

**Bank of America Merrill Lynch 17th
Annual Banking & Insurance CEO
Conference**



“Building franchise value in an uncertain world”



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Consejero Delegado**

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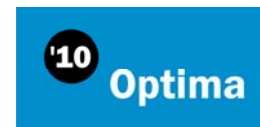
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Sabadell

- ✓ Focused on SME and affluent segments
- ✓ 30% customer share of Spanish SMEs
- ✓ A domestic reference in foreign trade



Organic business plans



2008-2010



2011-2013

Non-organic opportunities

2010 **Sabadell**Guipuzcoano

2012 **Sabadell**CAM

Top tier position in Spain

Spain

4th largest quoted bank
10.2% Core capital
15.6% Coverage of total exposure*

International focus

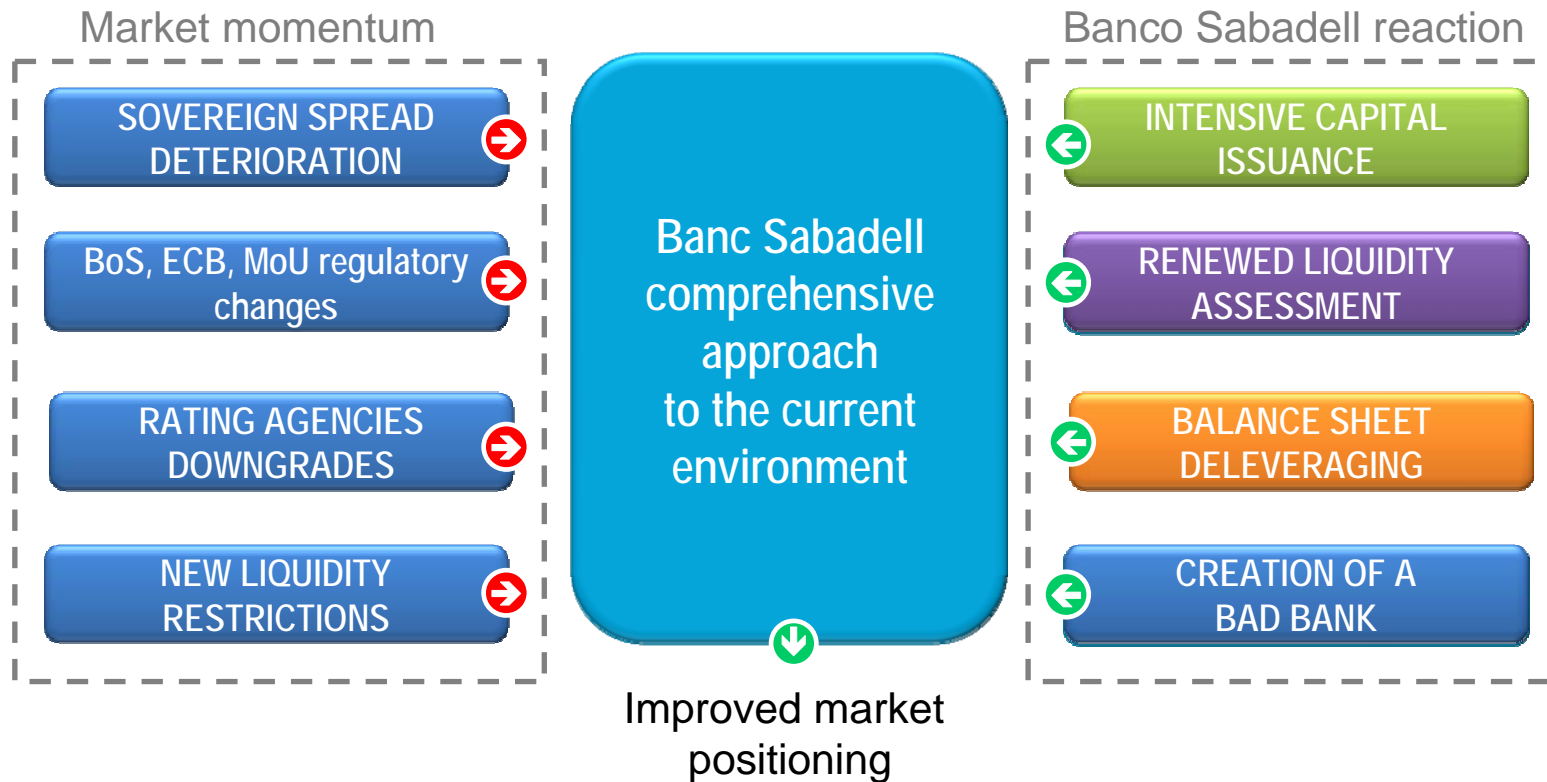
Presence in 18 countries
23.7% market share in import export trade

United States

Focus on the Florida state
5 acquisitions in 6 years
USD 7.3bn AuM

* Total credit and real estate asset exposure

The new environment is highly demanding



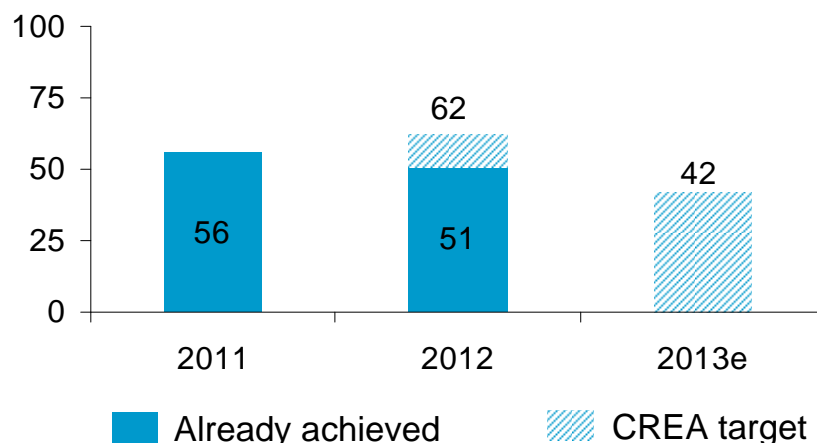
A fully synchronized strategic fit of Financial Mgmt is key

Determining the pillars of the CREA business plan evolution ...

- ✓ Further improve **market share gains** derived from the restructuring of the system
- ✓ Forge the **balance sheet structure** – deleverage, pricing – in line with the new European banking reality
- ✓ Continued boost of **efficiency and productivity** across the group
- ✓ Adapt **non-organic growth** approach and viability to the new scenario of lower capital returns and higher cost of capital
- ✓ Capitalise on the bank's '**wide-angle perspective**' on European regulation and interaction

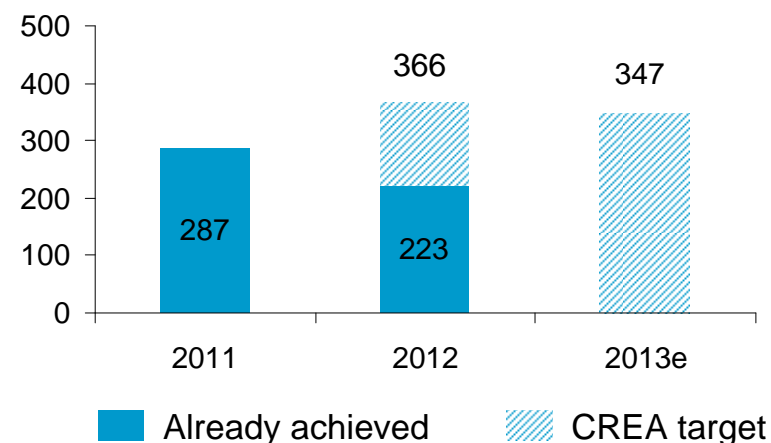
BS new company customers

(In thousands)



BS new individual customers

(In thousands)



BS stand alone market shares

In %. (Variation in basis points)

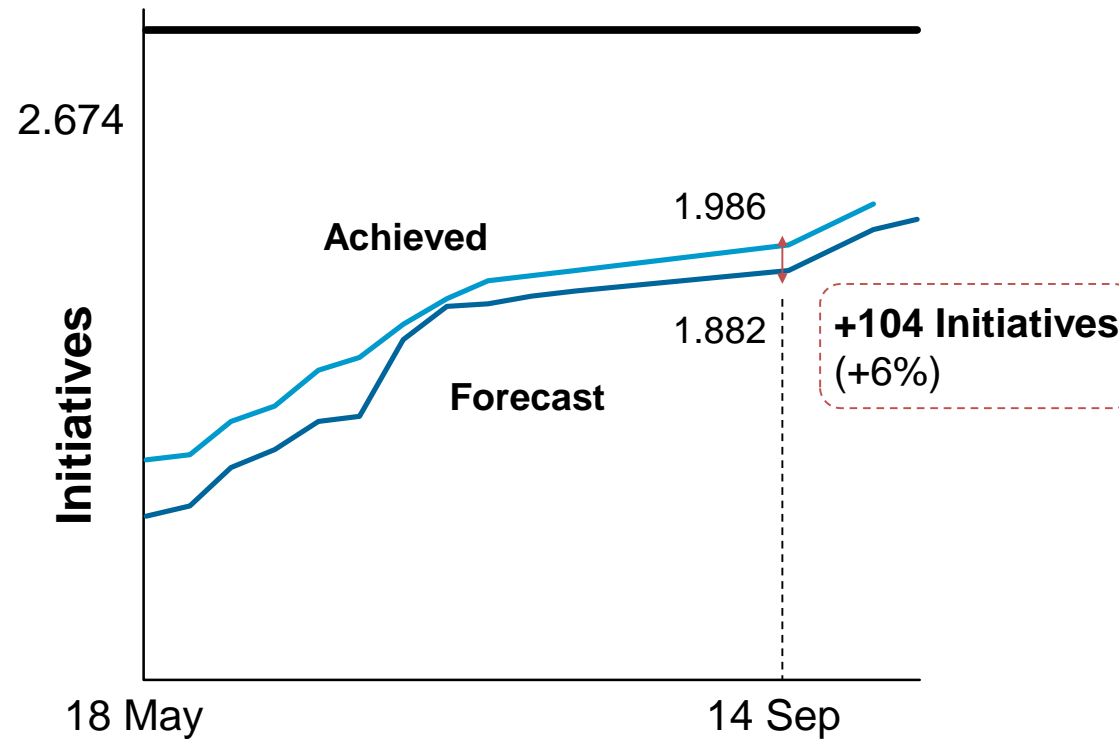
	2010	2011	Jun-12	Var Jun-12 vs 2010
Sight deposits ¹	3.25%	3.51%	3.72%	+ 47
Payroll accounts ²	1.9%	2.33%	2.91%	+101
Credit card volume	2.82%	3.32%	3.62%	+80
Commercial credit	8.83%	8.96%	8.92%	+ 9

¹ Includes households and non-financial companies

² Average data for years 2010 and 2011

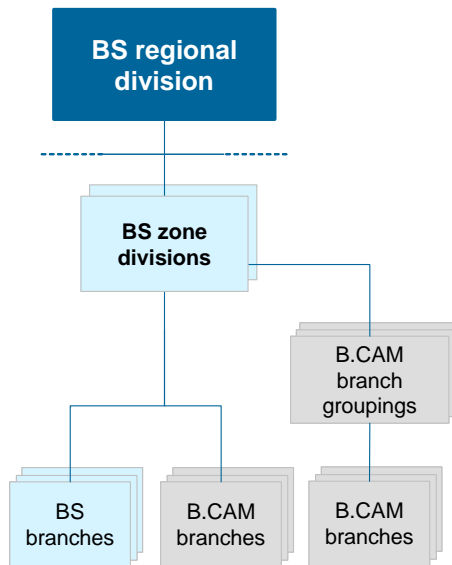
Banco CAM integration

The integration process is running ahead of forecast



74% of the initiatives in the global integration plan have been achieved, +6% above forecast

The commercial integration has already taken place...



BS zone director

- ✓ Commercial responsibility for all B. CAM branches
- ✓ Directly manages those branches not included in B. CAM branch grouping

Director of B.CAM branches

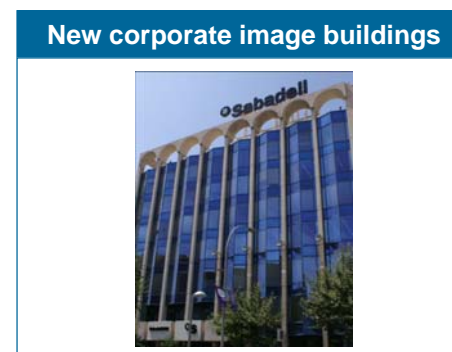
- ✓ Manages all B.CAM branches in zone
- ✓ Reports to BS zone director

... and the new brand and image is being implemented ...







Banco CAM branding policy



Other actions



Converging with the Sabadell group umbrella name

Sabadell Atlántico		<ul style="list-style-type: none">• Commercial and Corporate Banking• Branches in Spain, except Sabadell Guipuzcoano and Banco Herrero territories)
Sabadell Guipuzcoano		<ul style="list-style-type: none">• Commercial and Corporate Banking• Branches in the Basque Country, Navarre and la Rioja
Sabadell Herrero*		<ul style="list-style-type: none">• Commercial and Corporate Banking• Branches in Asturias and León
Sabadell Solbank		<ul style="list-style-type: none">• Commercial Banking for European individuals living in Spanish tourist areas• Branches in Mediterranean coastal areas and Spanish Islands
Sabadell CAM		<ul style="list-style-type: none">• Commercial Banking in the Eastern Spain Europe• Former Banco CAM franchise – to be merged by 8th Dec 12
Sabadell Urquijo Banca Privada		<ul style="list-style-type: none">• Private banking unit, a merger of Sabadell Banca Privada and Banco Urquijo• Branches in main economic and wealth hotspots

* Currently being implemented

The execution of synergies is on track

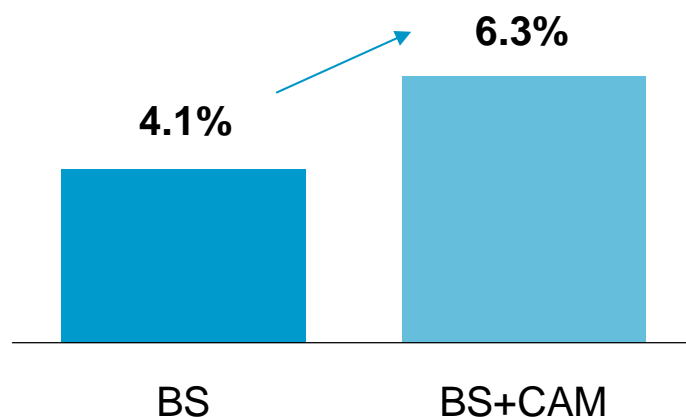
Banco CAM synergies	2012e	2013e	2014e	2015e
Cost synergies	10	211	247	247
Income synergies	7	46	72	84
Total synergies	17	257	319	331
% of achievement (first estimate)	6%	70%	100%	100%
% of achievement (new estimate)	5%	78%	96%	100%

Net of tax. Euros in million

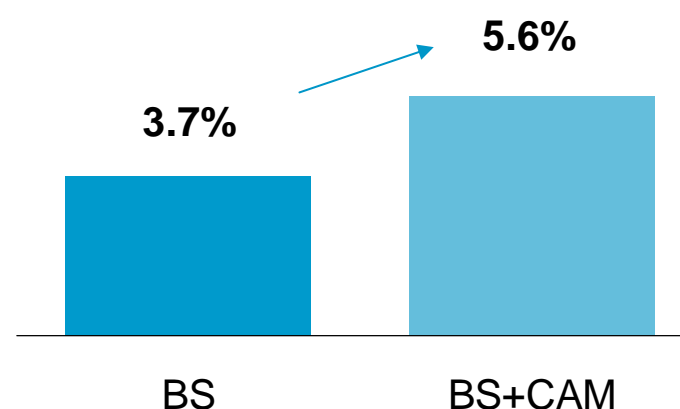
2013e cost synergies have been brought forward due to the integration process running ahead of forecast

A substantial increase in market share and number of customers ...

Loan market share in Spain¹
(%)



Sight deposit market share in Spain² (%)



Evolution of total number of customers

	Banco Sabadell <i>stand alone</i>			Banco Sabadell incl. Banco CAM	
	1H11	1H12	% Var.	1H12	% Var.
Total	2,580,762	2,828,229	+9.6%	5,411,361	+109.7%

¹ Net customer credit. ² Includes household and non financial companies
Market shares as of June 2012

... improves the number of customers per branch ...

	Customers	Branches	Customers x branch (proforma)	% closings announced	Customers x branch (post closures)
Sabadell + CAM	5,411,361	2,202	2,457	17%	2,973
Bank 1	14,000,000	6,590	2,124	9%	2,337
Bank 2	10,400,000	3,586	2,900	9%	3,178
Bank 3	7,000,000	2,529	2,768	12%	3,140

Source: Companies' financial reports and results presentations

...and allows to increase our market share ^BSabadell in the wealthiest Spanish regions

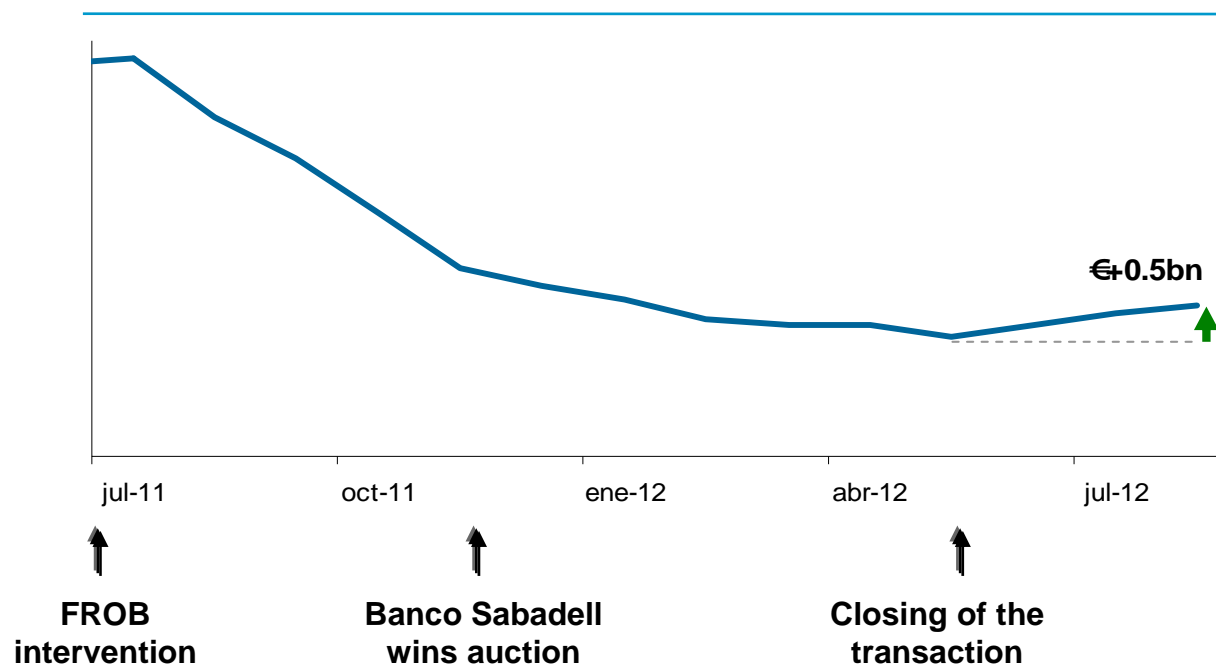
BS+CAM business weighting and market share by region

	GDP	Loans weighting	Loans market share	Deposits weighting	Deposits market share
Catalonia	18.6%	24.9%	12.1%	25.1%	11.8%
Madrid	17.8%	16.5%	3.6%	16.2%	2.9%
Andalusia	13.7%	6.5%	2.9%	4.5%	2.5%
C. Valenciana	9.6%	25.1%	14.6%	24.1%	19.3%
Basque Country	6.1%	3.3%	5.9%	5.5%	4.9%
Galicia	5.4%	1.2%	1.8%	1.5%	1.6%
Castilla León	5.3%	1.7%	2.2%	2.9%	2.7%
Canarian Islands	3.8%	1.5%	2.7%	1.1%	2.6%
Castilla La Mancha	3.6%	0.9%	1.6%	0.7%	1.3%
Aragón	3.2%	1.4%	2.9%	1.1%	1.9%
Murcia	2.7%	8.2%	16.8%	6.1%	15.4%
Balearic Islands	2.5%	4.2%	9.2%	2.4%	7.5%
Asturias	2.2%	3.1%	11.0%	6.6%	16.8%
Navarra	1.7%	0.6%	2.6%	0.9%	3.0%
Extremadura	1.6%	0.2%	1.0%	0.3%	0.9%
Cantabria	1.2%	0.3%	1.5%	0.4%	2.3%
La Rioja	0.8%	0.4%	3.4%	0.5%	3.8%
Ceuta and Melilla	0.4%	0.0%	1.4%	0.1%	2.0%

The recovery of deposits is showing a good trend ...

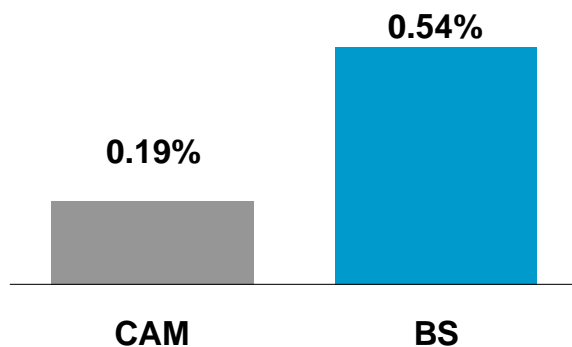
- ✓ Banco CAM has seen 4 months of deposit inflows, since the closing of the transaction
- ✓ Banco CAM commercial gap YTD: +€2.4 bn

Deposits evolution Banco CAM

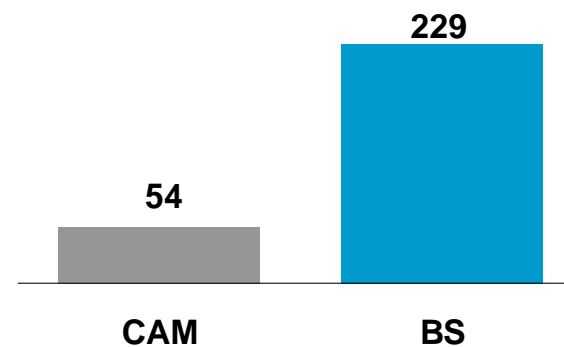


... with capacity to improve commission income ...

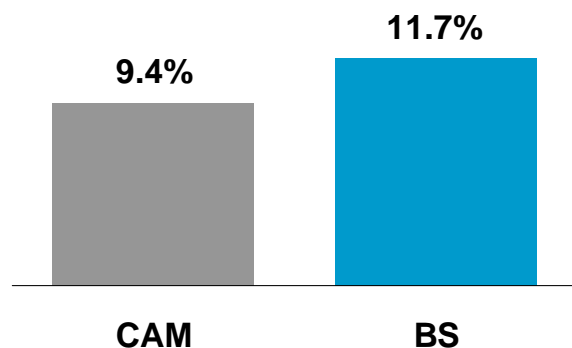
Net fee & commissions over ATA (in %)



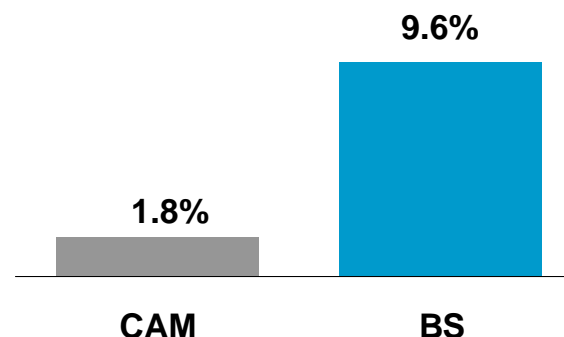
Net commissions/number of customers (€/customer)



Life & Pension AuM over total customer funds (in %)

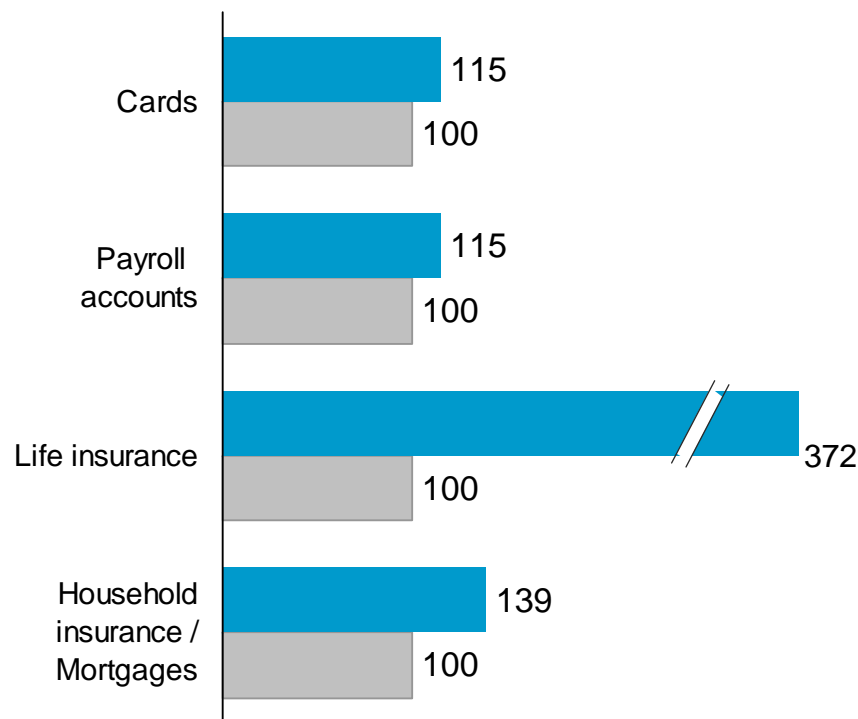


Mutual funds AuM over total customer funds (in %)

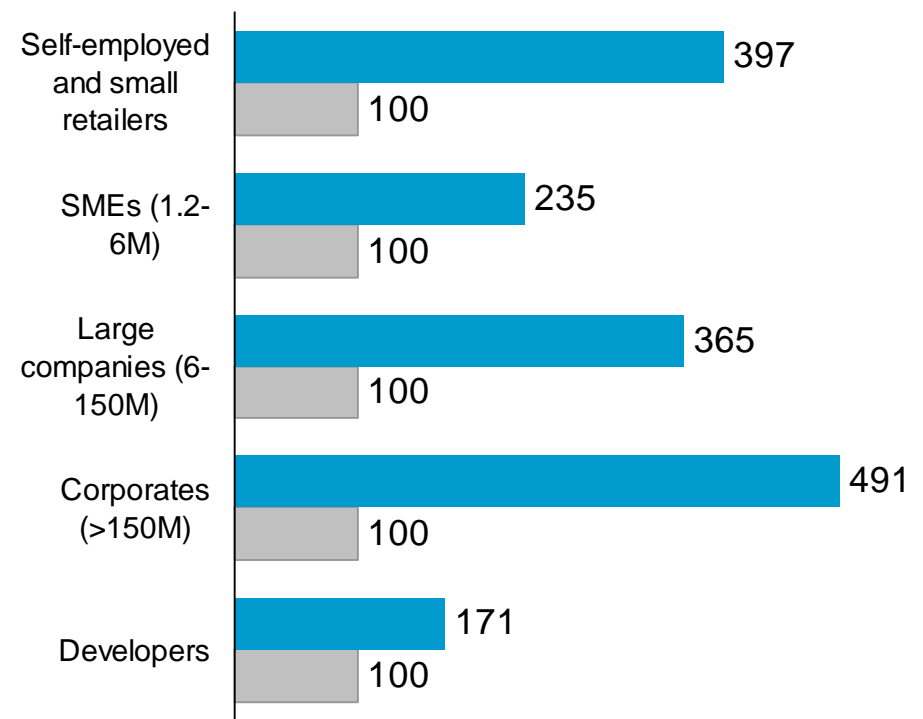


... and significant cross selling potential

Individuals. Product penetration comparison (CAM = 100)



Companies. Customer funds over total loans (CAM = 100)



■ Banco Sabadell ■ Banco CAM (Index = 100)

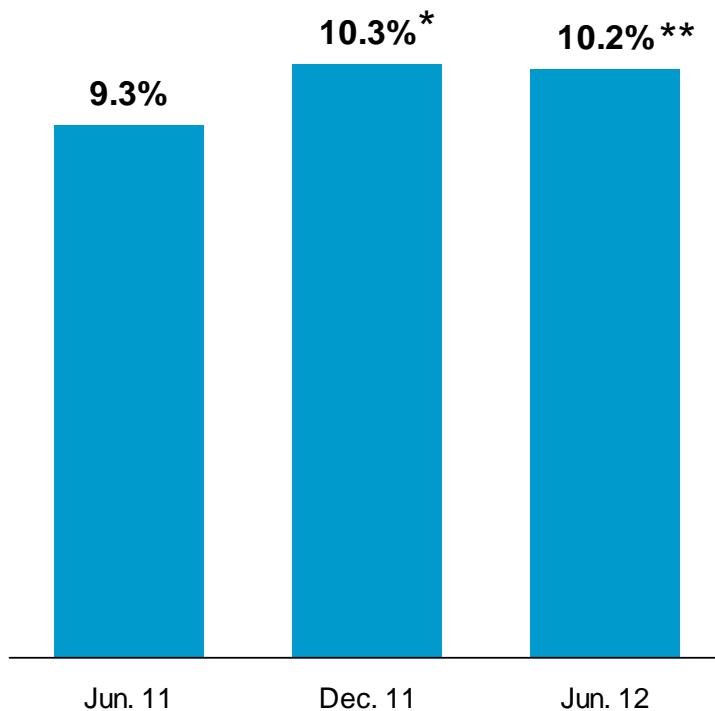
Potential to improve productivity and cross-selling by adopting BS operation model

Capital, solvency and income generation

Strong core capital level following the consolidation of Banco CAM ...

Group Core capital evolution

In %



Capital actions in 2Q12

- ✓ Banco CAM preference shares exchange for ordinary shares equivalent to 171 bps of core capital
- ✓ Core ratio according to EBA definition: 9.8%

* Proforma including Banco Sabadell preference shares exchange carried out between 14/12/2011 and 03/01/2012

** Proforma based on an acceptance level of 95.7% in the exchange offer of Banco CAM preference shares and subordinated debt for a total amount of €1.6bn

... and successful capital raisings in 2012 ...

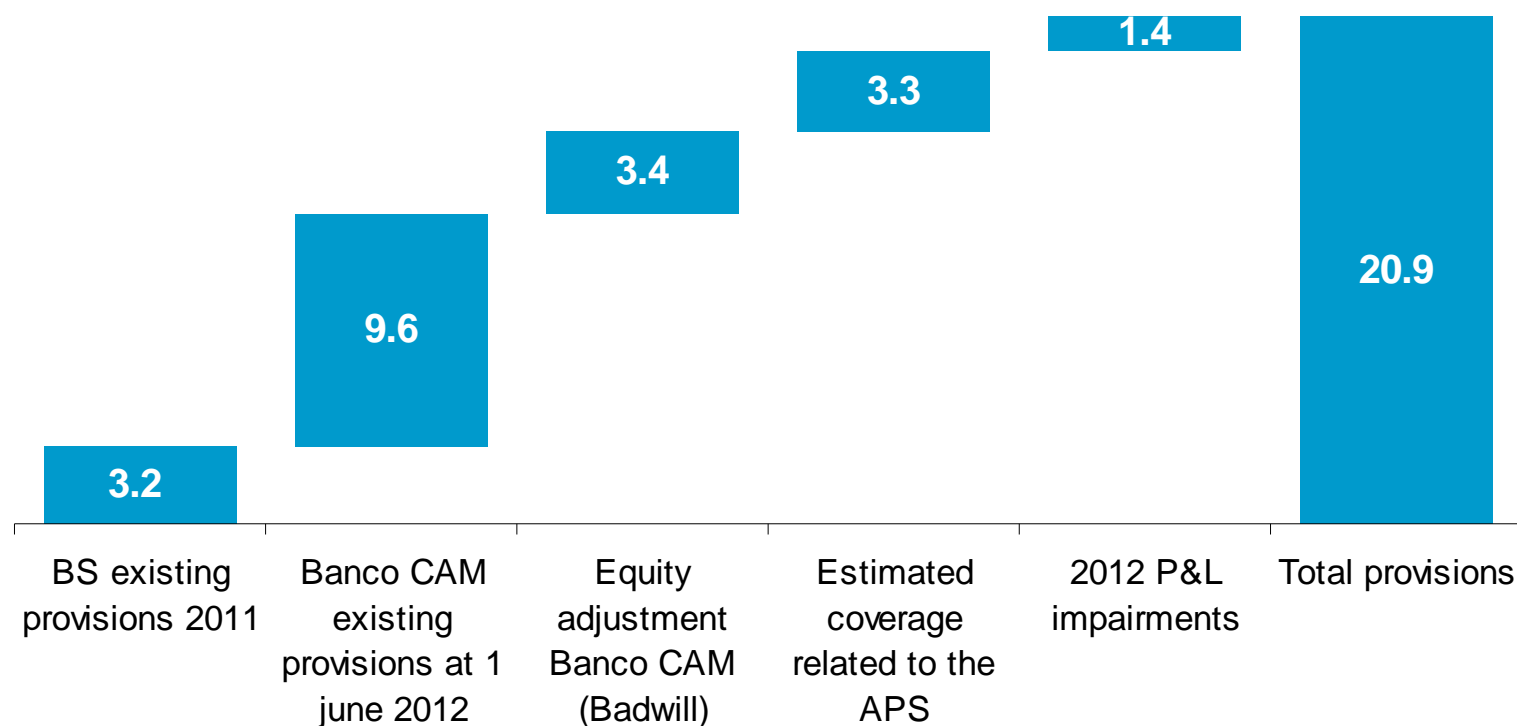
		Capital impact
January 2012	BS preference shares exchange for ordinary shares (93.8% acceptance level)	▶ €797M
March 2012	Rights issue	▶ €903M
Jun/Jul 2012	Banco CAM preference shares and subordinated debt exchange for ordinary shares	▶ €1,540M
		€3,240M

**Banco Sabadell has raised more than
€3.2bn of new capital in 2012**

... having recognised €20.9 bn of total provisions

Group provisions as of June 2012

Euros in billion



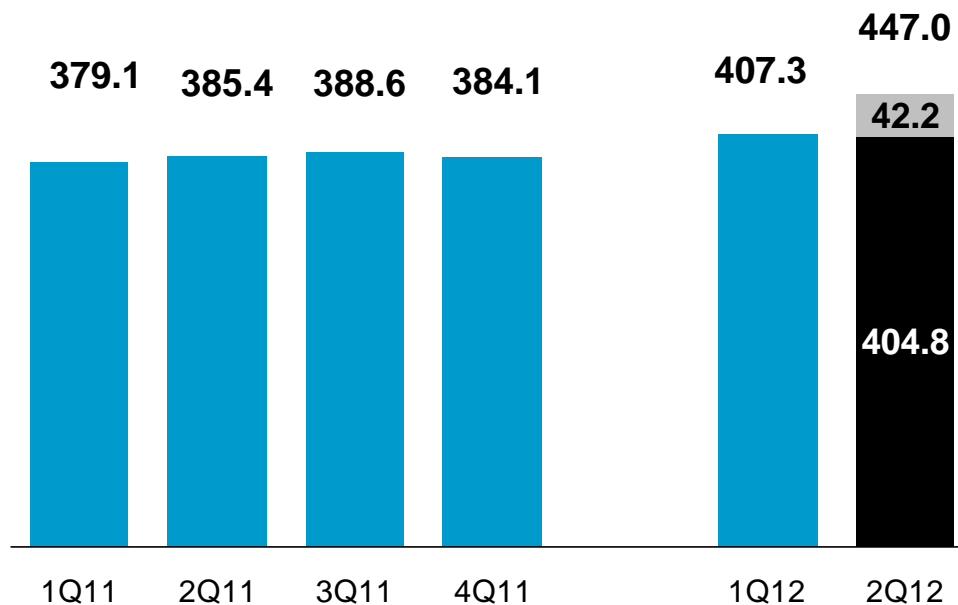
Representing 16% of total exposure of credit & RE

* Provisional numbers based on estimates of the expected loss

Further provisioning supported by income generation ...

Net interest income evolution

(Euros in million)



Net interest income 1H12:
+11.7 % YoY
+6.2 % YoY excl. Banco CAM

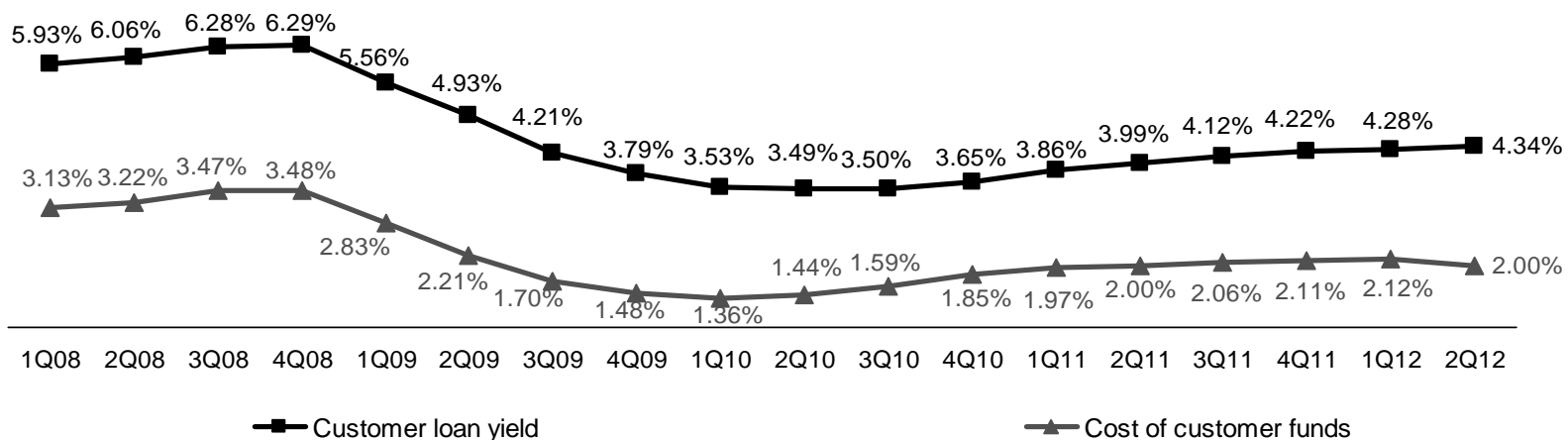
■ Banco Sabadell *stand alone*
■ Banco CAM

Adding 7 months of Banco CAM could boost NII by around 20% in 2012

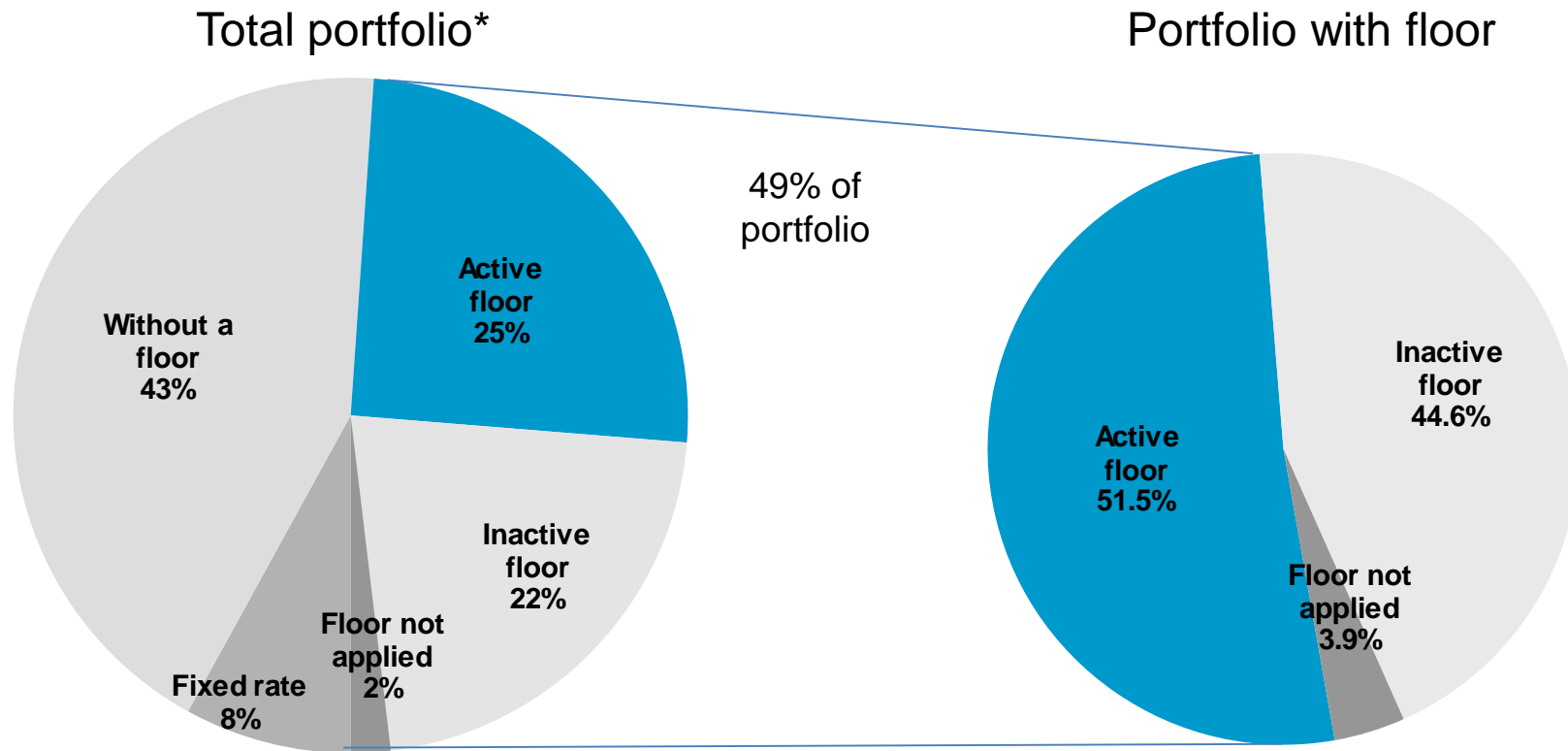
... driven by active price management ...



	BS Front book spreads					BS Back book spreads				
	jun-11	mar-12	jun-12	Var QoQ	Var YoY	jun-11	mar-12	jun-12	Var QoQ	Var YoY
Total loans	230	287	335	+48	+105	157	182	188	+6	+31
Term deposit 1 month	86	85	87	+2	+1	69	70	87	+16	+18
Term deposit 3 months	103	137	100	-37	-3	69	106	127	+21	+58
Term deposit 6 months	107	163	158	-5	+51	113	125	147	+21	+34
Term deposit 12 months	109	172	170	-2	+61	160	134	142	+8	-18
Term deposit +12 months	161	180	206	+25	+45	189	187	182	-4	-7
Total term deposits	116	155	143	-12	+27	157	148	152	+4	-5



... and support coming from the contractual mortgage floors in BS

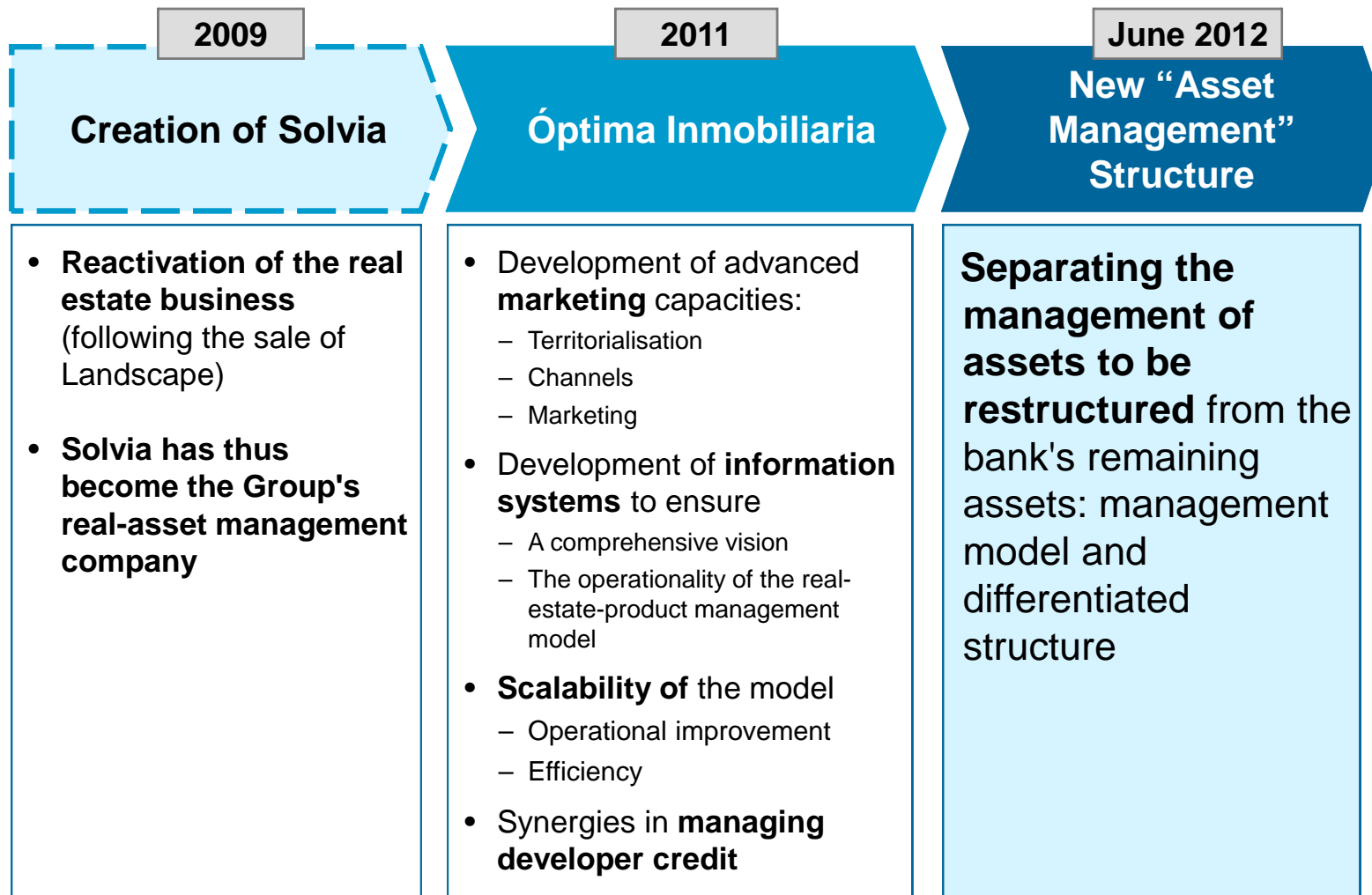


Resilient NIM driven by activated floors

* Includes loans, credits, mortgages and leasing.

Managing Real Estate

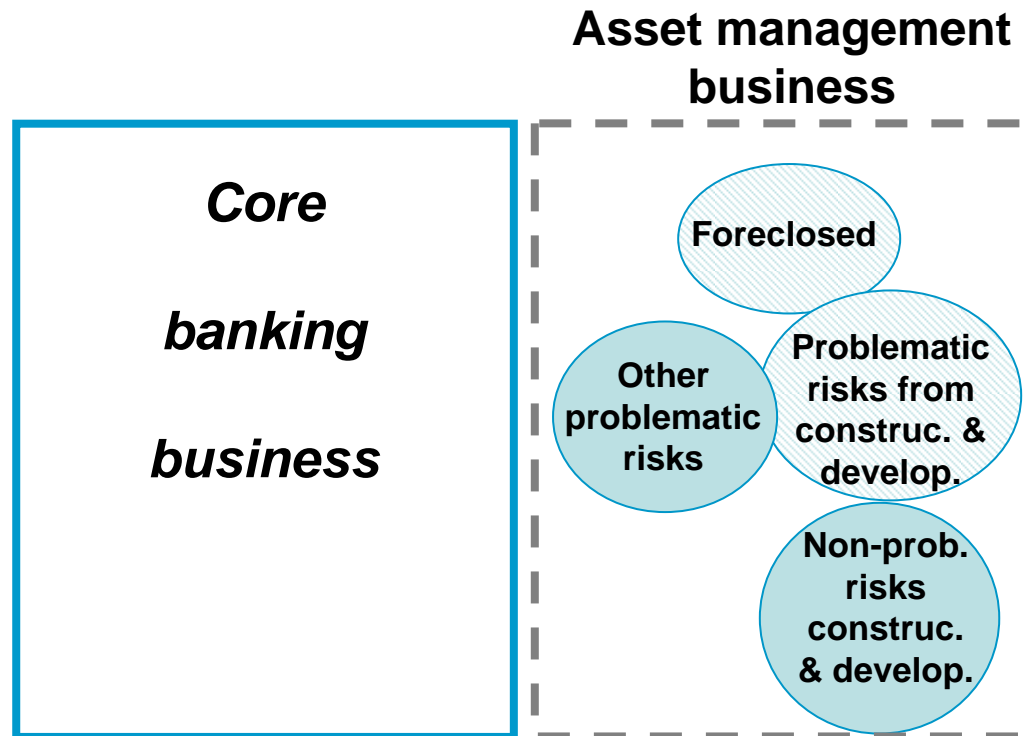
Banco Sabadell has actively managed the RE business



Sabadell has set up a *Gestión de Activos* Division (Bad bank)

All problematic assets and exposed to the property sector are grouped into the new division:

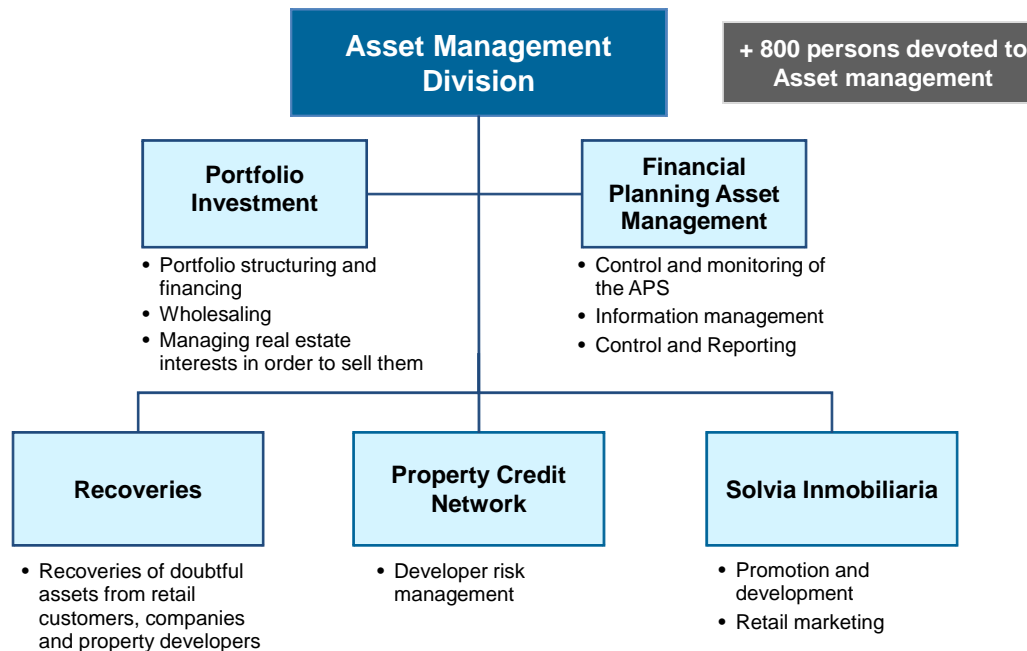
Increased transparency:
ring-fencing of on non-core assets



The new structure confirms BS commitment to transparency

Highly flexible structure of our *Gestión de Activos* Division

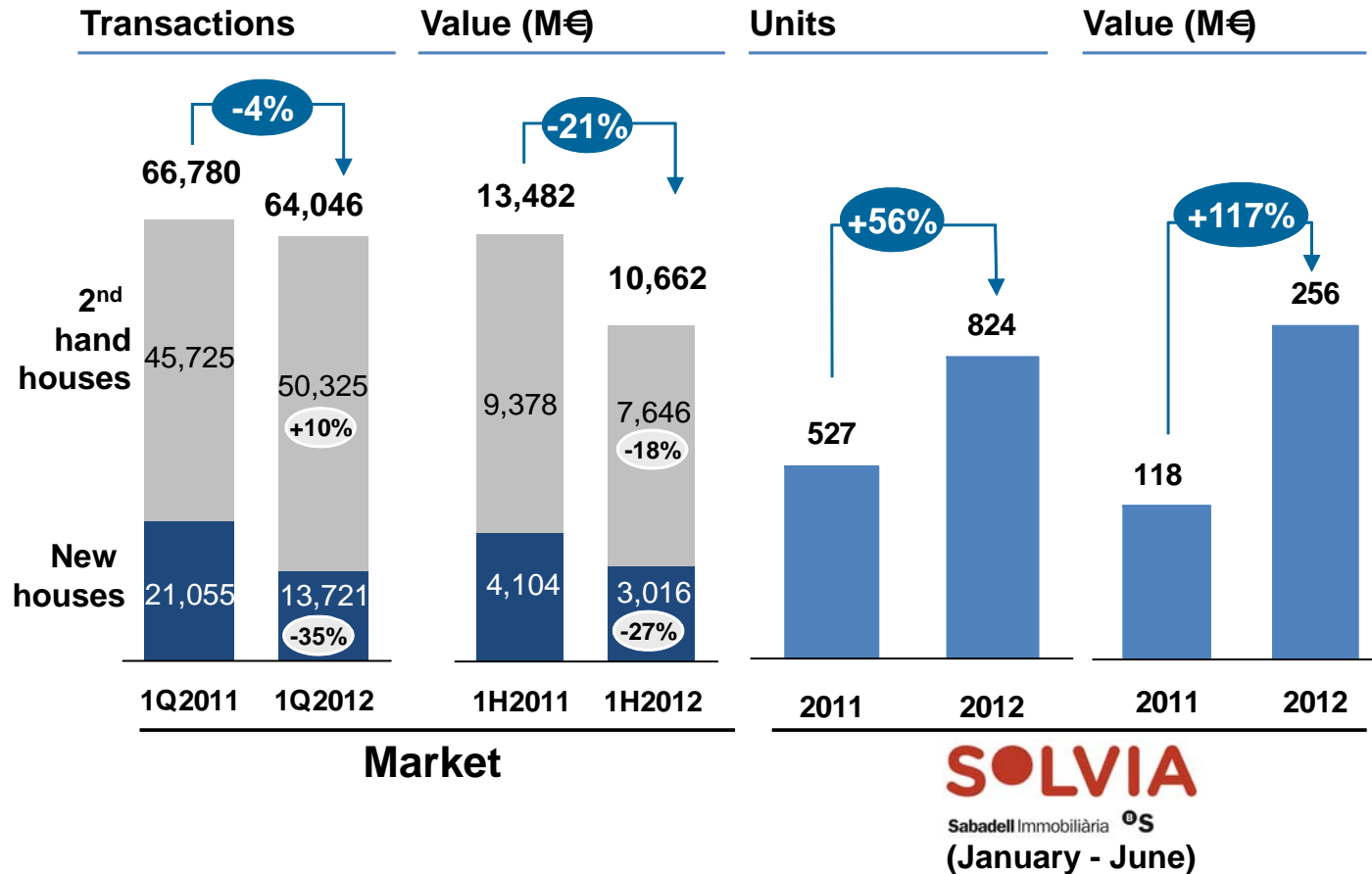
A versatile structure that allows cross referencing



- ✓ For example a healthy developer can finish a property of a non-performing developer with the help of a third party investor

Management from a real estate, financial and risk perspective


Leveraging on the existing know-how of Solvia



FY 2012 sales target for the group: €1,193M*

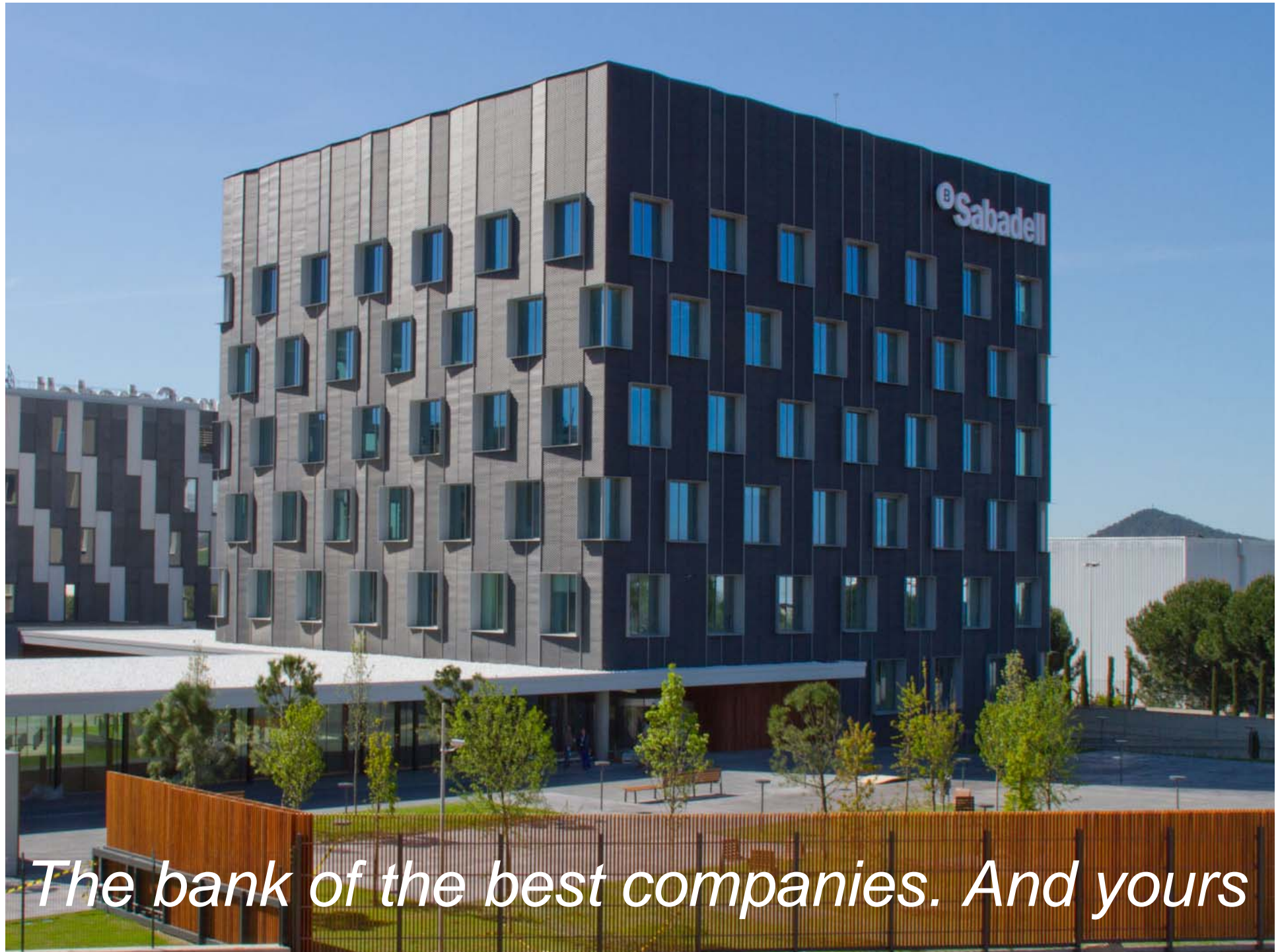
* Pre-provision cost (Including BS and Banco CAM from January 2012)

Success case examples in 2012: Madrid, Barcelona and coastal property

	<u>Number of houses sold</u>	<u>% of total</u>	<u>Average price</u>
 <p>Pozuelo - La Finca (Madrid)</p>	92	75%	€1,300,000
 <p>Illa de Mar – Diagonal Mar (Barcelona)</p>	42	57%	€970,000
 <p>Ensanche de Vallecas (Madrid)</p>	150	89%	€372,000
 <p>Canet d'en Berenguer (Valencia)</p>	597	100%	€82,000
 <p>Manilva - Punta Paloma (Málaga)</p>	138	100%	€90,000
 <p>Roses - Portomarina (Girona)</p>	86	100%	€66,000
 <p>Cabanes - Marina d'Or (Castellón)</p>	140	65%	€72,000

Sales realised at an already-provided-for average discount of 38%

-
- ✓ Banco Sabadell has consolidated its position as Spain's **fourth largest** private financial entity and is a key player in the consolidation of the sector
 - ✓ The Sabadell CAM commercial integration has already taken place, the brand has been launched and the new franchise is being incorporated into Banco Sabadell with a **positive momentum**
 - ✓ The **new business unit** specialised in management of real estate loans and assets has been created in order to improve transparency and crystallise value, anticipating regulatory changes
 - ✓ Banco Sabadell complies with a new market reality in an environment with increased supervision and more stringent requirements on **capital, liquidity and solvency**
 - ✓ In June Banco Sabadell reached a top-of-class **coverage level of 15.6%** of total exposure (loans and RE assets)
 - ✓ The core capital level stands at a solid 10.2%, following successful **capital raisings of €3.2bn** in 2012



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