

 **Sabadell**

 **Triple**

2014 – 2016 Business Plan Presentation

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1. **B Triple**: the new business plan
 2. Domestic business delivery
 3. Balance sheet normalisation
 4. Developing new productivity drivers
 5. International footprint
 6. Talent and HR
 7. Financials
 8. Closing remarks

1. **Triple** : the new business plan

In February 2011 the CREA plan was
launched

 **Create** Growth

Crecimiento

Profitability

Rentabilidad

Efficiency

Eficiencia

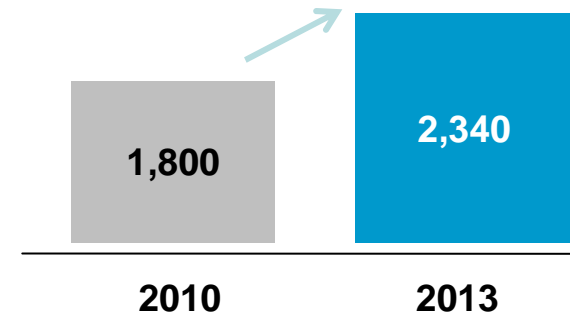
Ambition

Ambición

The CREA plan was mainly based on growth and opportunity ...

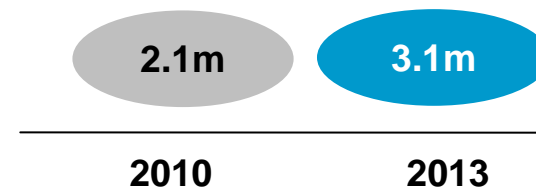
Leveraging existing franchise and target new clients within our current footprint

Number of customers per branch



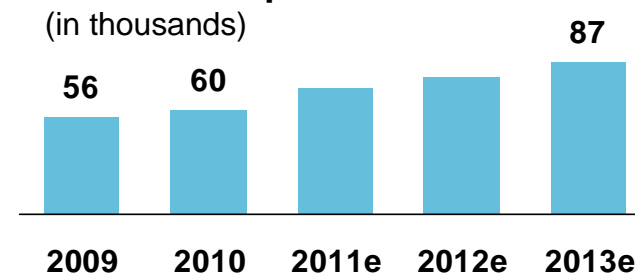
Gain market share and attract 1 million new clients. Growing our retail market share by more than **one** percentage point

Number of customers



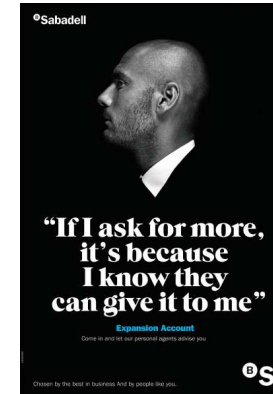
Operational streamlining

Number of operations / FTE*
(in thousands)



*Full Time Equivalent

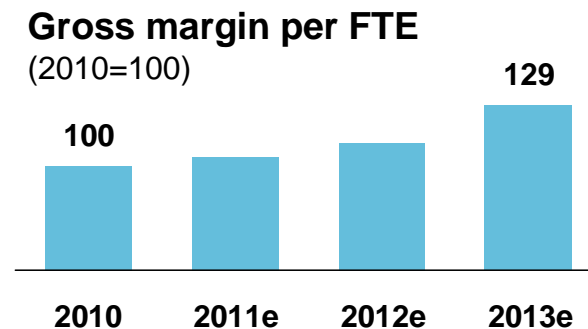
Improve brand recognition



New incentive model

**Winning
commercial
attitude**

Profitability



What did  **Crea** deliver?

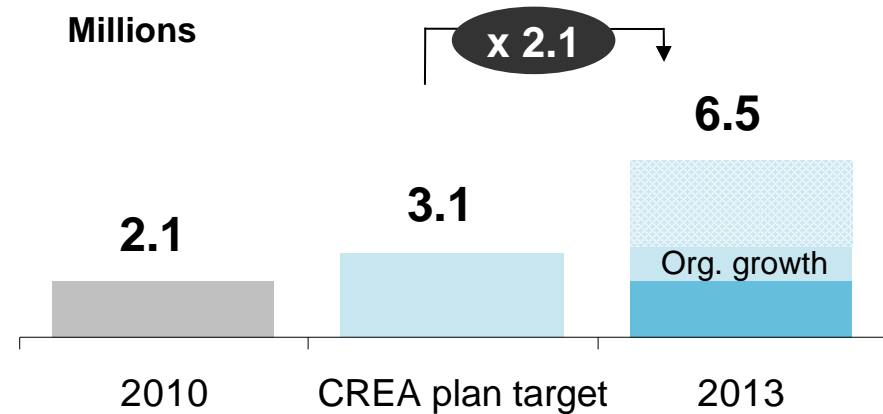
Attract new customers

1 million new customers, growing our market share in retail banking

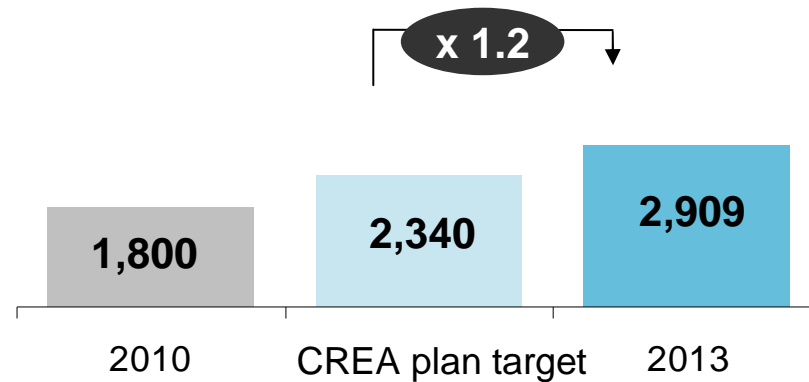
Efficiency

Leveraging existing platform and customer franchise value

Number of customers



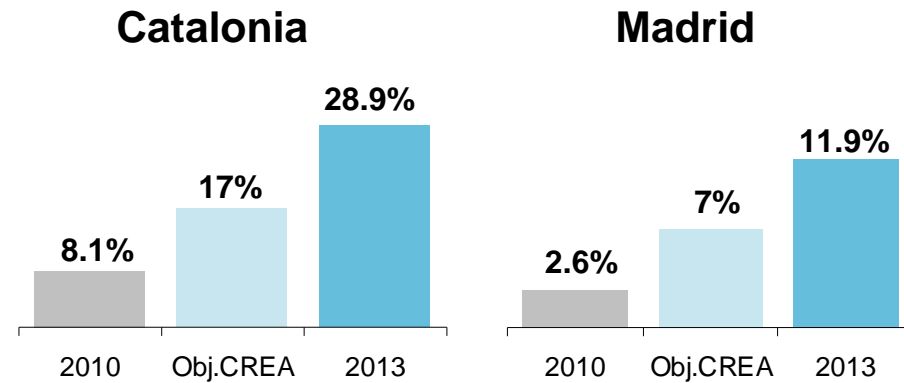
Customers per branch



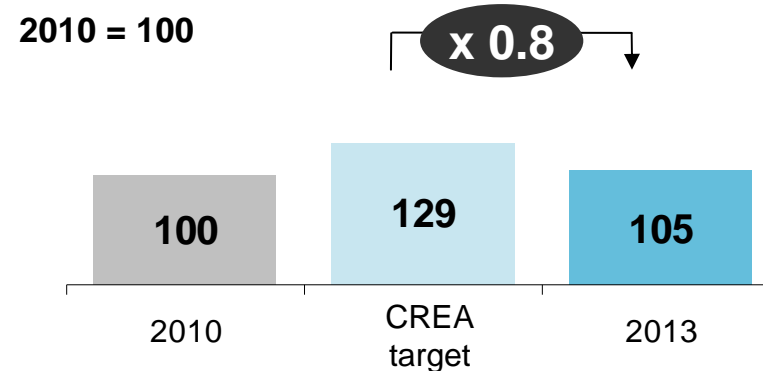
Improve brand recognition
 Emphasis on retail banking segment

Profitability

Brand recognition*



Gross margin per employee

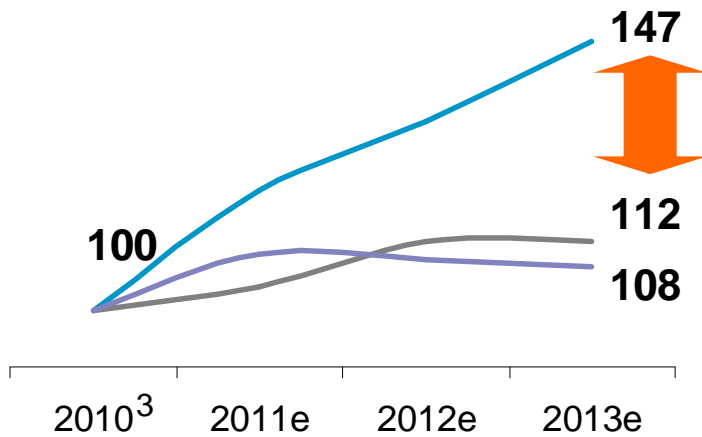


* Among the first five mentioned entities. Source FRS Inmark

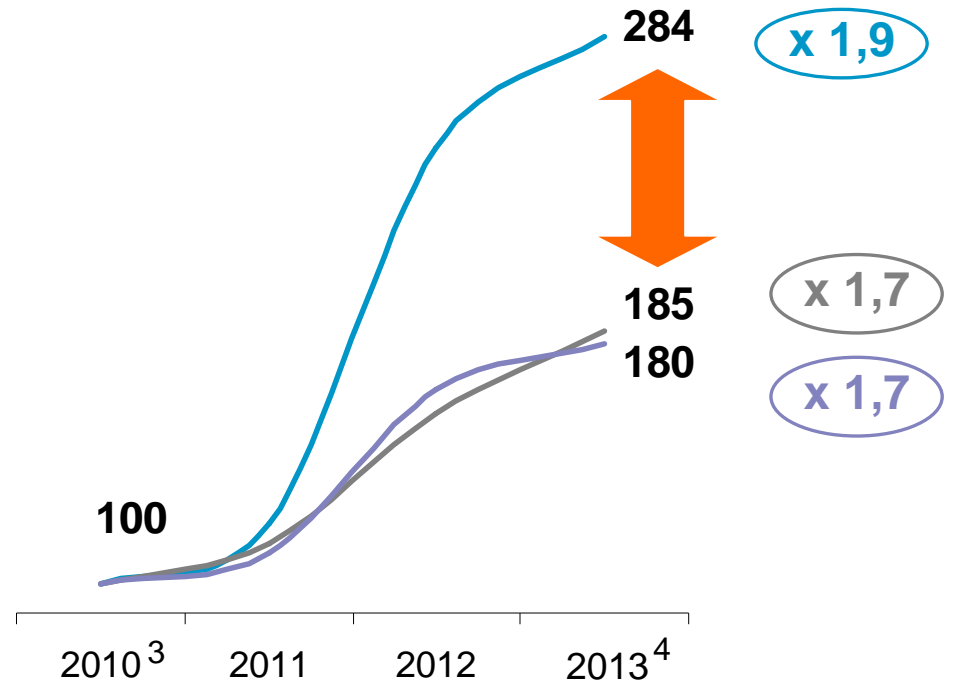
Delivery of CREA targets

CREA estimates

- Customers
- Branches¹
- Employees²



Actual outcome



Actual vs. estimated

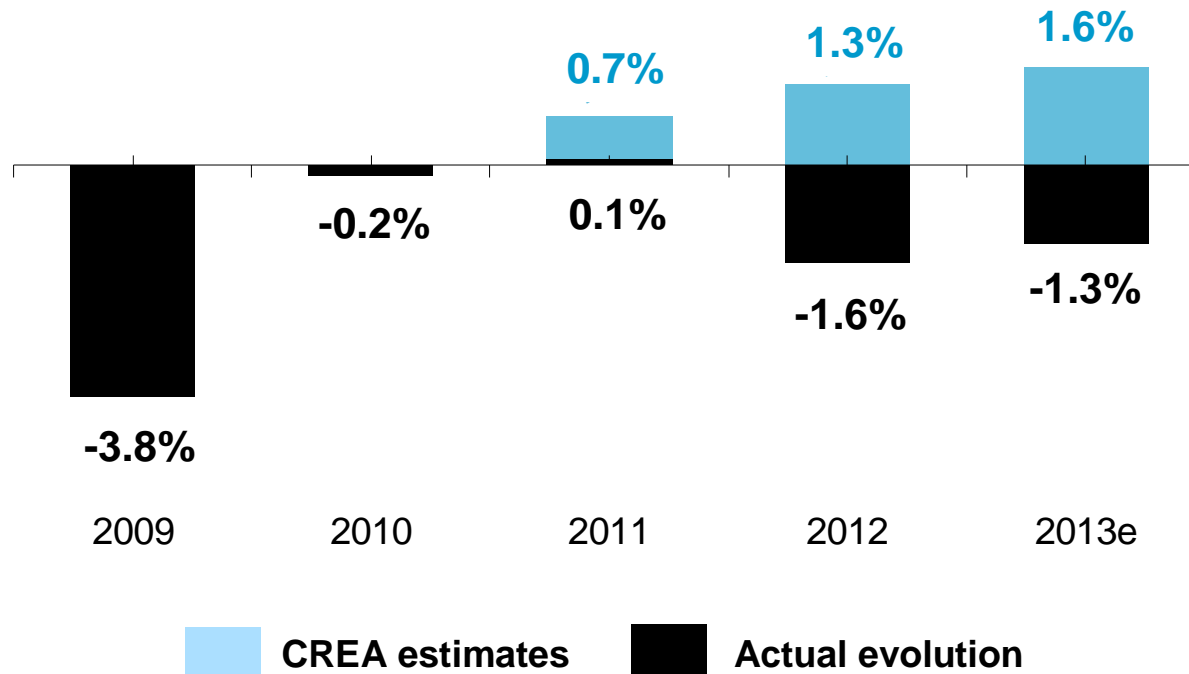
- x 1,9**
- x 1,7
- x 1,7

1. Spanish branches 2. excluding US operations 3. Excluding B.Guipuzcoano 4. Excluding Lloyds Spain and B. Gallego

What were  **Crea**'s
exogenous challenges?

A challenging macro environment ...

Spanish GDP evolution (YoY change in percentage)



In 2010 there were signs of an economic recovery in Spain but with downside risks:

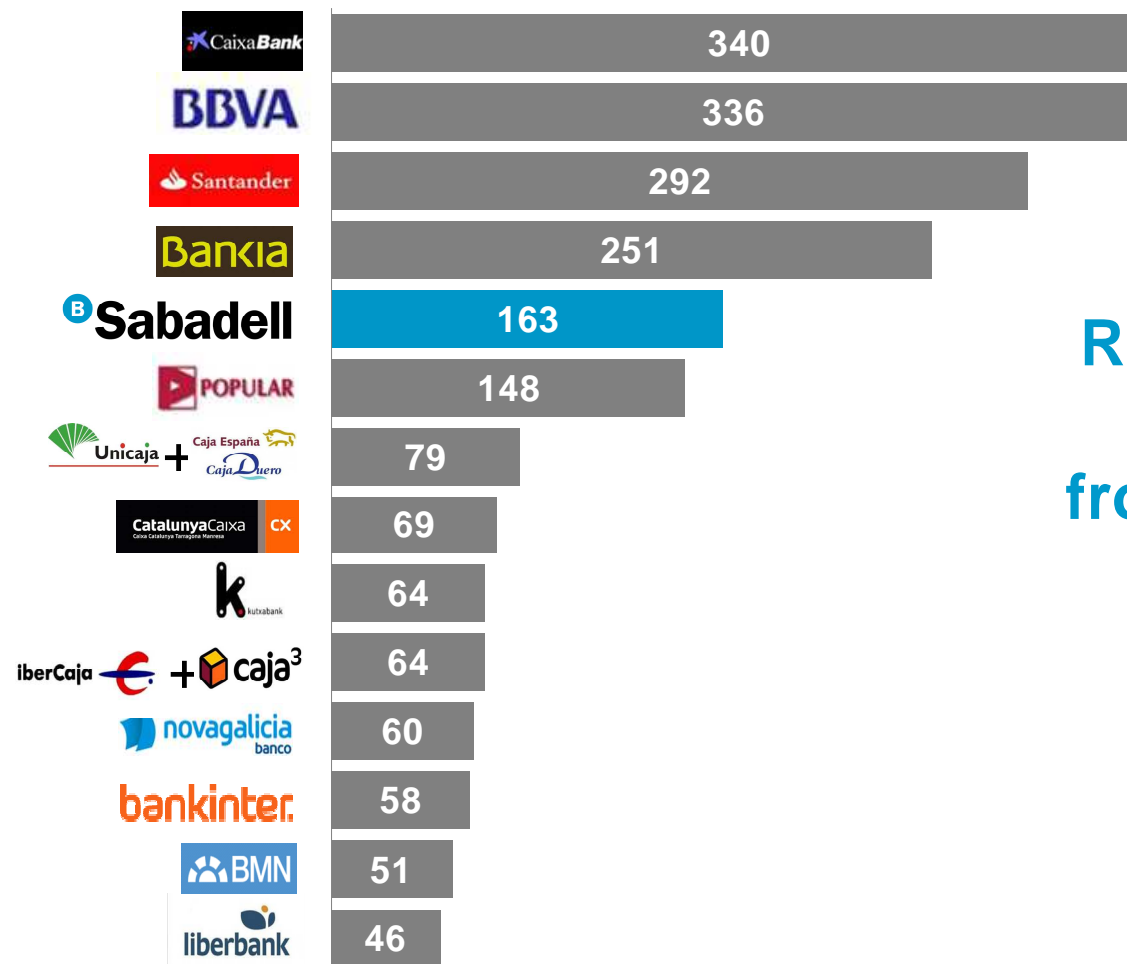
- Sovereign debt crisis in the euro zone
- Capital outflows from the European periphery
- Credit crunch

... which prompted a change in revenue structure

	2010	2013 CREA	2013 Actual
Net interest income	1,459	1,861	1,815
Commissions	516	693	760
Trading income & Forex	204	216	1,547
Other Operating Results	152	103	-163
Gross Operating Income	2,331	2,873	3,977
Operating Costs	-1,036	-1,152	-1,686
Depreciations	-159	-150	-228
Pre-provision Income	1,136	1,571	2,062
Total provisions & Impairments	-968	-452	-1,764
Gains on sale of assets	296	-1	44
Profit before taxes	464	1,118	343
Attributable Net Profit	380	840	248

The Spanish financial map has changed

Total domestic assets of the main financial entities in Spain (Euros in million)



Restructuring of the savings banks:
from 45 to 11 entities

Note: Refers to latest available financial disclosures by entity

The bank managed to doubled in size during the financial crisis ...

<i>(Euros in million)</i>	2007	2010	2013	2013/07
Assets	76,776	97,099	163,441	x 2.1
Loans ¹	63,165	73,058	124,615	x 2.0
Deposits ²	34,717	49,374	94,497	x 2.7
Branches	1,225	1,428	2,247 ³	x 1.8
Employees	10,234	10,777	16,900 ⁴	x 1.6

... improving liquidity and solvency ratios

Core Capital	6.0%	8.2%	12.0%	x 2.0
Loan to deposit	197%	135%	107%	x 0.5

1. Gross loans to customers excluding repos. 2. On-balance sheet customer funds. 3. 2014 forecast. 4. 2015 forecast
 Note: Loan to deposit ratios is net of provisions and intermediary funding.

Taking advantage of inorganic growth opportunities

Recent integrations

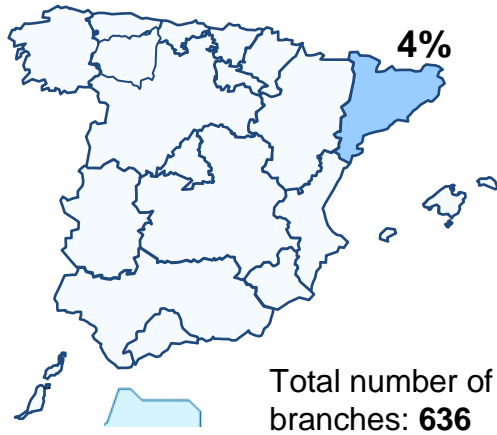
Total assets (Euros in million)

B Sabadell	2008	BBVA Miami	→	80
	2009	BNY MELLON	→	83
	2010	bancoGuipuzcoano	→	97
	2011	LYDIAN™	→	100
	2012	CAM Caja de Ahorros del Mediterráneo	→	162
	2013	Caixa Penedès Banco Gallego LLOYDS BANK INTERNATIONAL	→	163

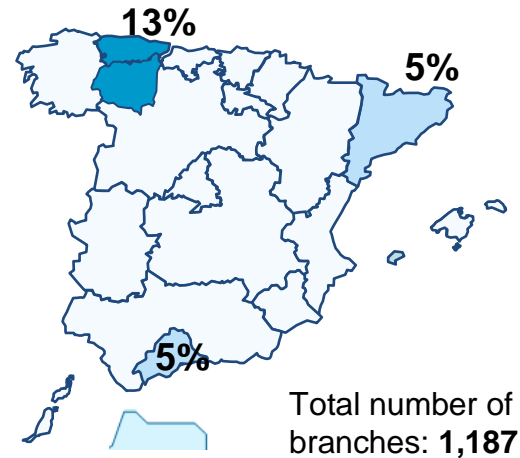
Creating a national franchise with exposure to the regions with higher economic activity

Market share by region

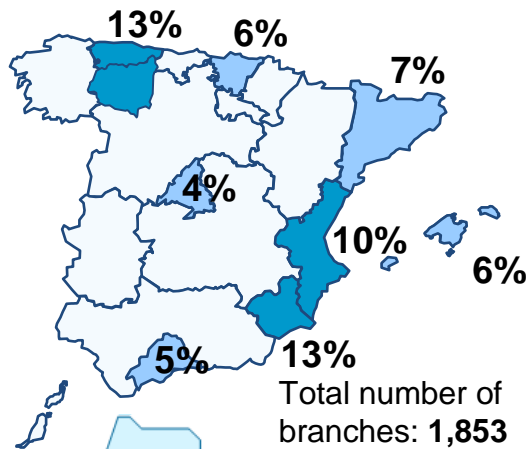
2001



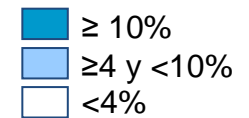
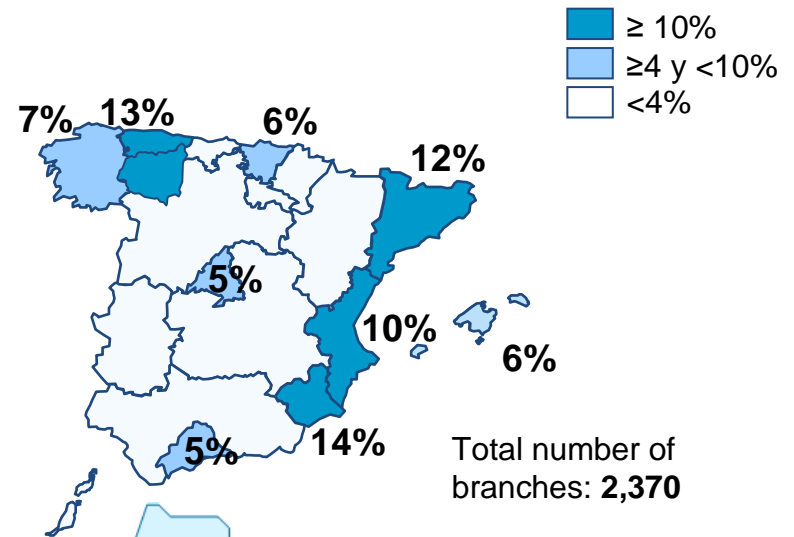
2006



2012



2013



Note: The region of León is included in Asturias and not in Castilla y León.

Progressively strengthening our footprint abroad

International footprint



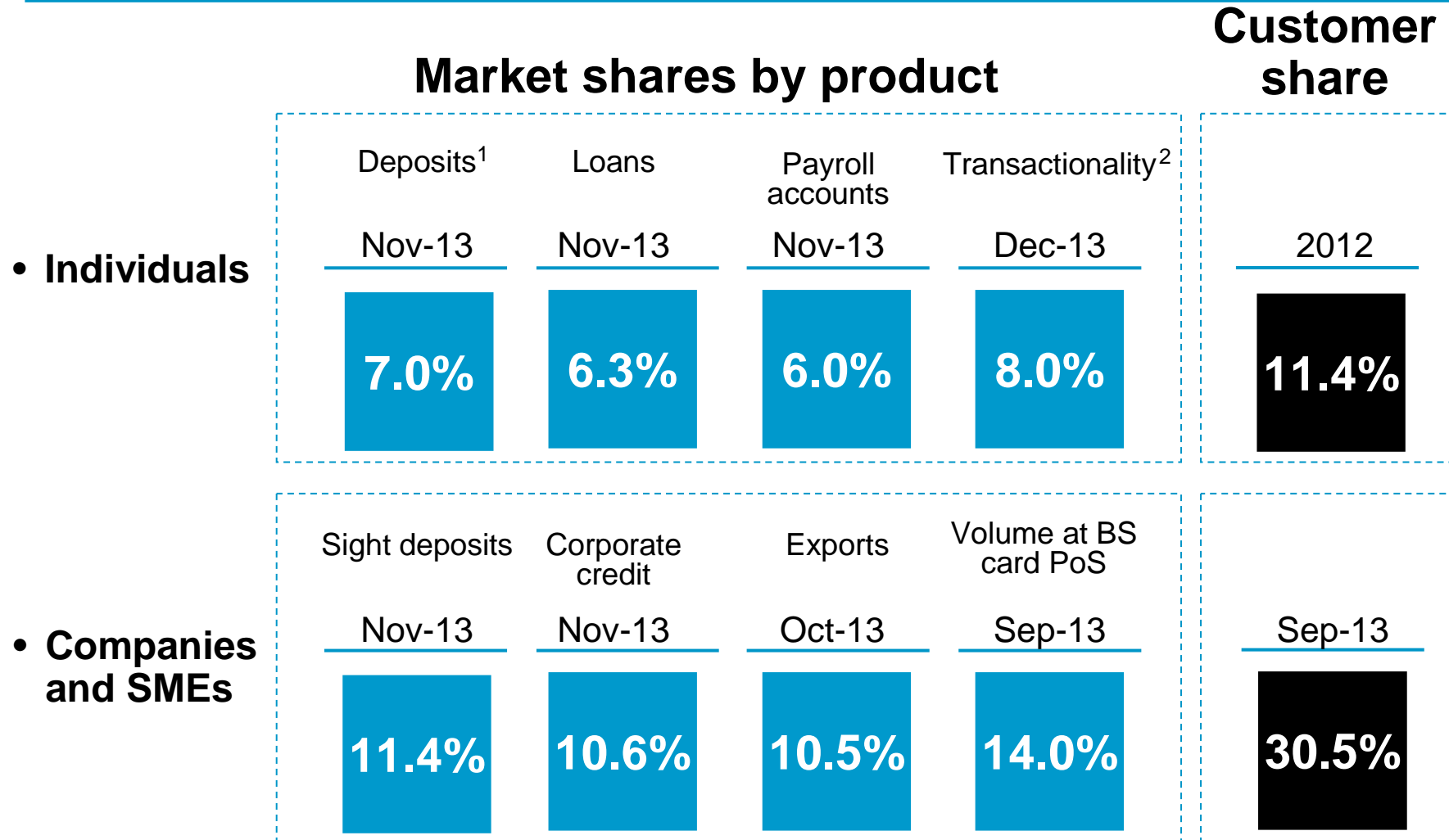
- Footprint in strategic markets
- Agreements with international trade promoters
- Specialised services

Branches	Representative offices	Associated banks
● 5	● 13	○ 1
Banking subsidiaries	Awaiting licence approval	
● 2	● 1	

Recent openings:

- ✓ New York
- ✓ Warsaw
- ✓ Morocco

Achieving critical mass in all segments of the market



Note: pro-forma including Penedés, Gallego and Lloyds Spain.

¹ Including term and sight deposits and repos

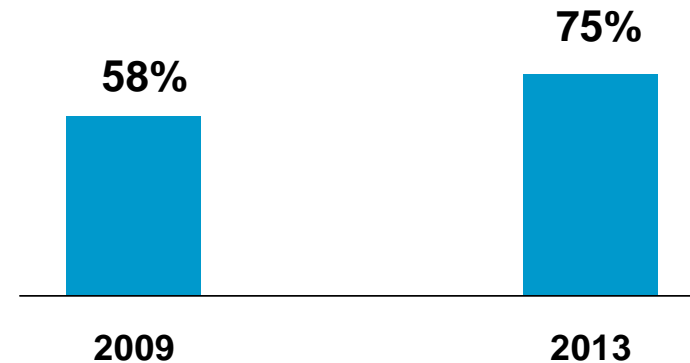
² Including cheques, transfers, SEPA transfers, receivables and promissory notes

Positioned to take advantage of the Spanish banking industry going forward

Medium term outlook for the Spanish domestic banking sector

- ✓ Improving NII margins
- ✓ ROE in the mid-teens
- ✓ Further consolidation

Weight of the 6 largest financial institutions in assets*



The Spanish retail banking model is efficient and continues to be a sustainably profitable business through the cycle

* Excluding foreign banks and "Cajas rurales"

The main focus of ^BTriple :

Profit delivery

Additional focus points

Domestic business delivery

- ✓ Increasing customer profitability
- ✓ Customer growth
- ✓ SME's focus leveraging on international franchise
- ✓ Improving value proposal in Private Banking

Balance sheet normalisation

- ✓ Implementation of new recovery processes and reducing NPLs
- ✓ Reduction of Real Estate assets

Developing new productivity drivers

- ✓ Instant Banking
- ✓ Transformation of the production model

International footprint

- ✓ Sowing the seeds for future growth

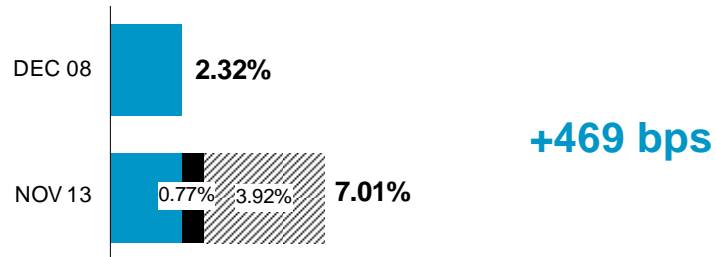
Talent and HHRR

- ✓ Investing in future talent

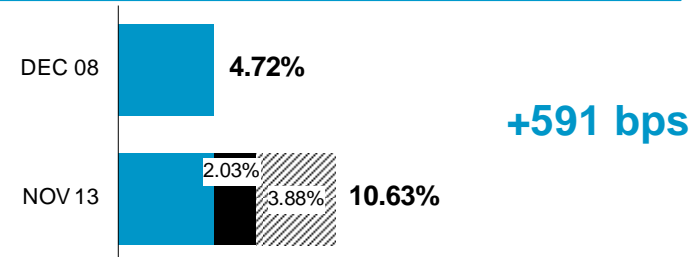
2. Domestic business delivery

Sabadell has staged an unprecedented leap in size ...

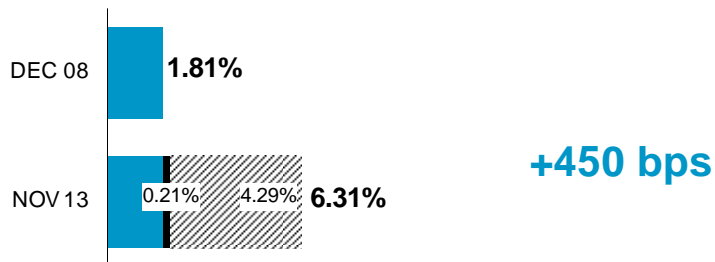
Household deposits¹



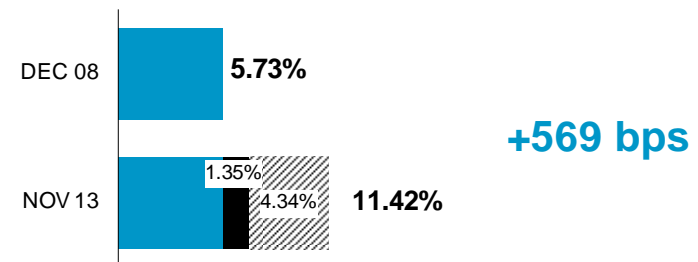
Corporate credit



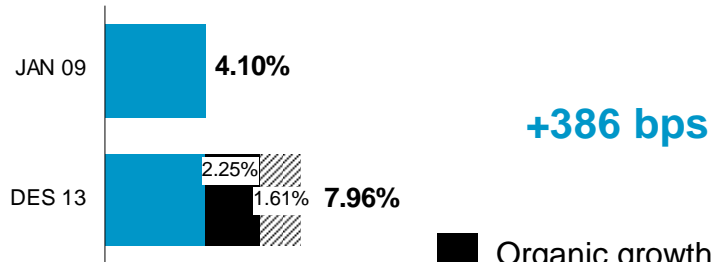
Household loans



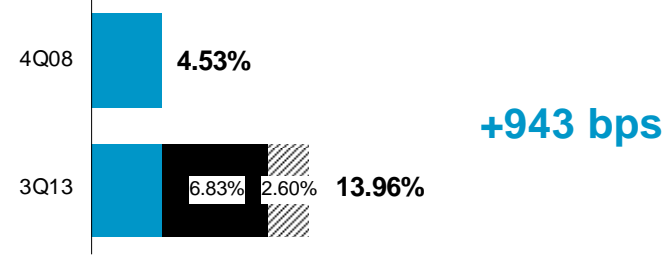
Sight deposit companies



Transactionality²



Volume at BS card PoS



Organic growth
 Contribution B.Guipuzcoano, B.CAM, Penedés, Lloyds y Gallego.

¹ Including term and sight deposits and repos.

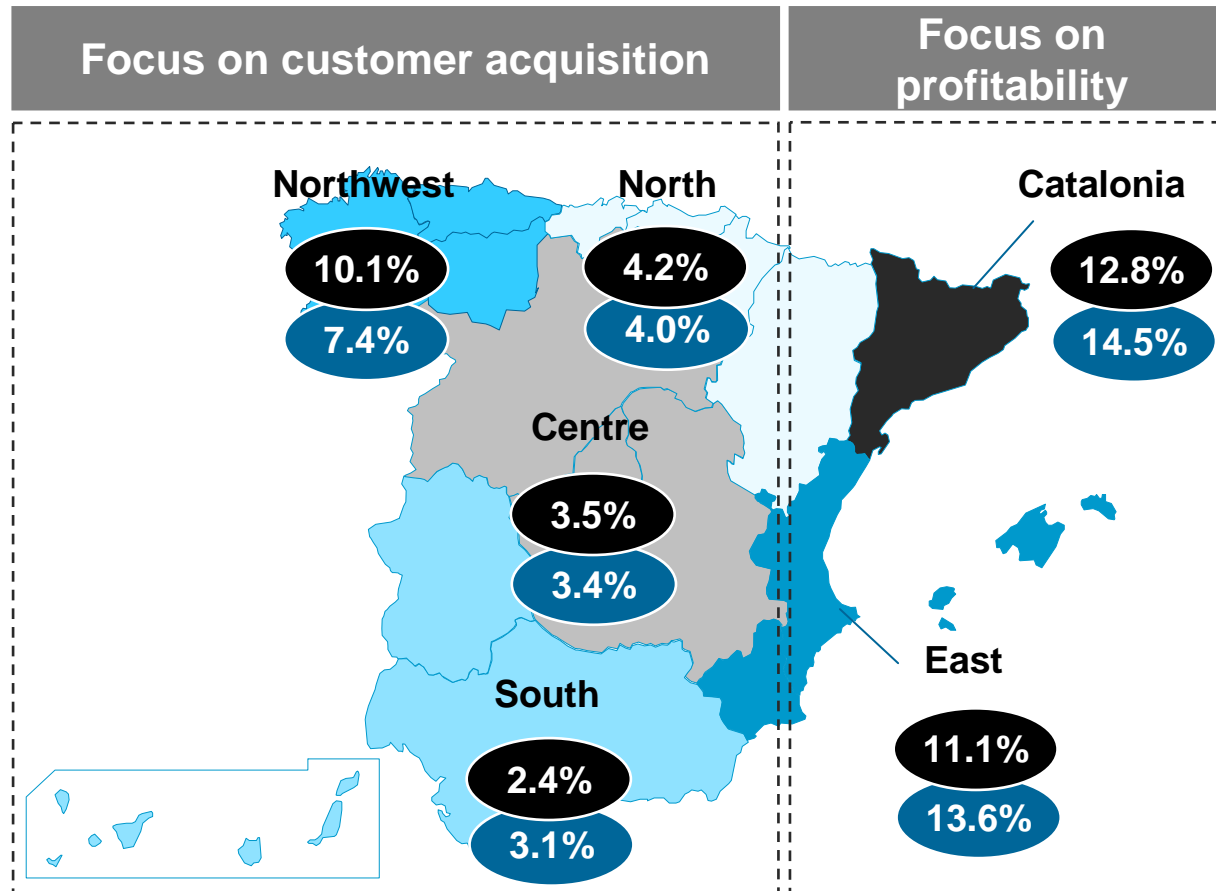
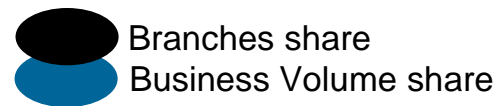
² Including cheques, transfers, SEPA, transfers, receivables and promissory notes.

... and following years of perimeter growth, the upside now is through delivery



(€ Million)	2010	2013	2010/13	
Domestic branches	1,428	2,370	x 1.7	Leveraging the existing platform
Business volume ¹	122,432	219,112	x 1.8	
<hr/>				
NII + Fees	1,976	2,574	x 1.3	Potential to improve performance
Loans to companies (ex-real state)	42,829	49,651	x 1.2	
Market share in mutual funds ² vs. market share in deposits	1.00	0.57	---	

1. Gross loans to customers excluding repos + on-balance sheet customer funds
 2. Ex Real Estate fund

Different approaches for different regions: Profitability and new customers



In Catalonia and Eastern region the focus is on extracting value from existing customers

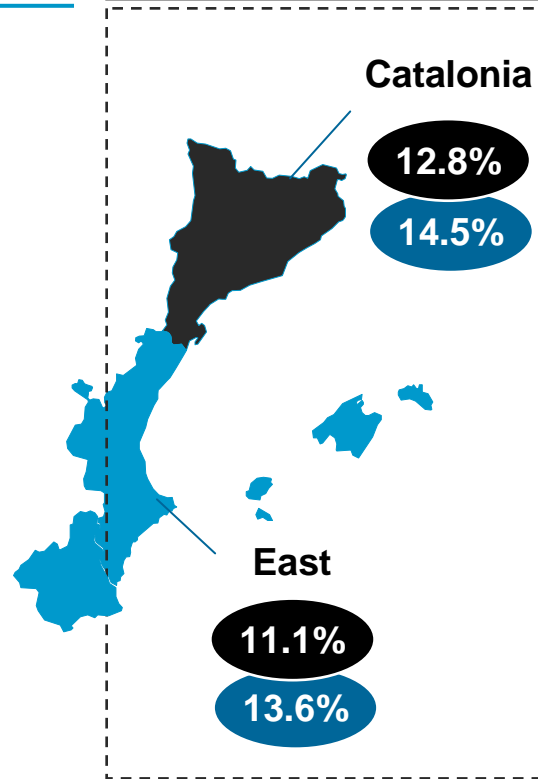
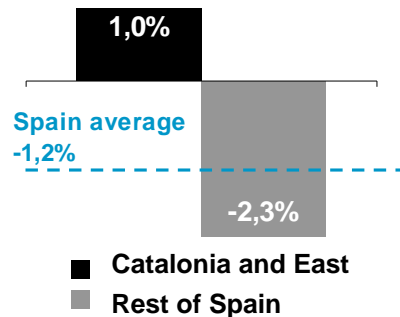
 Branches share
 Business Volume share

Focus on profitability

Sabadell has 2/3rds of its business volume in Catalonia and the East ...

... characterised by a more positive economic outlook

*Employed people
(% var 4Q13/4Q12)*



Recent integrations

- **Eastern Spain**
B.CAM – December 2011¹
- **Catalonia (Northeast)**
BMN Penedes – October 2013¹

Greater market share in business volumes vs. market share in number of branches

1. Operational integration

Closing the income gap with the newly integrated businesses in the Eastern region ...

Eastern region

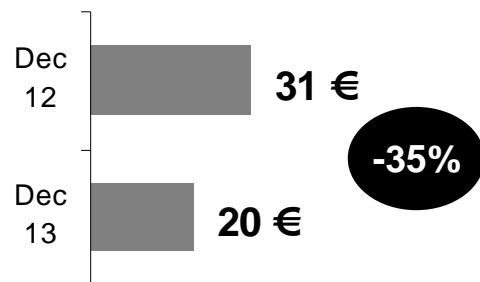
(€ Million)

	Sabadell stand alone	B. CAM	
Branches (date: acquisition B.CAM)	172	591	x 3.4
Business volume (date: post-integration B.CAM)	11,481	36,264	x 3.2
NII + Fees (date: post-integration B.CAM)	232	552	x 2.4

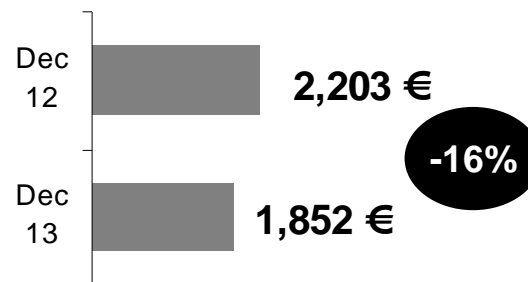
- Current number of branches: 608 (December 2013)
- Branch closures: 155 (20%)

Closing the NII + Fee income gap per customer

Retail (gap BS/ B. CAM)



SMEs (gap BS/ B. CAM)



- 1,340,734 customers exclusively from B. CAM in 2013
- Challenge in SME's

Catalonia

(€ Million)

	Sabadell stand alone	BMN Penedés	
Branches (date: acquisition Penedés)	418	447	x 1.1
Business volume (date: post-integration Penedés)	41,020	15,698	x 0.4
NII + Fees (date: post-integration Penedés)	817	241	x 0.3

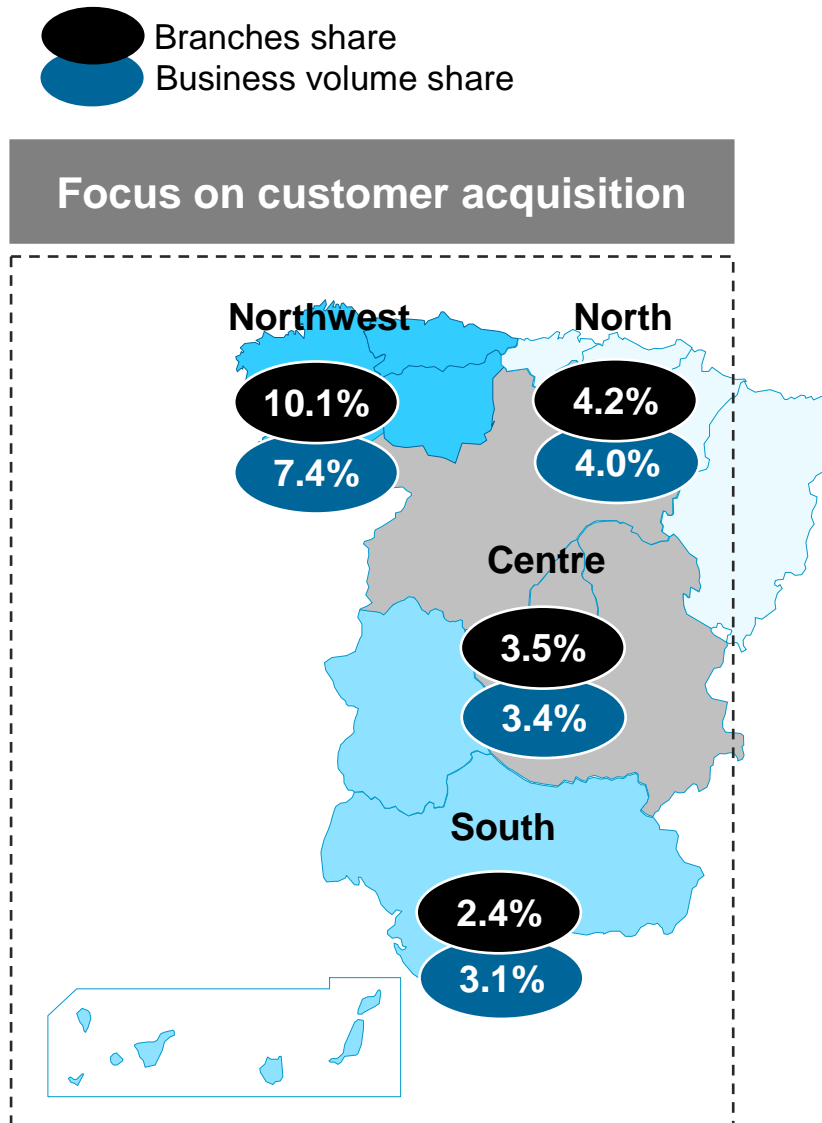
- **Currently number of branches: 743 (December 2013)**
- **Branch closures: 122 (14%)**

Closing the NII + Fee income gap per customer

In 2014 the gap has started to close with Penedés

- **c. 494,000 customers exclusively from Penedés in 2013**

In the rest of Spain the focus is on “filling” the branches with customers



Recent integrations

- **North**
B. Guipuzcoano – April 2011¹
Branches market share 2011: 4.1%
Business volume market share 2011: 3.3%
- **Northwest**
B. Gallego – November 2013²

Larger branch market share than business volume market share

1. Operational integration
2. Closing (Operational integration expected in March 2014)

And the trend of customers per branch is already improving

North region

	2011 ¹	2013	2011/13
Ratio of customers per branch	1,257	1,606	x 1.3
Ratio of business volume per customer (euros)	69,797	61,310	x 0.9

1. Post integration B. Guipuzcoano

Since Guipuzcoano we have done well, but ...

... we still have work to do.
Target: *Customers per branch of c. 2,900*

Northwest/Galicia

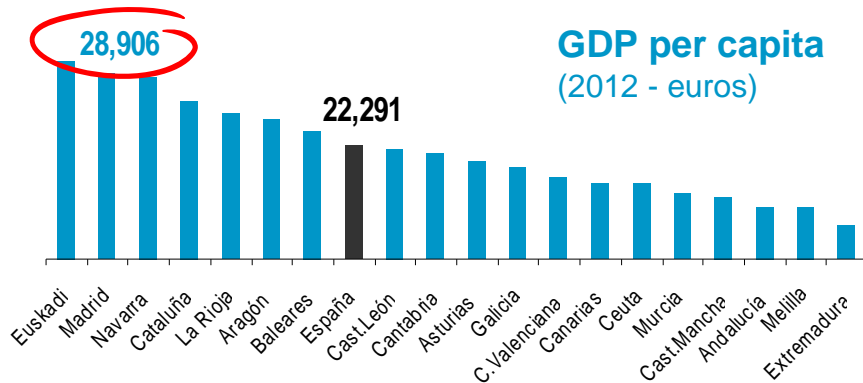
(€ Million)	Sabadell stand alone	B.Gallego	
Branches (date: acquisition B.Gallego)	28	117	x 4.2
Business volume (date: acquisition B.Gallego)	2,652	2,483	x 0.9

Similar to Northwest experience we will need to “fill” the branches with customers (currently 1,325 customers per branch)

With a different approach for the centre of Spain, with emphasis on Madrid

Why focus on Madrid?

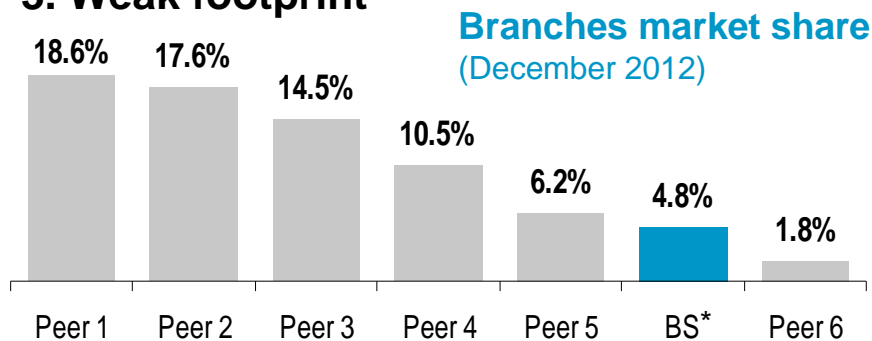
1. High GDP



2. Highly dynamic economy

- 1st region in foreign direct investment
- 1st region in R&D
- 2nd region in export volumes

3. Weak footprint



* Including Gallego and Lloyds

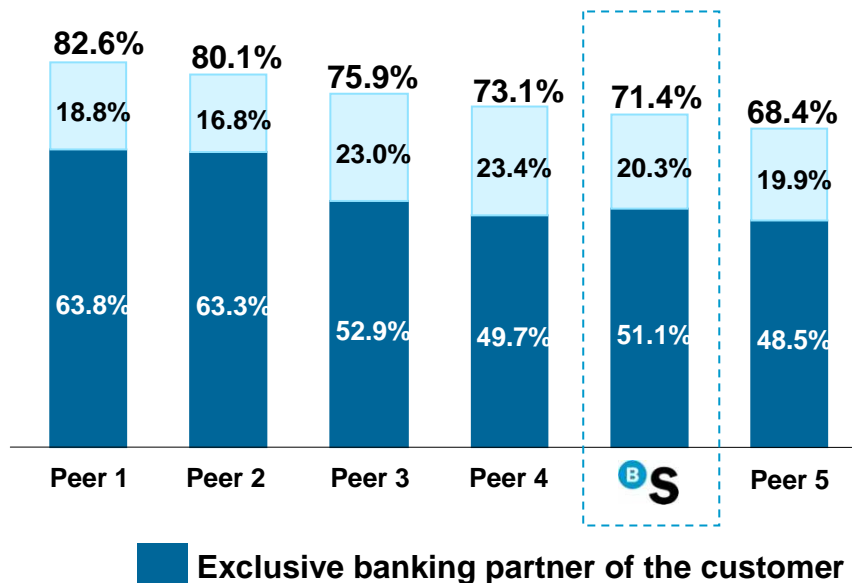
How?

Levers

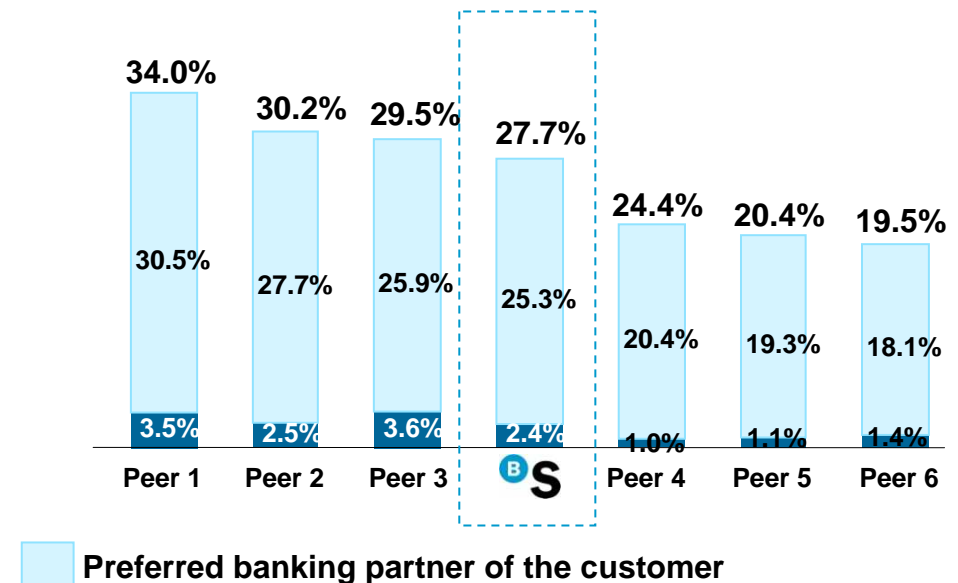
- ✓ Increase brand awareness
- ✓ Commercial strength
- ✓ Instant Banking

Furthermore we are going to improve customer relationship to become the preferred bank ...

Loyalty among individual customers by bank



Loyalty among company and SME customers by bank



Increase customer loyalty among retail customers

To become the preferred banking partner for more companies

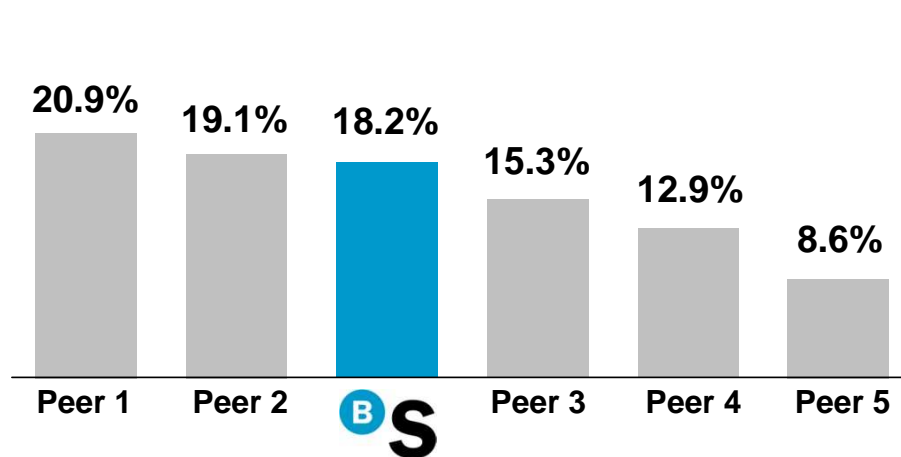
Peers include Bankia, Bankinter, BBVA, Caixabank, Popular and Santander

Source: "Comportamiento financiero de los particulares en España-2013", based on 12,000 respondents in all of Spain and "Comportamiento financiero de las empresas en España-2012", based on answers from 876 Spanish companies, with an annual turnover of 6-100 million euros.

... with room to improve insurance fees and off-balance sheet funds

Individual customers with insurance

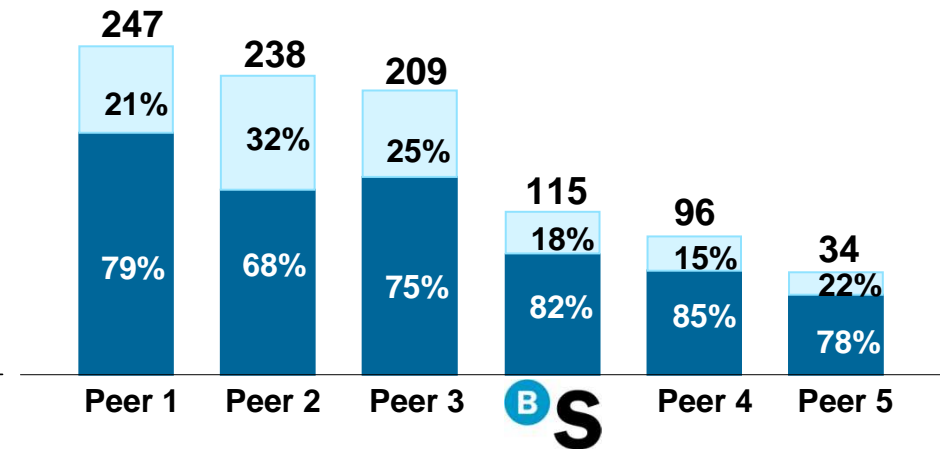
In percentage



90% of the market has an insurance with banks and insurance companies

Customer funds structure

3Q2013 (Euros in billion)



Focus on diversifying customers' funds, increasing off-balance sheet savings products

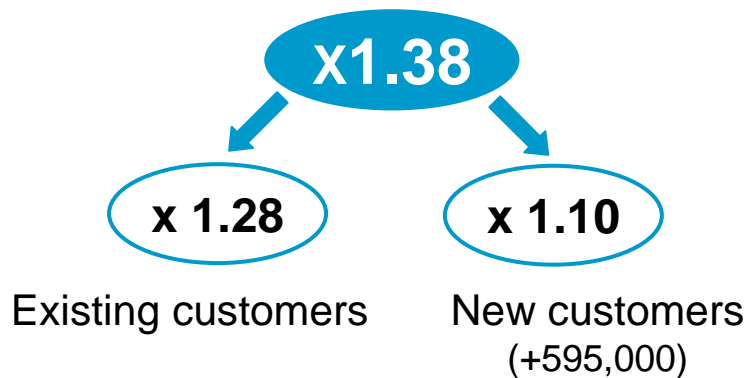
Source: FRS Inmark: "Comportamiento financiero de los particulares en España-2013", (12,000 polls)

Note: Peers include Bankinter, BBVA, CaixaBank, Popular and Santander
Source: Quarterly company reports

In short, the aim is to extract value from the domestic business: profitability and growth

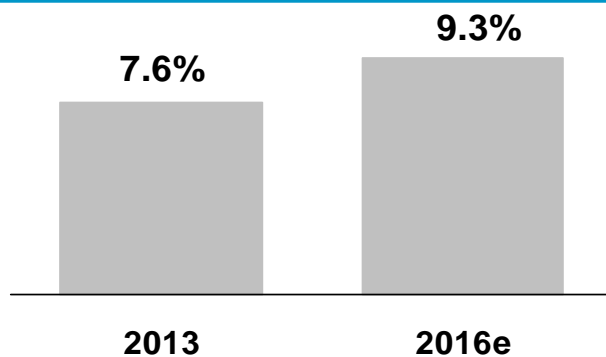
1 Increasing customer profitability

NII + Fees



2 Customer growth

BS overall market share¹ in Spain



1. Weighted market share

<i>Weighted market share</i>	<i>weight</i>
Lending ex-NPL´s	20
Productive Activities ¹	15
Households	5
Liabilities	20
Deposits ²	5
Mutual Funds ³	10
Pension Funds + Life-savings insurances	5
Customer Relationship	35
Sight dep. ⁴	15
Purchases whit BS cards	5
Volume at BS card PoS	5
Transactionality banking	10
International	15
Total Export ⁵	15
Insurances	10
Life + Home	10

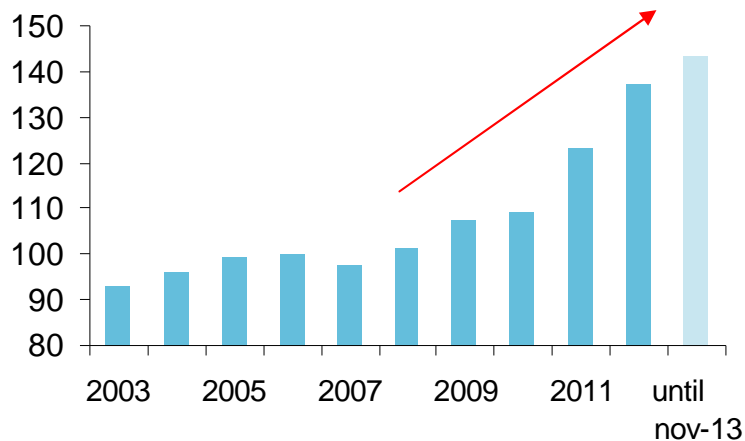
1. Non-financial Corporations + Individual entrepreneurs excluding Real State activities
 2. Sight + term + repos (Households + Non-financial Corporations)
 3. National Financial Funds
 4. Households + Non-financial Corporations
 5. Excluding warrants

The internationalisation is and will be a key factor to the growth of the economy ...

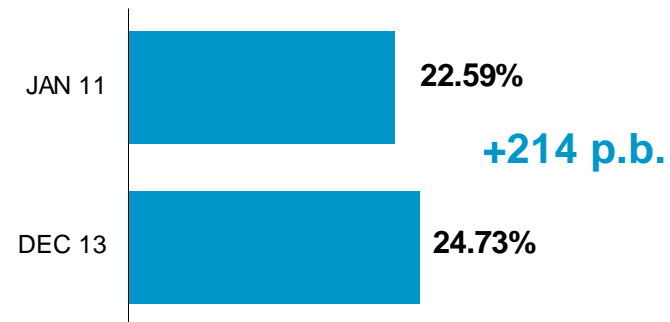
Significant increase in the number of Spanish exporting companies during the crisis (c. 46,200)

BS market shares

Exporting companies (in thousands)

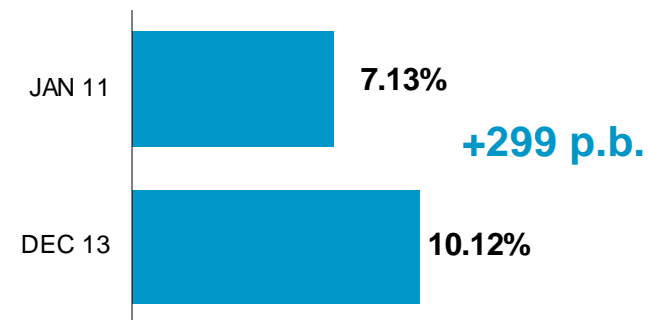


Export letter of credit



... and more than 40% of the exporting companies are from our core regions (Catalonia and East)

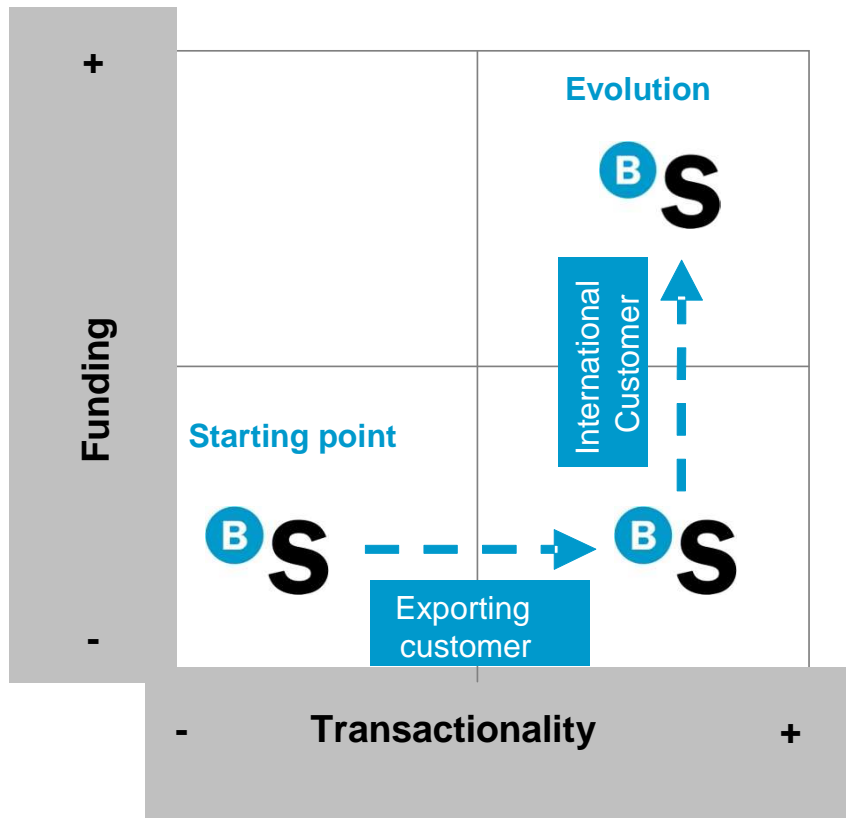
Exports (without guarantees)



... so strengthening the international business is a priority for us ...

Our aim is to strengthen our leadership and deepen our customer relationships beyond the scope of exporting

Evolution of the customer needs in its internationalisation process



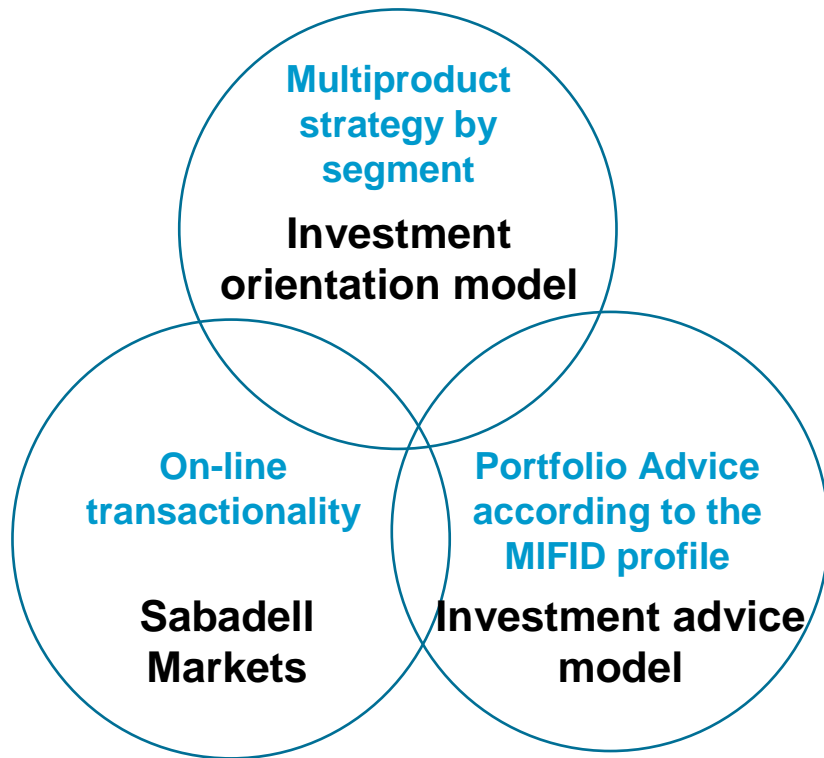
- Optimising the customer base of exporters
- Managing the customers according to their needs
- Adapting the products and services offer to the customer stage of internationalisation and to the type of company
- Always increasing the range of transactionality products

Target: International business commercial margin Total Group (BS + International Financial Institutions)

x 1.26

... as well as improving the value proposal in private banking

Strengthened by across the board initiatives



Private Banking Plan.

- Customer funds: x 1.2
- SICAV's Market share: x 1.2
- NII + Fees : x 1.4

Focus on Mutual Funds.

- AuM: x 2.15
- Market share: x 2.3
- Fees: x 1.9

Increase in security trading business

- Security trading revenues: x 1.6

Summarising the commercial banking plans

NII + FEES : Increasing the revenues per client, brand and manager

CUSTOMER	PRODUCT	REGION	SKILLS
<ul style="list-style-type: none"> • Increasing the profitability of the customer base: <ul style="list-style-type: none"> ➢ Increasing the links with the customers: be their main bank ➢ Improve the saving profile of the personal banking customers ➢ Increase market share in companies ➢ Tailored-made management 	<ul style="list-style-type: none"> • Fee products: <ul style="list-style-type: none"> ➢ Insurance ➢ Off-balance sheet funds ➢ International business • Loans to customers and consumer finance 	<ul style="list-style-type: none"> • Tailor-made plans for different regions <ul style="list-style-type: none"> ➢ Extracting revenue synergies from the integrated businesses ➢ Focusing growth vs. profitability depending on the region 	<ul style="list-style-type: none"> • Focus on: <ul style="list-style-type: none"> ➢ Increasing sales per manager ➢ Increasing sales per channel ➢ Increasing profitability of the brands

Execution plans

Positioning based in:

- ✓ Confidence and quality
- ✓ Publicity
- ✓ Customer experience in the different channels

Customer relationship model

Centralised management Multichannel

Commercial development program

Simplifying the mass markets management

S I M P L I F I C A T I O N

3. Balance sheet normalisation

Balance sheet normalisation: NPLs and real estate assets

2013: end of Crea

- Inflection point in non-performing assets
- Solid real estate commercial platform

Economic recovery

- Customers' cash flows
- Real estate assets' liquidity and value

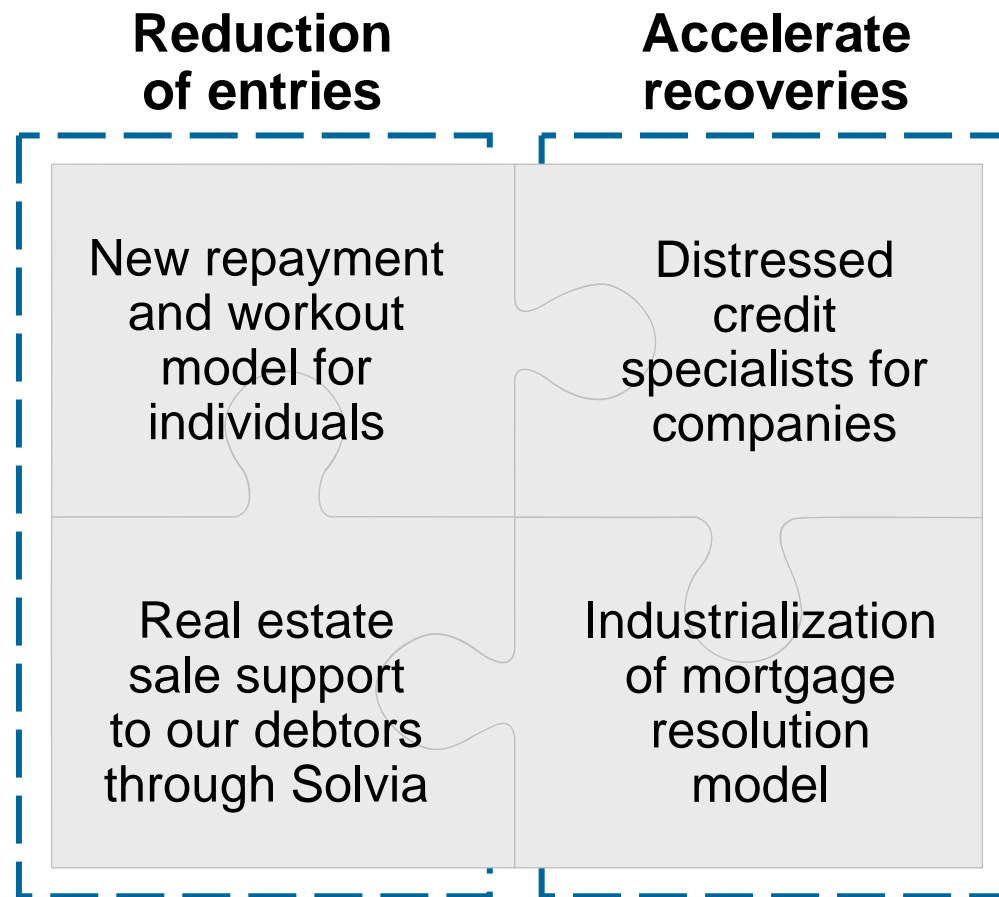


B Triple

- **NPL reduction**
- **Disposal of real estate assets**

NPL reduction:

New model to attack non-performing loans



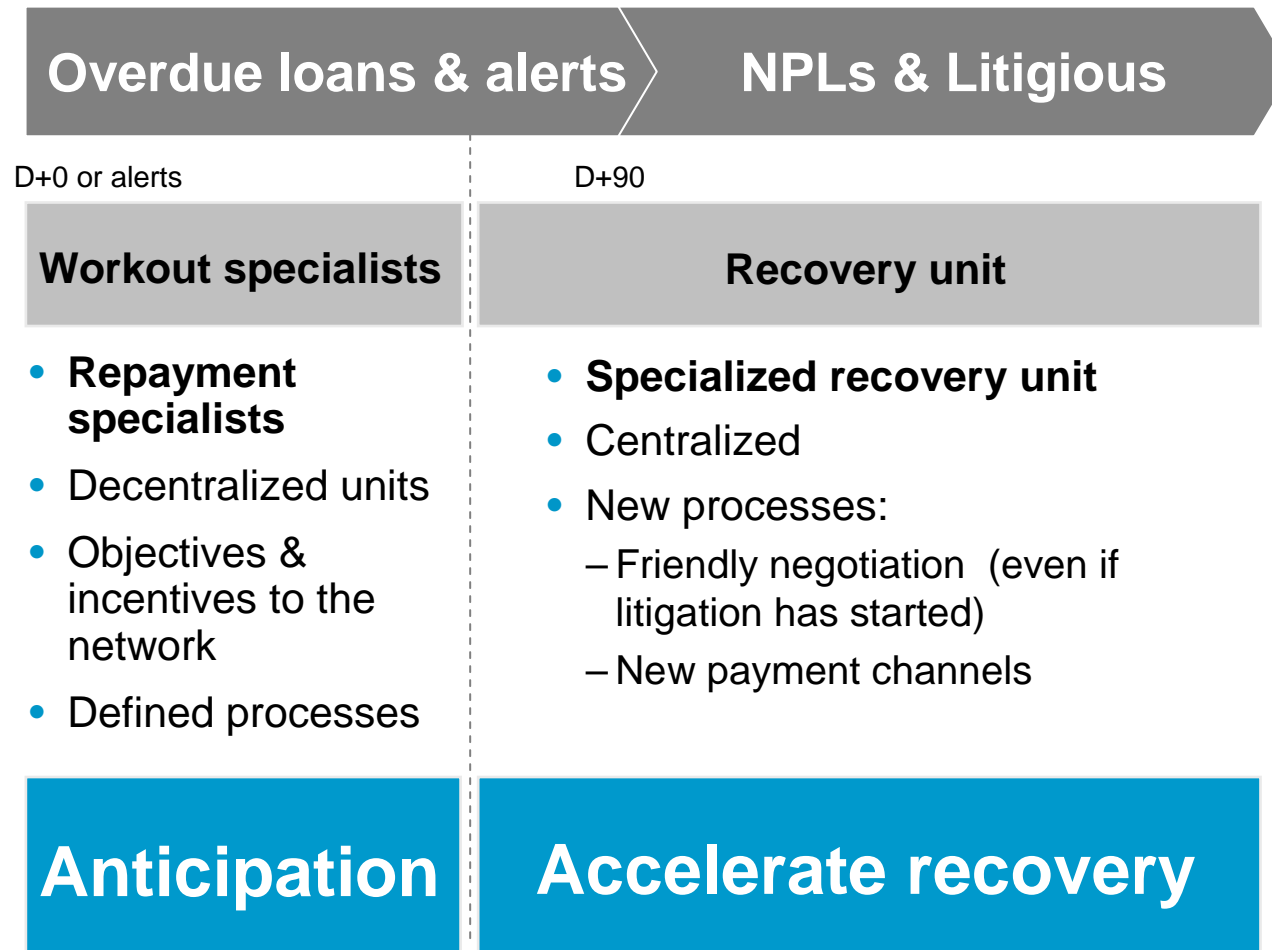
Several initiatives launched or tested in 2013...

... with positive results, and improving with economic recovery

NPL recoveries exceed entries already in 2014

NPL reduction: New structure and management model

Example: Individuals' workout and recovery model



New structure is configured and running since 4Q13

NPL reduction:

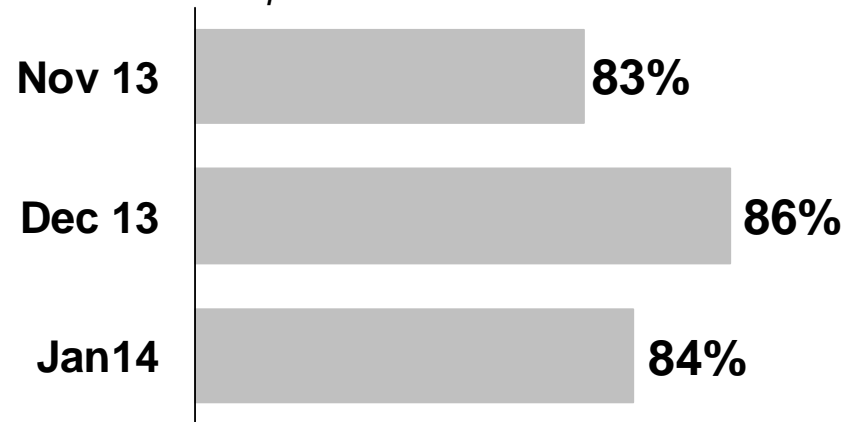
New workout model for individuals: prevention

Prevention: *Anticipa-T*

(overdue or with alerts)

Examples of individual and small businesses campaigns¹
(15.000 to 18.000 customers per campaign)

% of clients with positive results



**~ 85% of clients
with overdue loans or
alerts show
positive results**

Positive result means:

- Regularization (full or partial)
- Payment plans

1) Customers with overdue balances or alerts

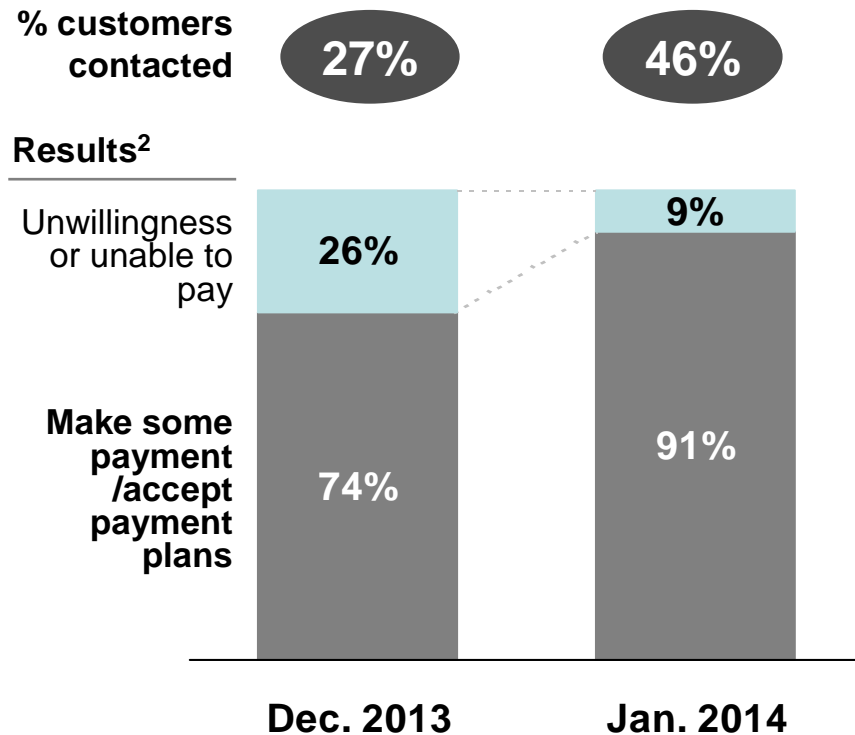
NPL reduction:

New recovery model for individuals: resolution

Resolution: *Recupera-T*

(litigious NPLs)

Campaign example (individuals)¹
 (~11.000 customers per campaign)



Of litigious customers contacted, ~80% show willingness and ability to pay

- **Ability to contact clients is key:** initiatives in place to improve contact
- **Good receptivity from customers contacted:**
 - Willingness and ability to make payments
 - We have enabled new payment channels (web, etc.)

1) Customers with overdue balances or alerts
 2) Of those customers contacted

NPL reduction:
What will **B Triple** deliver

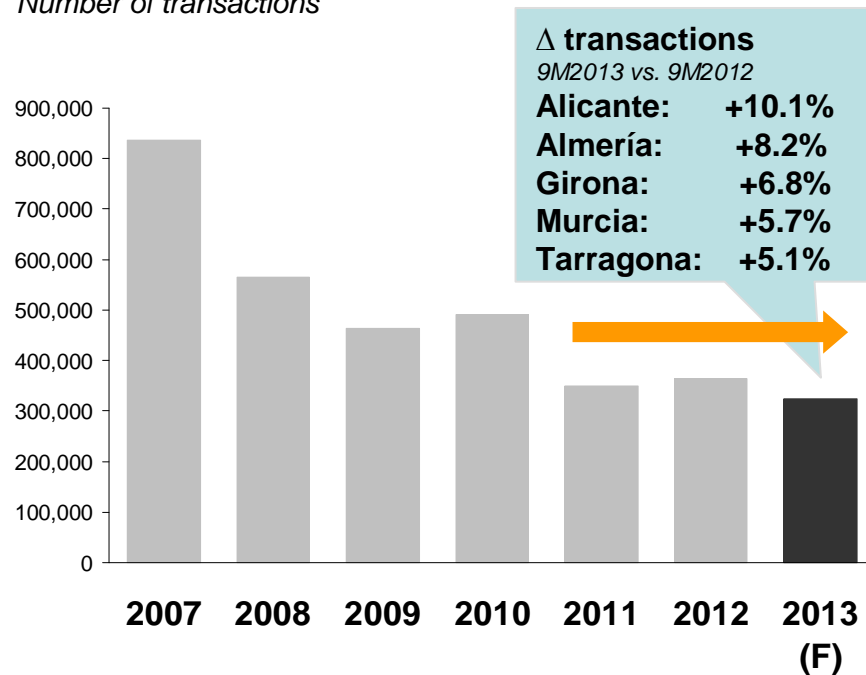
**NPL
reduction
starts in
2014**

**▼ €10,000
in NPLs
throughout
the plan**

Real Estate market at a turning point

Transaction level stabilized

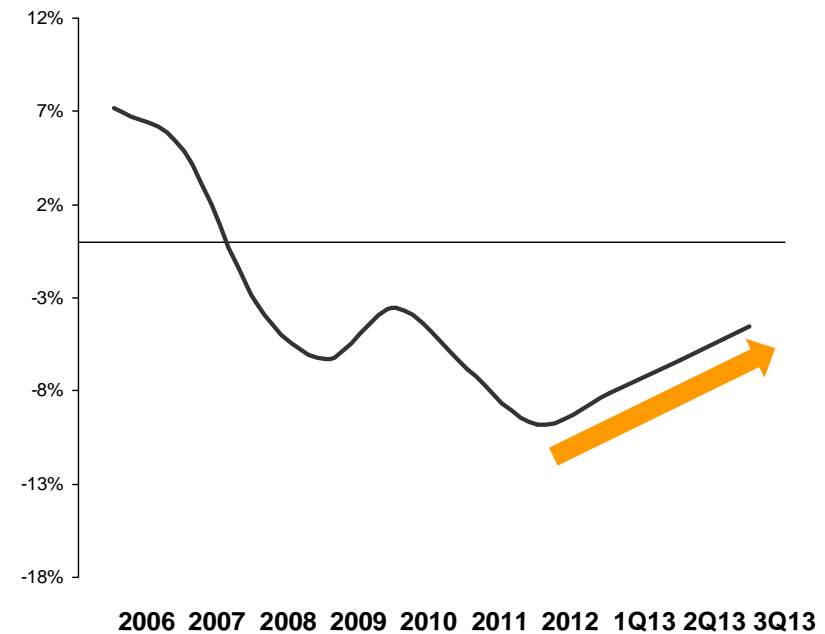
Number of transactions



- Slight recovery in 2012, due to fiscal changes
- Geographic differences

Prices moving towards stabilization

% yoy change

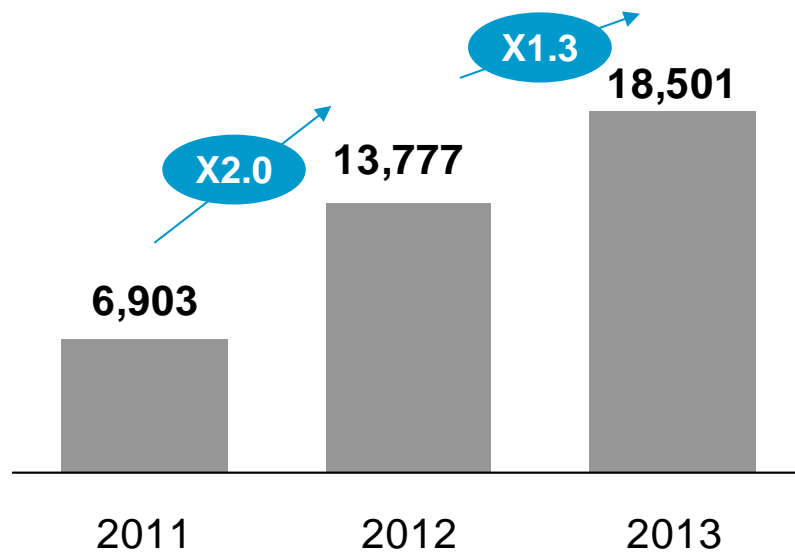


- Accumulated house price correction 30% – 40%
- Price hikes in some geographies

Above market performance

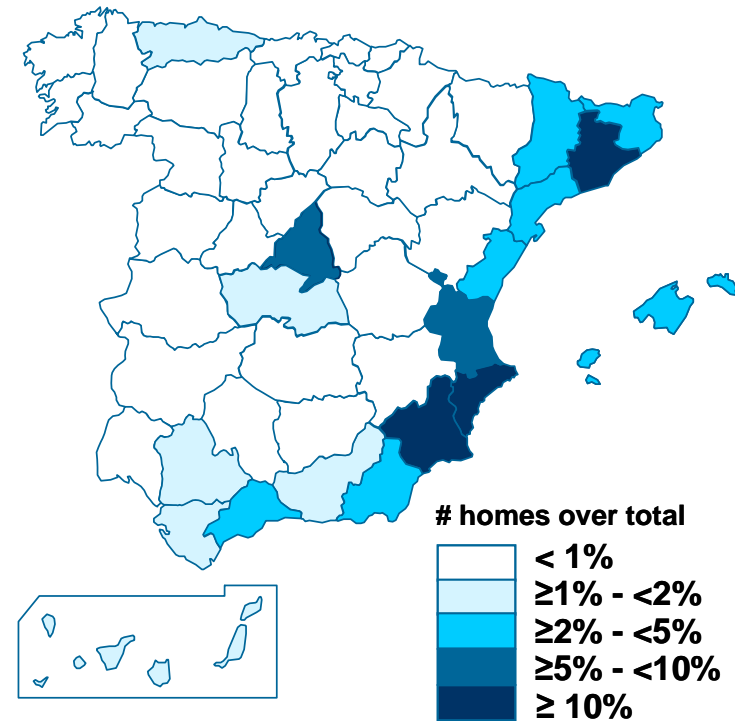
Solvia's sales

In units



Significant differences among real estate players

BS portfolio well positioned



>86% of our finished properties along the Mediterranean and in Madrid

B. Sabadell has anticipated the market

Market

- **Moderation in house price fall**
 - Change in price expectations
 - Price hikes in some regions

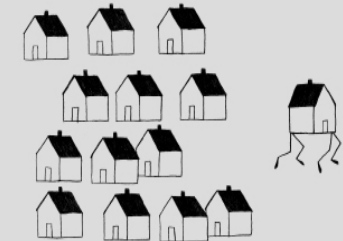
- **Stock reduction and transaction recovery in some regions**

B. Sabadell

- **Prices hikes** in more than 450 properties in 2013
- **Property auctions:** average price increase of 16% (selling price vs published price)

- **Programs to develop assets** with high commercial potential
- **Land sales**

Las oportunidades pasan.
Por eso se llaman oportunidades.



- **>€90M sales of land in 2013**
- **48 promotions under development**

B. Sabadell: preemptive move in a changing market

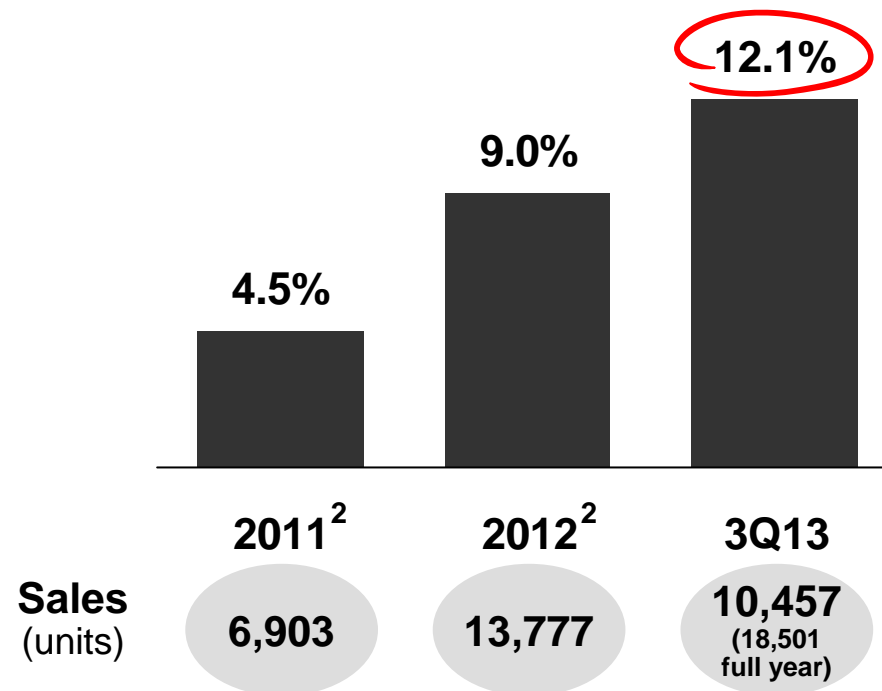
Creation of a top performing real estate company



- Leading real estate web
- Local servicing:
 - Own network
 - Top performing realtors
- Superior commercial processes
- Advanced pricing models
- International channel

Home transactions market share

% of BS sales over market transactions by banks and developers¹



Market share x 2.7

1) Estimate. Sabadell sales over total dwelling transactions in Spain, excluding sales between individuals and purchases by banks

2) Includes B. CAM sales for full/ year

Source: Ministerio de Fomento

- **Development capabilities**
 - Land planning
 - Architecture
 - Project management
 - Construction manager
- **Currently 1,429 residential units under development**
- **€123.5 M investment expected through Plan Triple**

2013 examples

Playa San Juan

- 80 apartments
- Prices between €120,000 - €190,000
- Foreign and domestic demand
- Occupation expected in 1H2014

100% sold under construction

Polop (Alicante)

- 58 townhouses
- Prices between €95,000 - €180,000

In 2 months, 95% sold under construction

In 2013, we have started to sell under construction where demand is picking-up

Real Estate

Triple new initiatives

Leveraging...

- Real estate market inflection
- Our own capabilities
 - Asset management division
 - Top real estate company



New initiatives

Sales

- Real estate as an **investment product for individuals**
- Solvia: real estate **servicer**
- Increase **institutional sales**

Transformation and value

- **Land transformation:**
 - For investors
 - For retail sales
- **Properties to rent**

▼ 5,000M problematic assets

Triple

NPL reduction

- NPLs reduction starts in 2014
- ▼ €10,000 in NPLs

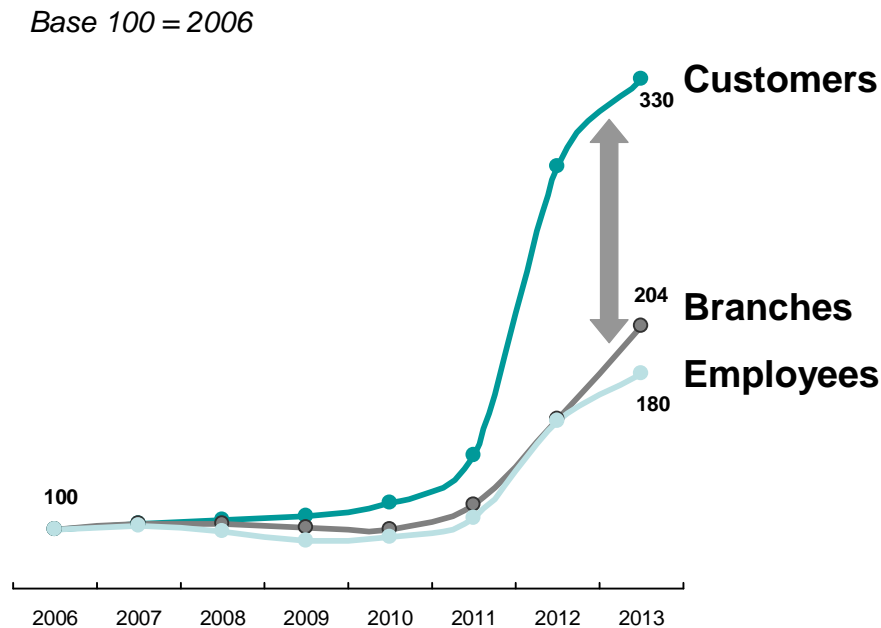
Disposal of real estate assets

- ▼ €5,000M problematic assets

4. Developing new productivity drivers

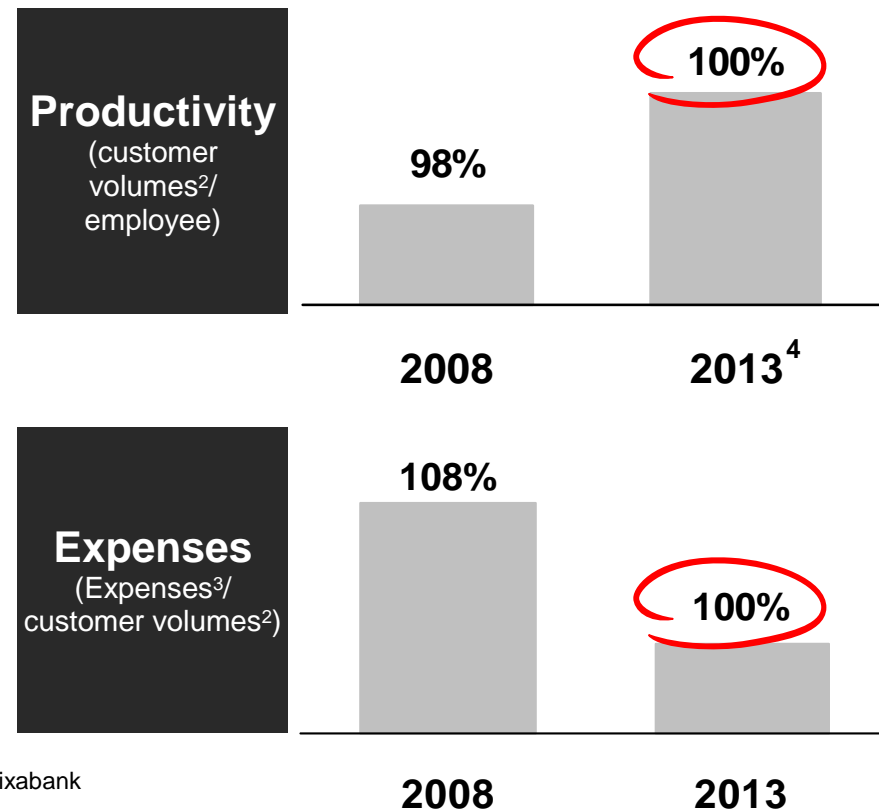
Optima and Crea: improvements in productivity

Efficient platform for growth...



...and better performance than competitors

BS vs. Peer Group¹



1) Peer Group includes: Santander Spain, BBVA Spain, Popular, Bankinter and Caixabank

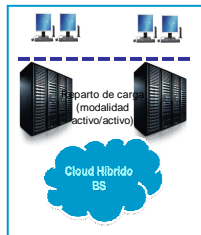
2) Credit, deposits and off-balance sheet customer resources

3) Includes Personal and Administration expenses. For BS estimate for 2013 including full year acquisitions. Excluding restructuring costs for Caixabank

4) Employees post-synergies

Source: Annual reports

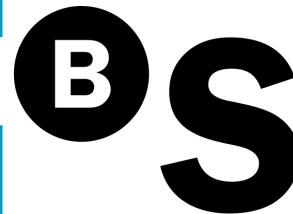
Technological superiority and innovation



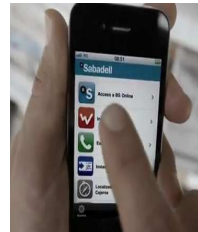
Fully virtualized platform in private cloud



Top service ATMs network



Customer service: 24 x 7
(combining digital & human touch)



~48% of individuals access through mobile terminals

Pioneers in innovation

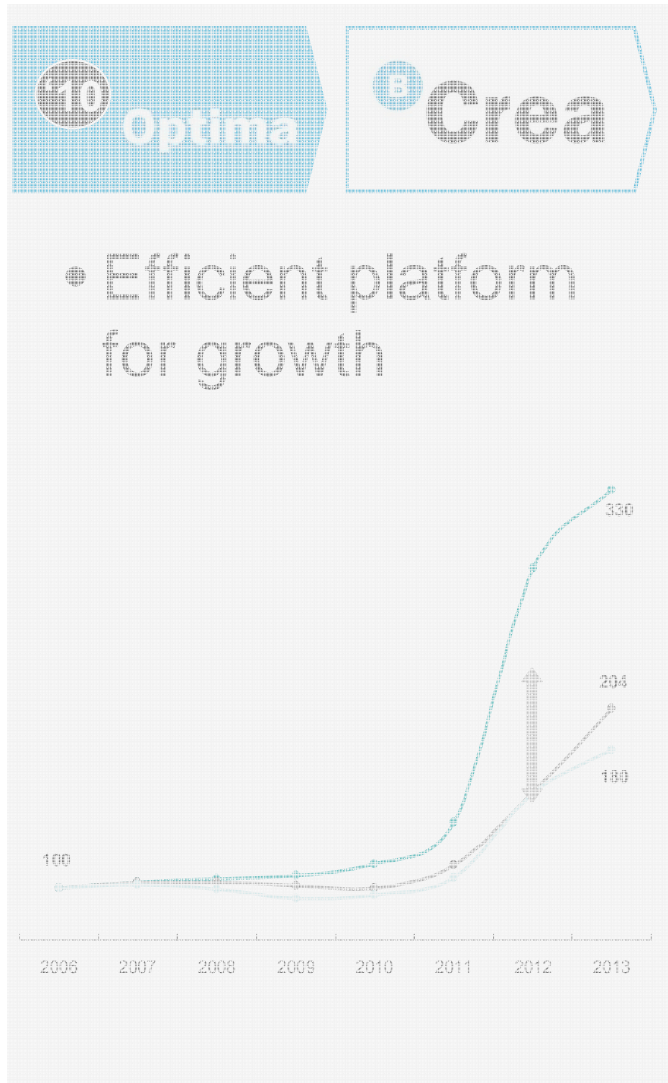
Top 5
in financial applications downloads in Spain

Instant Money
Sending money to mobile phone (single use PIN code)

Best Ibex 35 company¹ in Social Networks

1) Study made by Alianzo Consulting – October 2013

Productivity challenge of Triple



B Triple

- **Extract more value from our customer base**
 - Without increasing resources
 - Maintaining quality

• **NII + fees**

x 1.6

• **Expenses**

x 1.1

• **Employees and branches**

x <1

Need to transform our model

In the past



- Extracted tasks from branches
- Moved transactions to channels and to factories
- More capacity to sell

Our challenge

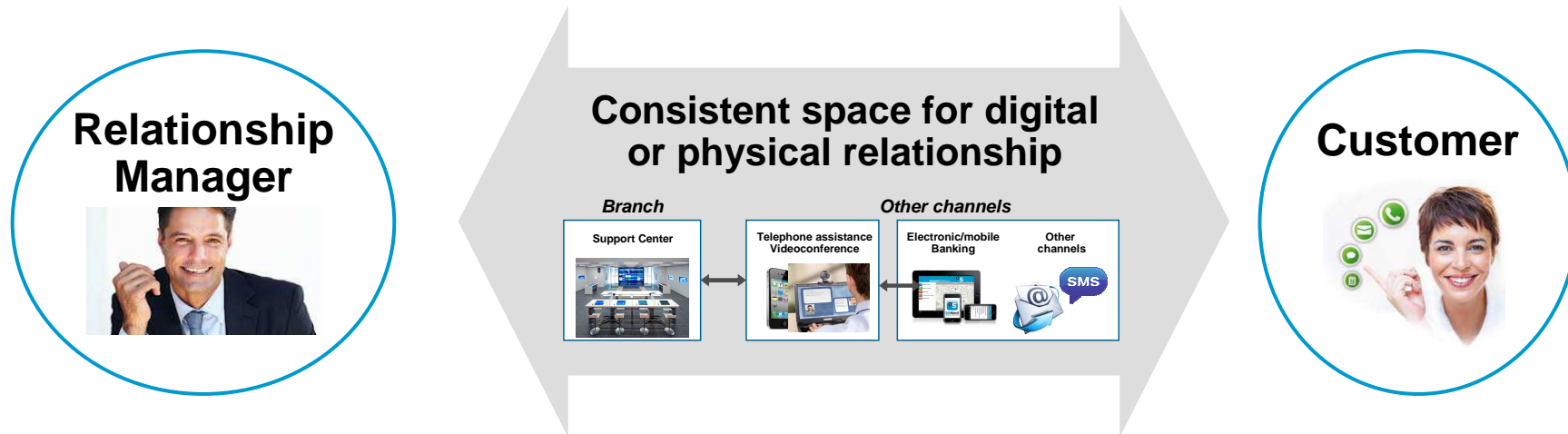


- Multiply sales opportunities
- Select opportunities with higher sales effectiveness
- Customer knowledge

Instant Banking

Customised, accessible, simple, functional and ultraconvenient bank keeping *human touch*

New Instant Banking Model



Operations

- **Customer insight**
- **Propositive commercial systems** (increase touch points)
- **Automated management of sales opportunities**
- Fully automated processes
- Operational control
- Real time data management
- **100% digital**
- **Customised**
- **Simple**
- **Speed/ responsiveness**
- **Improved experience**

Instant banking model features

Monochannel relationship model

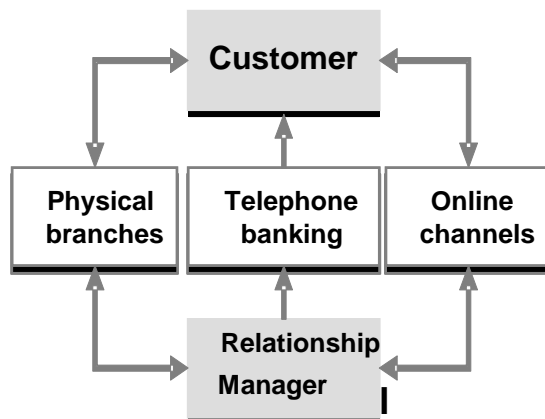
- **Relationship Manager:** access through any channel
 - Accessibility
 - Convenience
 - *Human touch*

100% digital and customised

- Use of **superior customer knowledge** for instant customization and higher **commercial effectiveness**
 - Real time data gathering and processing
 - Commercial tools

Less intensive footprint

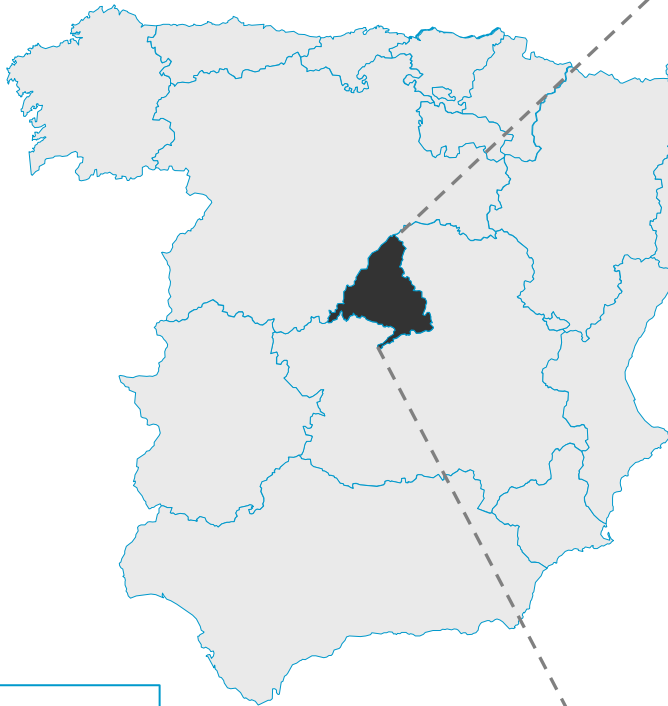
- **Fewer branches**, different types. Examples:
 - **Flagship branches:** customer experience
 - **Service points** (express branches)



Instant Banking will be deployed initially in key growth areas

Plan Madrid

- **Multiply commercial activity and increase sales effectiveness**
- **Some key elements:**
 - **New branch formats:** flagship branches
 - **Remote Relationship Managers**
 - **Centralised customer management** (business intelligence)
 - **100% digital** sales and service



Developing new productivity drivers:

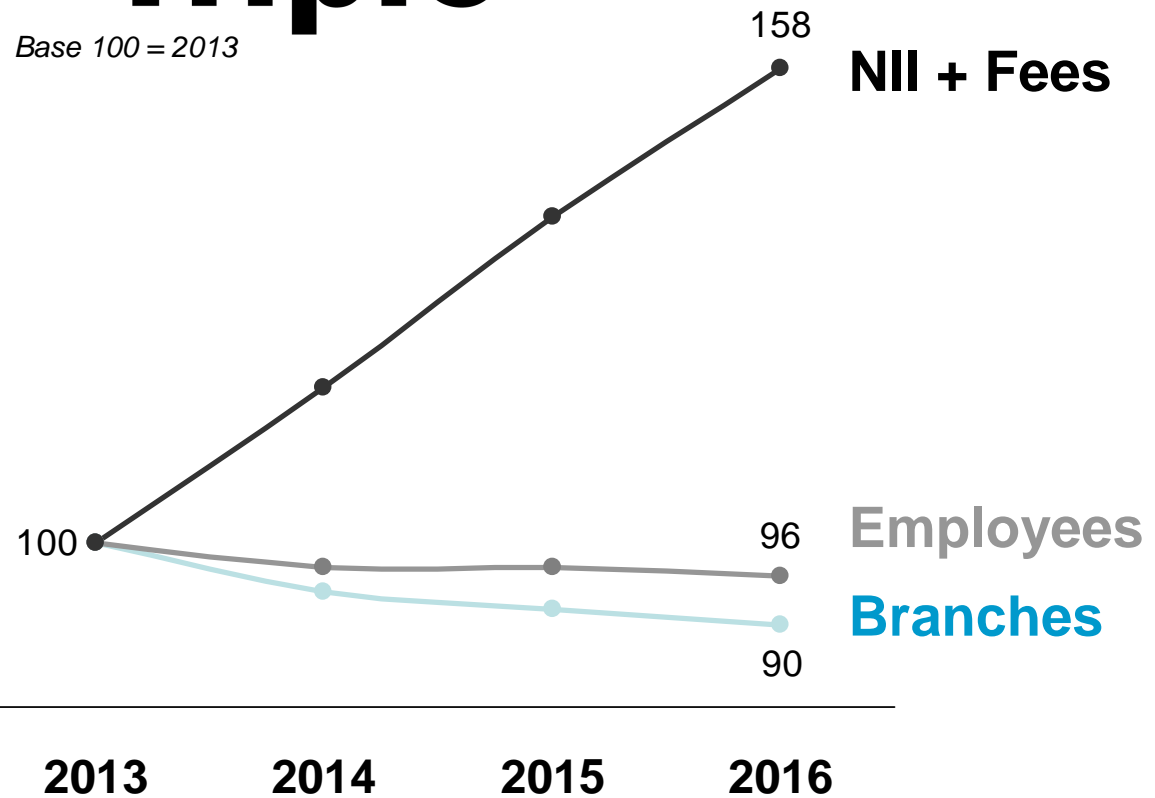
B Triple Aspiration

- **Model transformation**
 - Income growth
 - Without increase in resources
 - Maintaining high level of quality
- **NII + Fees per employee:**

▲ 50%
In three years

B Triple

Base 100 = 2013



5. International footprint

Internationalisation

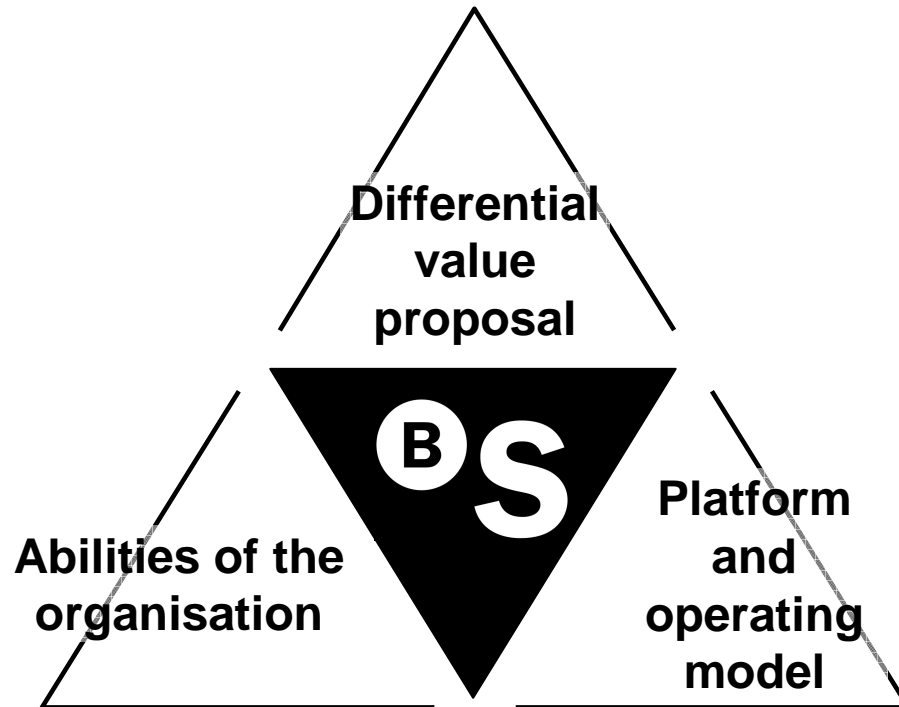
Developing the multinational platform of corporate management

- Multinational corporate governance and structure
- International operating model

Entering new markets

- Mexico project

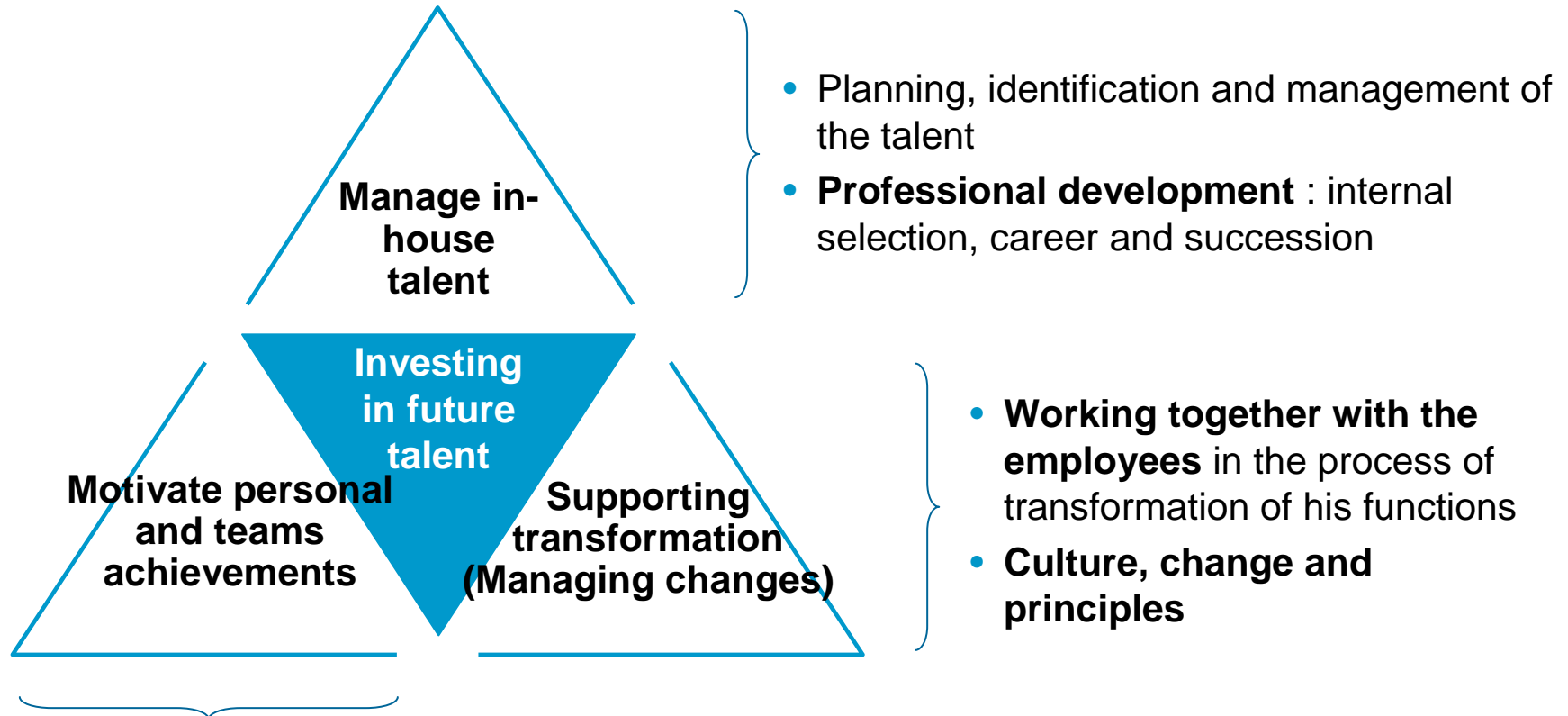
Growing opportunities outside of Spain



- **New banking concept**
 - In relationships
 - More digital and less capillary
- In a **market with room** to grow and capacity to gain scale
- Leveraging the **advantages of our abilities and platform**

We are gaining the opportunity to grow in more countries, organically and inorganically

6. Talent and HR



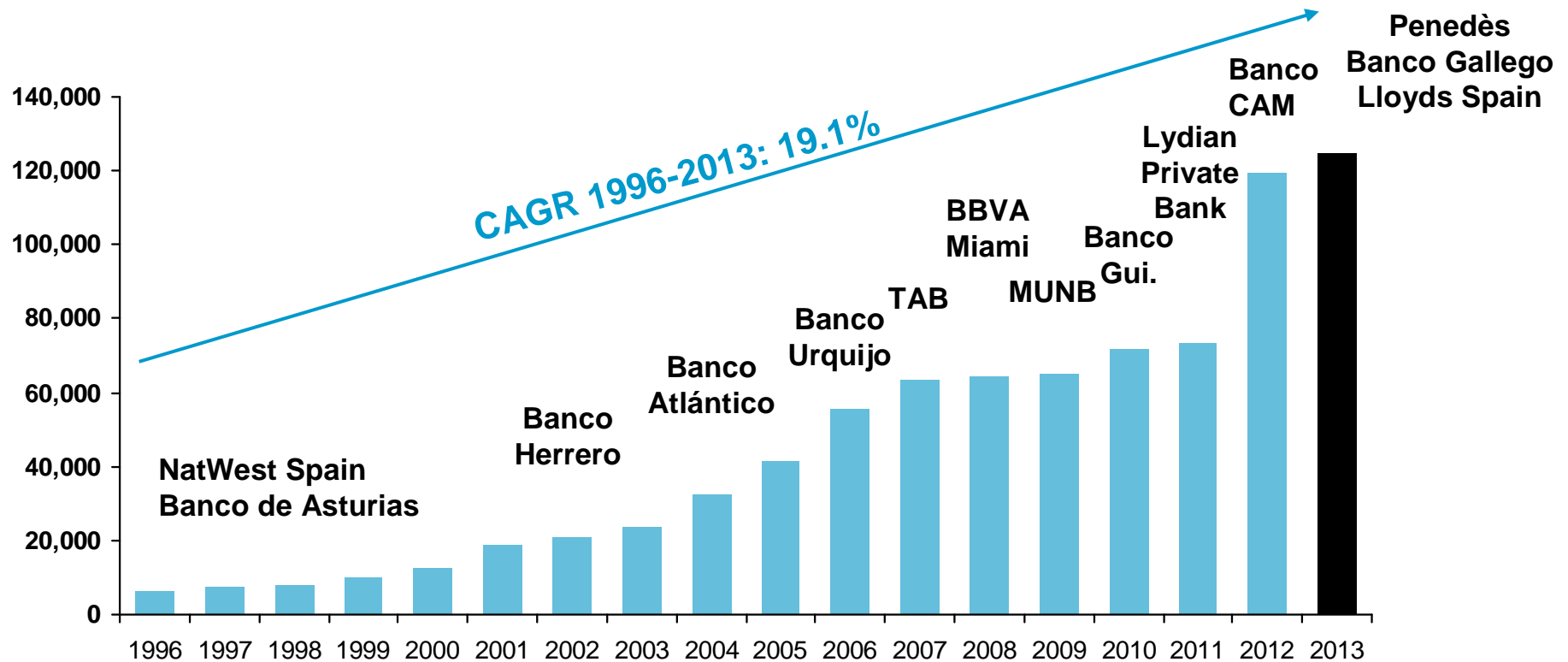
- **Personnel management** by segment
- Managing model of **professional development**
- **Working flexibility** and **extension of working life**

7. Financials

Room for improvement following the integration of recent acquisitions

Gross loans and advances ex repos

Euros in million

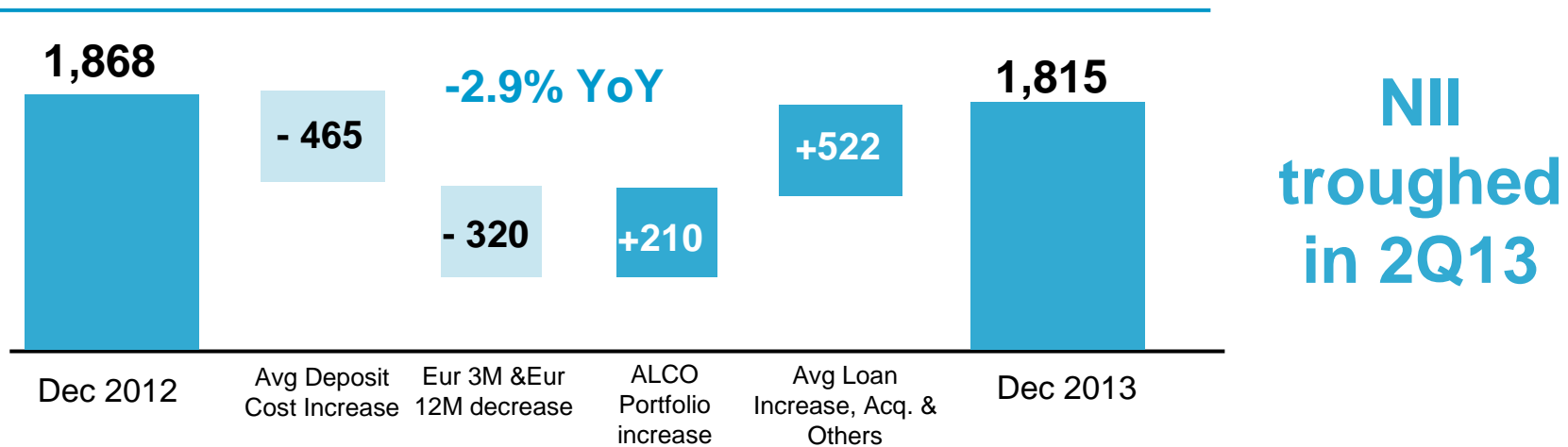


M&A activity complicates comparison

Improving trend in NII in an environment with a flattened yield curve

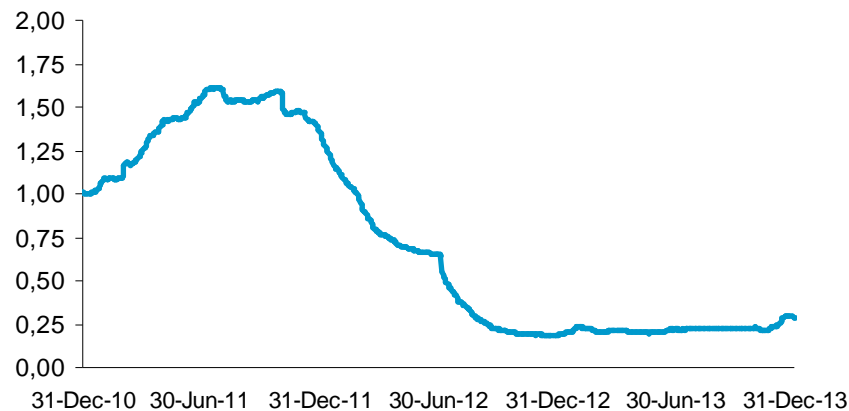
2013 Net interest income evolution

Euros in million



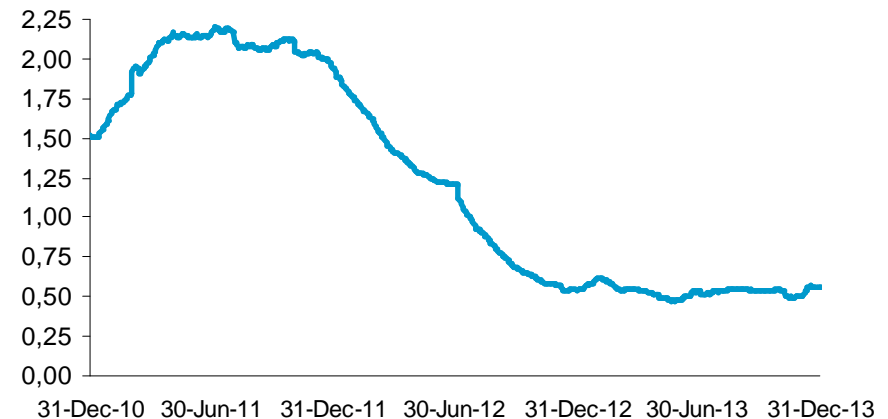
Euribor 3 Month Evolution

In %



Euribor 12 Month Evolution

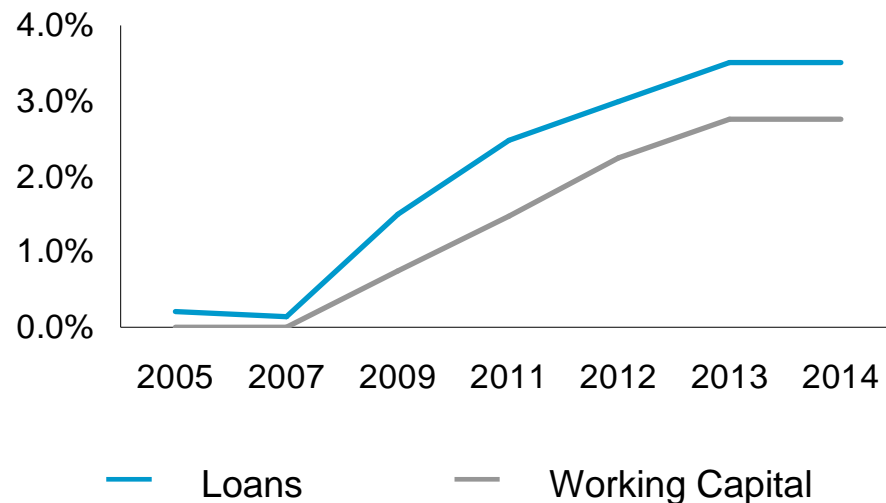
In %



SMEs have upside potential as a result of their improved operational leverage

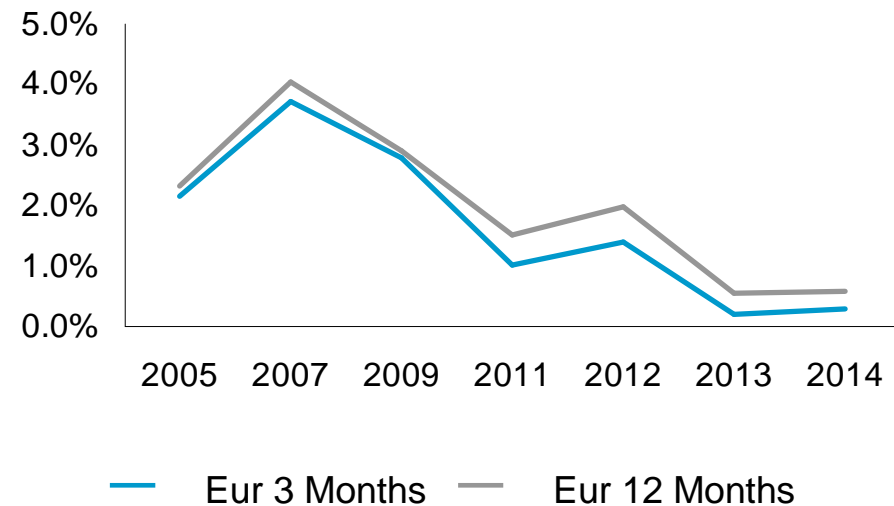
Internal transfer price evolution

Loans and Working Capital (in %)



Euribor 3M and 12M Evolution

In %



Adjusting asset prices by increasing spreads while maintaining the customer's financial burden

Following a process of cost reduction, companies and SME's have strengthened their operational leverage

Better macro environment

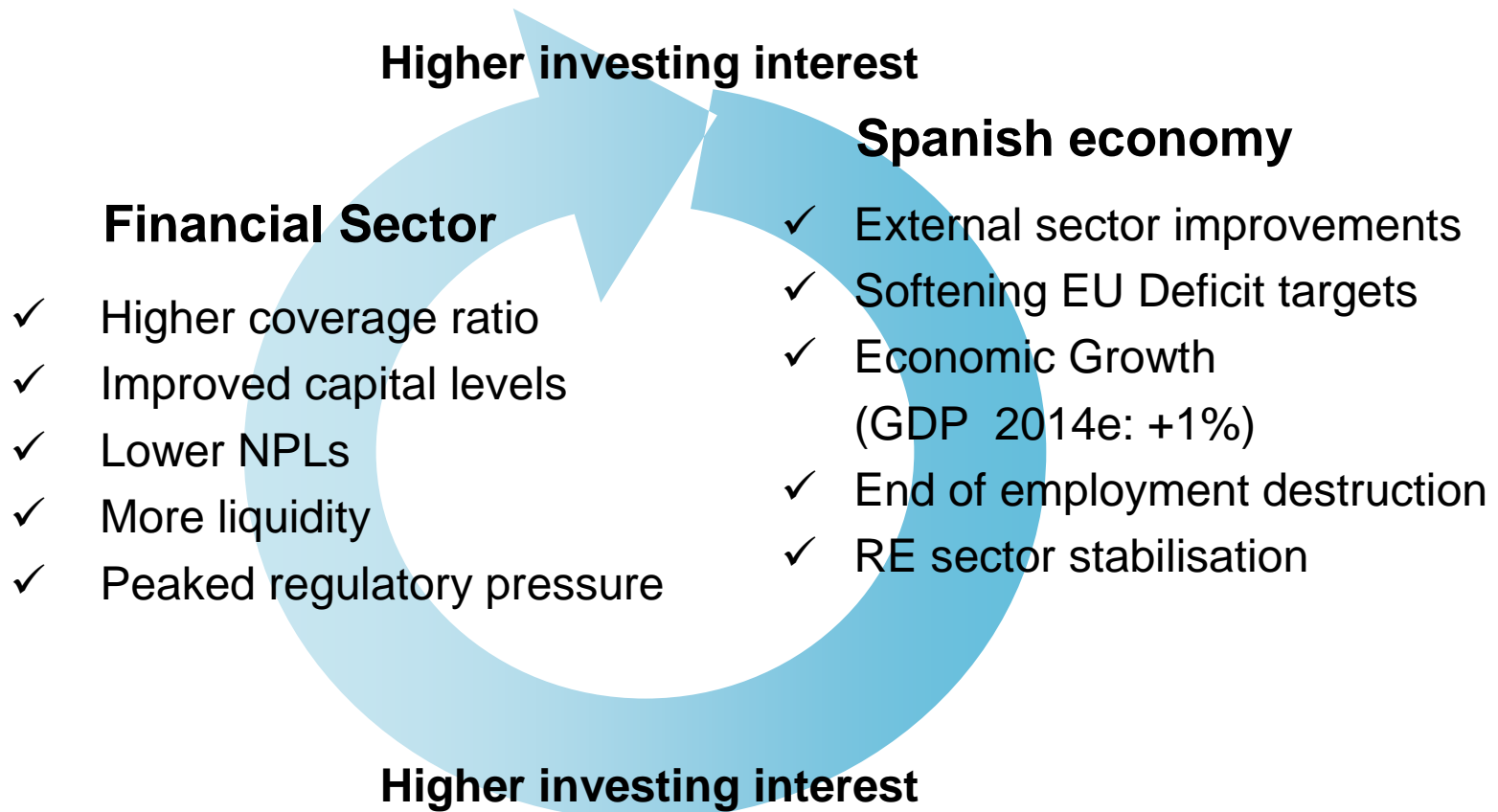
Year end data	2012	2013	2014	2015	2016
GDP (annual variation in %)	-1.6	-1.2	1.0	1.5	1.9
Unemployment rate (%)	25.0	26.4	25.4	24.3	23.0
HICP (annual variation in %)	2.4	1.5	1.1	1.7	2.3
General Government Balance (% GDP)	-6.8	-6.5*	-5.8	-4.2	-2.8
Public Debt (%)	86.0	94.9*	99.9	102.3	102.1
Current Account Balance (% GDP)	-1.1	1.3*	1.7	2.5	2.5
Gross loans excluding NPLs (yoy%)	-7.9	-15.2*	-4.5	0.0	2.0
Household and non-financial companies (yoy %)	-0.2	4.5	3.5	3.5	5.0
ECB rates (%)	0.75	0.25	0.25	0.50	1.25
Euribor 3 months (average)	0.57	0.22	0.34	0.55	1.27
Euribor 12 months (average)	1.11	0.54	0.64	0.87	1.61
Spain 10 year risk premium (bps.)	395	222	150	100	75
EUR/USD exchange rate	1.32	1.37	1.30	1.25	1.25

*BS estimates

Source: INE, Bank of Spain, Bloomberg and Banco Sabadell

We are facing a more favourable market situation

- ✓ Closing a vicious circle and starting a virtuous circle
- ✓ The change in trend is slow but clear



Focus and capabilities within Banco Sabadell

- **Strong capital level** (taking advantage of economic recovery)
- Need to turn acquired businesses **into profitable**
- **Capacity adjustments to improve efficiency levels**
- **Maintaining service quality leadership**
- **Capacity to integrate entities**

Macro Environment

- Though economy remains relatively **vulnerable to potential shocks ...**
- ... **external sector** is a basic support for the Spanish economy

New Business Plan 2014 - 2016

- **Transformation**
- **Profitability**
- **Internationalisation**

Financial System

- **Sector restructuring is in an advanced phase**
- A new **cost/income relationship** model

Banking model evolution

- **Increase number of customers through channel preference. opening hours and different relationship model than the current one**
- In an environment where banking trust has deteriorated, **personal relationship is still key**

Key data

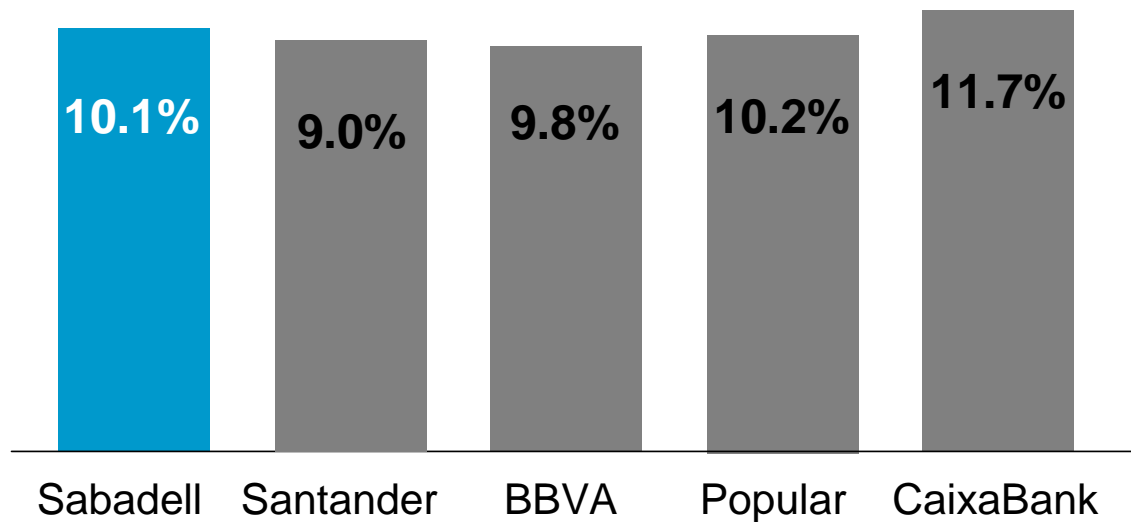
The new Business Plan will focus in selective growth, increasing profitability, reducing at the same time problematic assets and improving efficiency levels

2016 Profit	€1,000M
ROTE 2016	12%
Efficiency ratio 2016	40%
Loan-to-deposits 2016	100%
Credit Growth (CAGR '13-'16)	1%

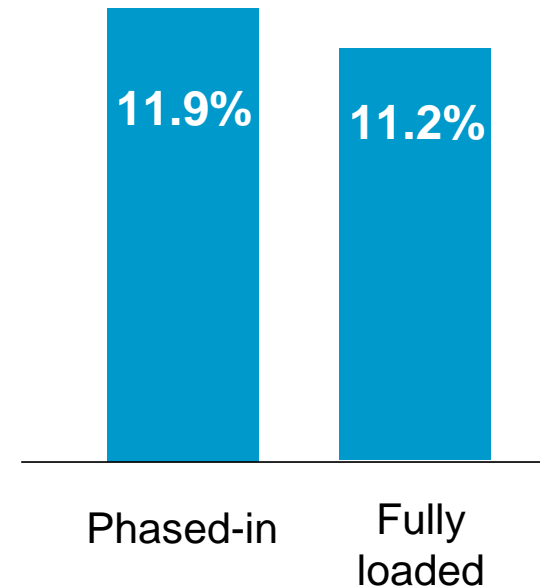
Capital level compares well with other Spanish banks

Basel 3 fully loaded capital ratios comparison

2013 reported data, in percentage



Sabadell 2016e Basel III CRDIV capital ratios



Main prospects for assets and liabilities

- **Outstanding loans:** deleverage trend continues in 2014. In 2015 increases slightly, and grows ~4% in 2016. Cagr > +1%
- **Customer deposits:** growth higher than €10,000M between 2013 and 2016 (cagr ~ 4%)
- **Loan-to-deposits:** declining to 100% in 2016
- **Commercial GAP:** positive through next three years. c.+€15,000M
- **Off balance sheet:** increase of c.€8,000M (cagr ~ 10%)

Lending by business units and products

Euros in billion	2013	2014e	2015e	2016e
Retail and Corporate Banking	83.6	82.8	82.9	85.5
of which:				
Mortgages	49.7	47.2	44.8	42.9
Loans and Credits	25.1	26.0	27.2	29.5
Leasing & Renting	2.3	2.3	2.5	2.8
Working Capital	6.5	7.2	8.5	10.3
Asset Management Division	7.6	6.6	6.3	6.0
Subsidiaries and other	9.2	10.0	10.7	11.8
Total Gross Loans ex NPLs	100.3	99.4	99.9	103.3
NPLs	24.4	21.6	18.3	14.4
Total Gross Loans	124.7	121.0	118.2	117.7

Focus on growth in SMEs and companies, offsetting mortgage book deleverage

Customer funds by business units and products

Euros in billion	2013	2014e	2015e	2016e
Balance Sheet funds	94.5	97.0	99.2	103.8
of which:				
Sight Deposits	30.8	33.8	35.6	38.3
Term Deposits	51.3	52.9	53.7	55.5
Subsidiaries and others	12.4	10.4	9.9	10.1
Off Balance Sheet funds	25.4	27.6	30.1	33.5
of which:				
Mutual funds	8.6	11.4	13.6	15.8
Pension funds	3.7	3.5	3.6	3.7
Third party insurance	7.3	6.3	6.0	6.4
Total Funds	119.9	124.6	129.3	137.3

Commercial effort in gathering resources will involve all business units mainly recent acquired businesses

New trend in gathering higher margin products will complement increase in deposits

Yields on loans and deposits

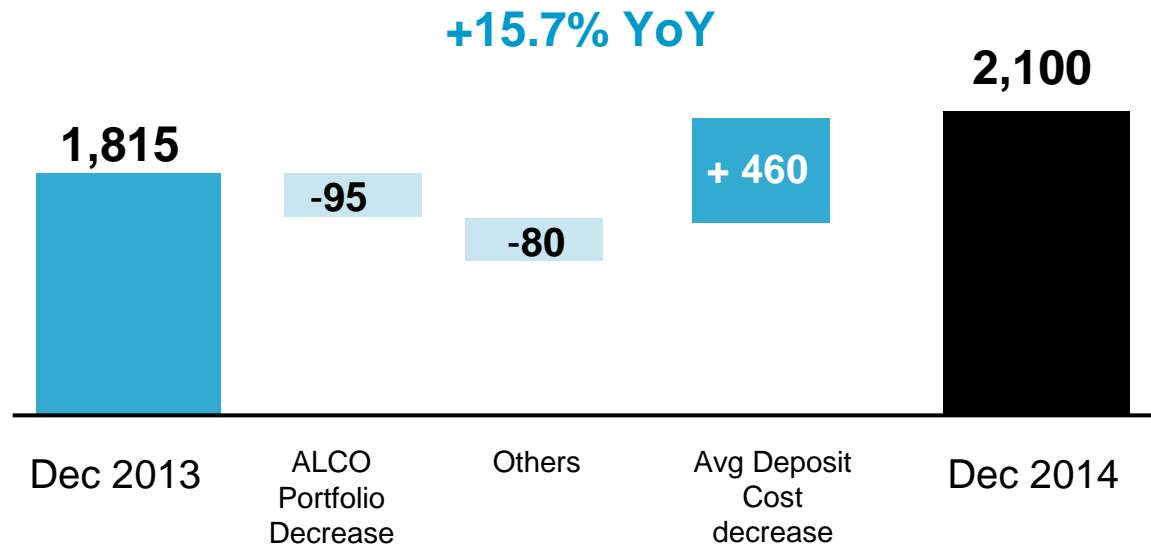
In percentage	2013	2014e	2015e	2016e
Mortgages	2.9	2.5	2.5	2.9
Loans	3.7	3.5	3.9	4.7
Credits	4.7	4.6	4.9	5.6
Leasing	3.1	2.9	3.4	4.3
Renting	6.7	7.6	8.3	8.7
Confirming	4.5	4.0	4.3	5.0
Gross Loans Yield	3.6	3.4	3.7	4.3
Sight Deposits	-0.5	-0.4	-0.4	-0.4
Term Deposits	-3.0	-2.0	-1.7	-1.8
Other	-1.3	-1.7	-1.8	-2.0
Customer Funds Yield	-1.9	-1.4	-1.2	-1.3
Customer Spread	1.7	2.0	2.4	2.9
Net Interest Margin	1.2	1.3	1.6	1.8

Volume growth will be accompanied by pricing management

Quality of revenues improvement is sustainable throughout the plan

2014 Expected Net interest income evolution

Euros in million

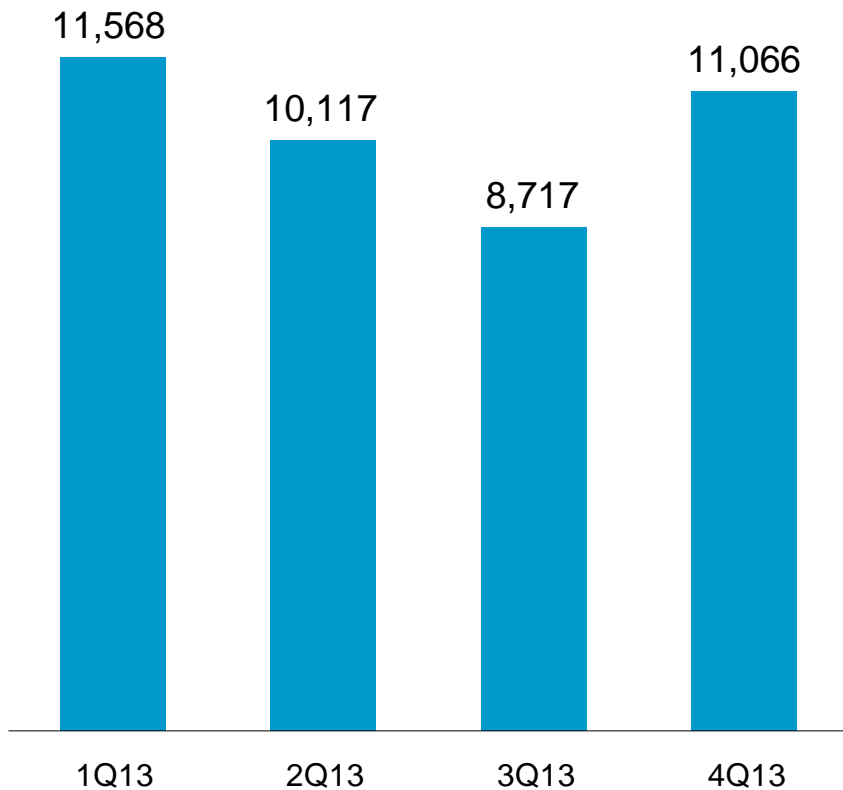


The ALCO portfolio decrease is more than offset by the term deposit repricing.

This deposit repricing will be followed by higher asset yields in the coming years

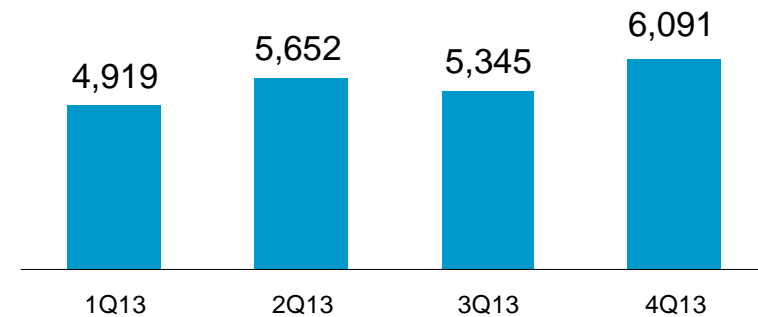
Repriced loans quarterly evolution

Euros in million



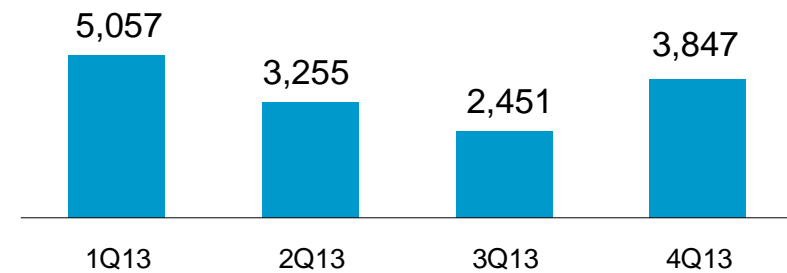
Working capital

Quarterly new entries. Euros in million



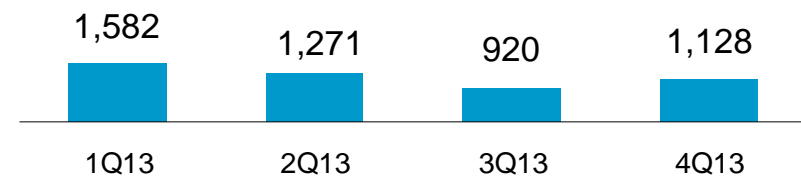
Funding

Quarterly renewals and new entries. Euros in million



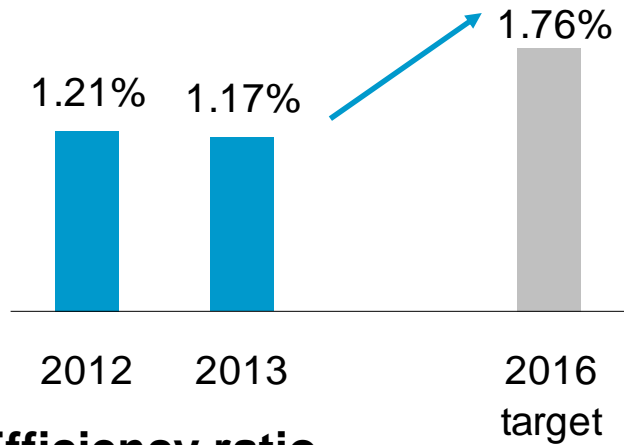
Credits

Quarterly renewals and new entries. Euros in million



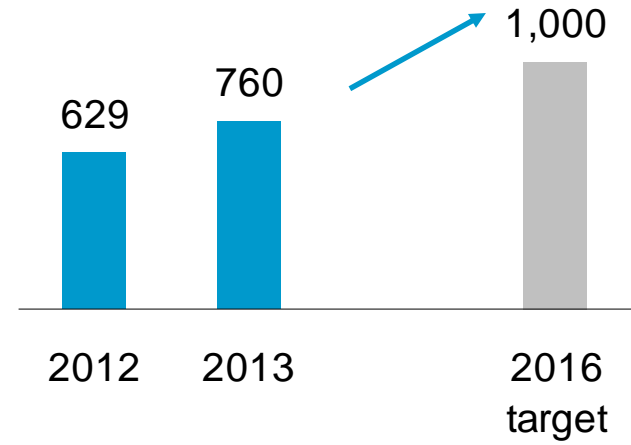
Net interest margin

In %



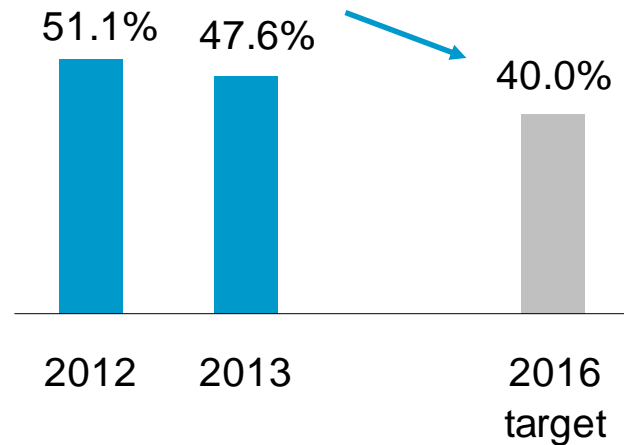
Commissions

Euros in million



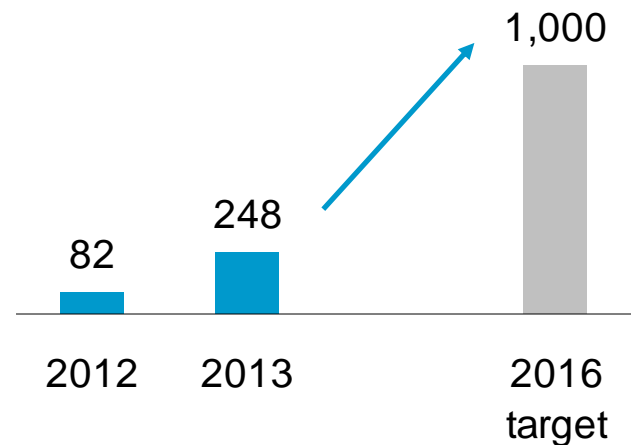
Efficiency ratio

In %



Net profit

Euros in million



Q&A



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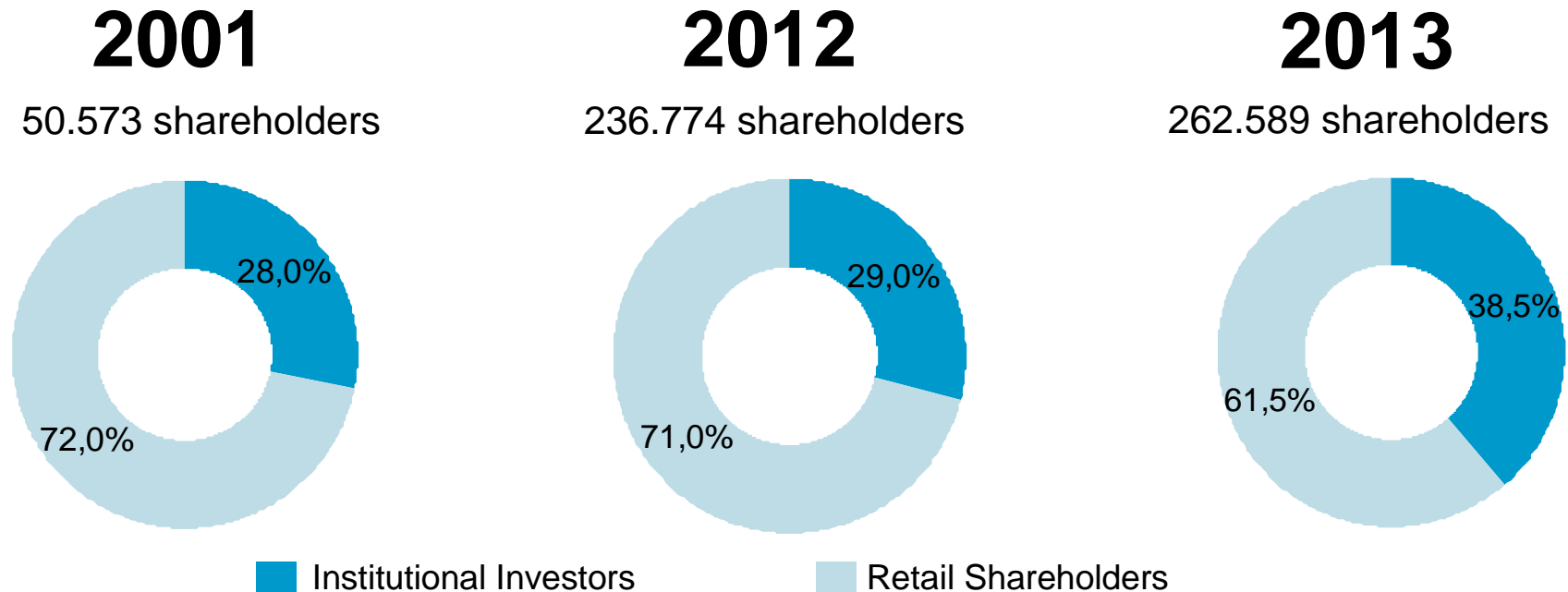
8. Closing remarks

Banco Sabadell market cap evolution

Euros in million



Shareholder's structure



- ✓ In 2012 Banco Sabadell increased its shareholders base with the successfully exchange of Banco CAM preference shares
- ✓ In 2013 the institutional investors base significantly increased

The new business plan is based on:

An existing strong commercial platform with a national footprint

Robust balance sheet with a high coverage ratio and comfortable liquidity position

Systemic entity prepared to take advantage of any organic growth opportunities

Good visibility on regulatory requirements on capital



 Triple

Triple

Transformation

- **Commercial** transformation
- **Production model** transformation
- **Balance Sheet** transformation

PRofitability

- Turn into profitable acquired businesses

Internacionalization

- **Setting the grounds** for the Group internacionalization (structure. workforce. etc.)
- **Entry in new markets**

 **Sabadell**

 **Triple**

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