>	<b>3,4%</b>
Operating expenses	-1.266	-1.278	1,0%	-876	-911	4,0%
Depreciation & amortisation	-249	-232	-6,9%	-191	-175	-8,5%
Total costs	-1.515	-1.510	-0,3%	-1.067	-1.085	1,8%
<i>Promemoria:</i>						
Recurrent costs	-1.508	-1.510	0,1%	-1.067	-1.085	1,8%
Non-recurrent costs	-7	0	-100,0%	0	0	--
<b>Pre-provisions income</b>	<b>1.546</b>	<b>1.704</b>	<b>10,2%</b>	<b>1.384</b>	<b>1.449</b>	<b>4,7%</b>
Total provisions & impairments	-389	-262	-32,9%	-361	-241	-33,2%
Gains on sale of assets and other results	-2	-12	--	-3	-12	--
<b>Profit before taxes</b>	<b>1.154</b>	<b>1.431</b>	<b>24,0%</b>	<b>1.020</b>	<b>1.195</b>	<b>17,2%</b>
Taxes and minority interest	-363	-455	25,4%	-323	-391	21,0%
<b>Attributable net profit</b>	<b>791</b>	<b>975</b>	<b>23,3%</b>	<b>696</b>	<b>804</b>	<b>15,5%</b>
<i>Promemoria:</i>						
Core results (NII + fees & commissions - recurrent costs)	1.660	1.609	-3,1%	1.486	1.373	-7,6%

PRO MEMORIA Balances in € million	Sabadell Group			Sabadell ex-TSB		
	Jun 24	Jun 25	Change YoY	Jun 24	Jun 25	Change YoY
Total assets	244.328	252.373	3,3%	192.663	203.141	5,4%
Performing gross loans	155.164	160.806	3,6%	112.258	118.710	5,7%
Customer-based funding on balance sheet	163.169	168.229	3,1%	121.987	127.404	4,4%
Customer-based funding off balance sheet	43.574	49.318	13,2%	43.574	49.318	13,2%

RATIOS	Sabadell Group		Sabadell ex-TSB	
	Jun 24	Jun 25	Jun 24	Jun 25
Core capital / Common equity fully-loaded (%)	13,5	13,6	--	--
NPL ratio (%)	3,21	2,47	3,80	2,81
NPL coverage ratio of stage 3	59,7	63,6	62,9	68,8
Number of branches	1.382	1.340	1.171	1.165
Number of employees	19.015	18.920	14.025	14.139