



Acquisition of Banco Urquijo



25th May 2006

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Transaction Terms and Rationale

Economics of the Deal

Profile of the New Private Banking Unit

Contribution of Banco Urquijo to Banco Sabadell Group

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Annexes

Transaction Terms



TRANSACTION

- Acquisition of 99.74% of Banco Urquijo from KBL

CONSIDERATION

- Banco Sabadell will pay €760m for the 99.74% stake of KBL, which implies €762m for 100% of Banco Urquijo's share capital
- This consideration will be paid fully in cash and funded with internally generated resources

P/E 2006

- 16.6 times (including fully phased-in synergies)

P/BV 2005 ⁽¹⁾

- 2.6 times

RESTRUCTURING CHARGES

- €84.0 million

GOODWILL

- €401.9 million

⁽¹⁾ Adjusted for unrealised capital gains (after tax)

Transaction Rationale



- Banco Urquijo contributes a top domestic private banking franchise and an underleveraged retail banking business unit
- Banco Sabadell enhances its nationwide retail banking platform and boosts the leverage potential on the SME and affluent retail banking segments
- Banco Urquijo provides a quantum leap in the profitable and resilient private banking business (top 3 in Spain)
- The transaction provides a high level of synergies with a low execution risk
- The transaction is self-funded; no capital increase is needed

Transaction Terms and Rationale

Economics of the Deal

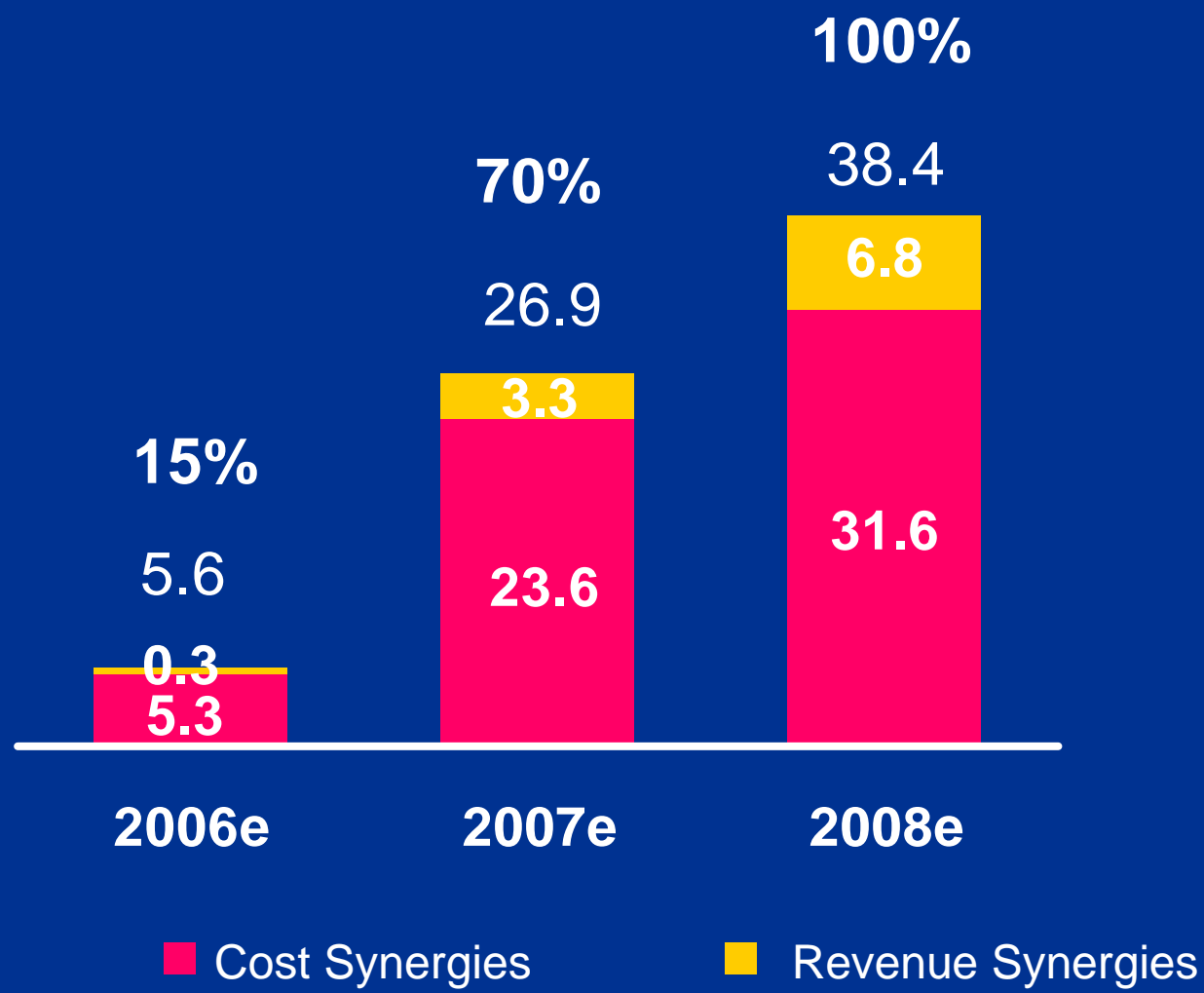
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Economics of the Deal. Synergies



Euros in million

Economics of the Deal. Cost synergies



CORPORATE CENTER

- Integration of back office and head office functions to reduce combined cost base

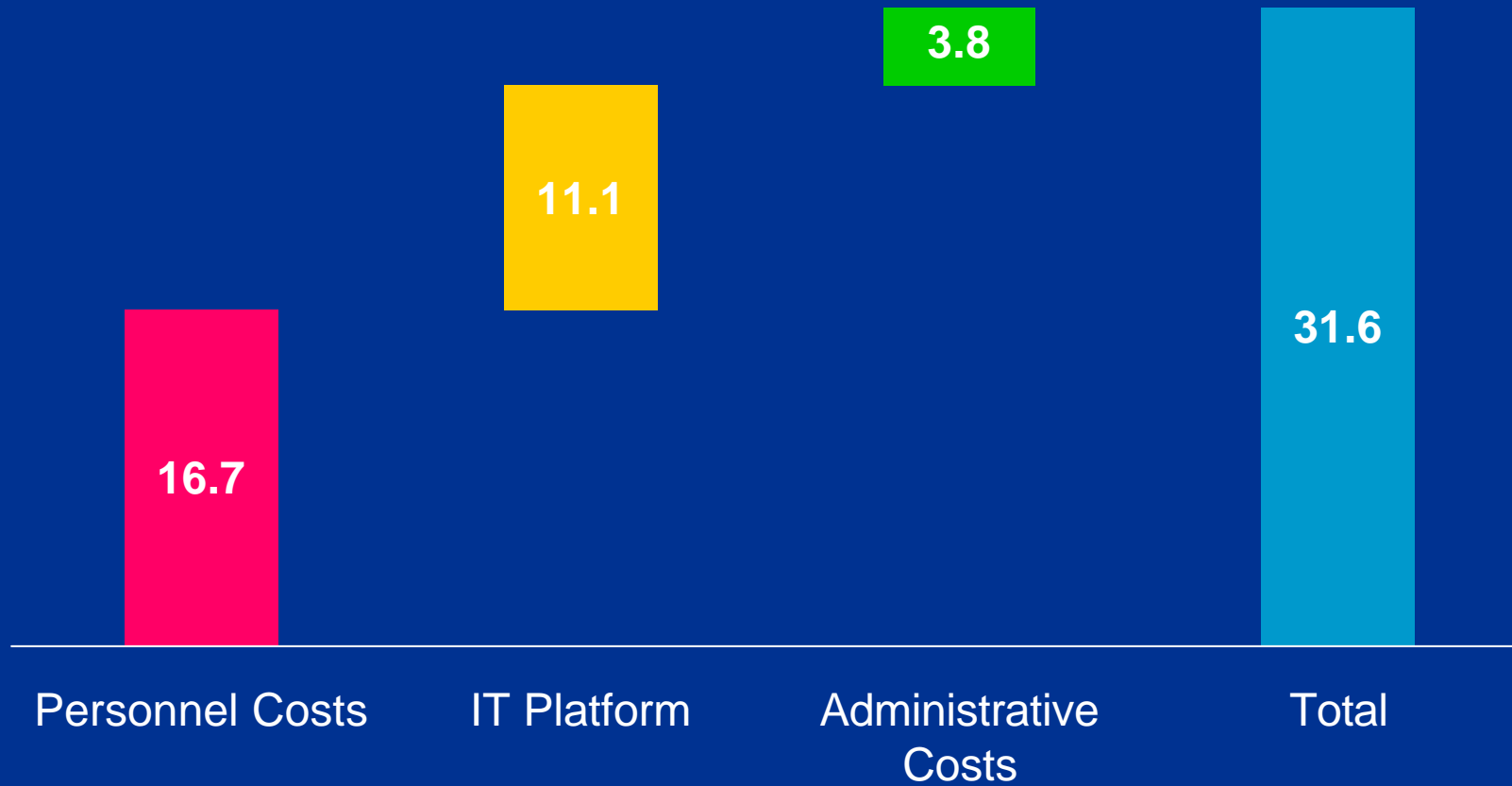
RETAIL BANKING

- Streamlining current branch network (24 branches)

IT PLATFORM

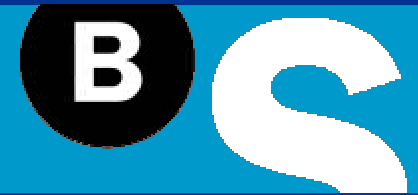
- Leverage on the existing state-of-the-art IT platform of Banco Sabadell and integration expertise

Economics of the Deal. Cost synergies



Euros in million

Economics of the Deal. Revenue Synergies



REVENUE SYNERGIES URQUIJO

- Leverage on existing Urquijo's client base
- High growth potential of Sabadell's product portfolio

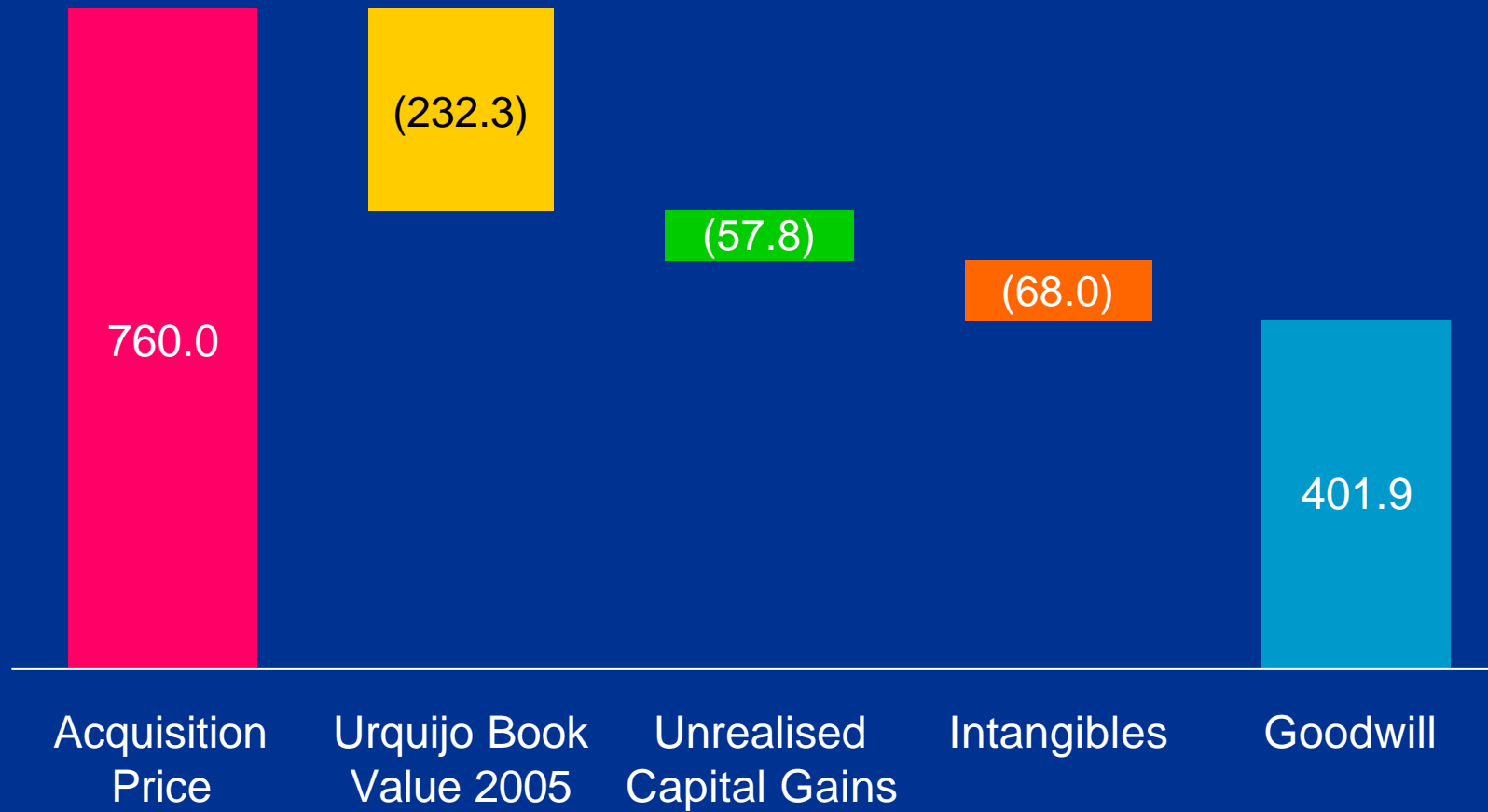
URQUIJO SME BANKING

- Leverage on Sabadell's SME expertise
- Lack of business focus has resulted in depressed revenue momentum

SABADELL PRIVATE BANKING

- Leverage on the outstanding brand recognition of Banco Urquijo and the customer service quality of Banco Sabadell
- A quantum leap in private banking for Banco Sabadell

Economics of the Deal. Goodwill

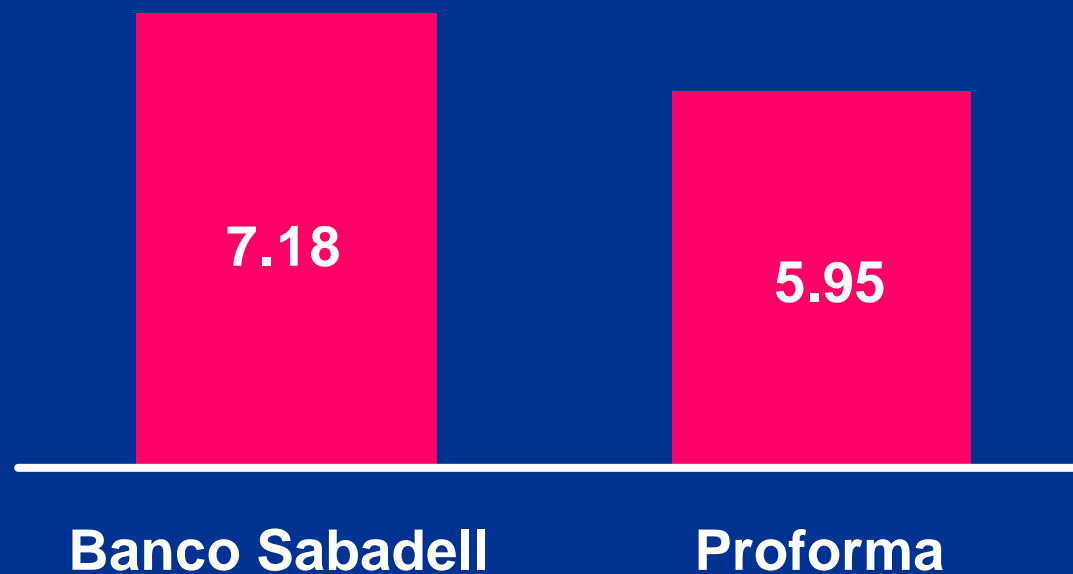


Euros in million

Economics of the Deal. Impact on Capital



Core capital



Data as of March-06. In percentage

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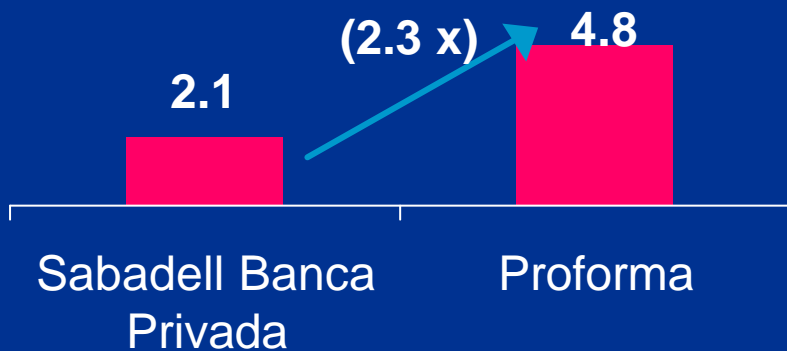
	Sabadell Banca Privada	Urquijo Banca Privada	Proforma	Urquijo as % of Proforma
Customer Funds	2,055	2,788	4,843	57.6%
Mutual & Pension Funds	793	952	1,745	54.6%
SICAVs	521	1,418	1,939	73.1%
Deposits	741	418	1,159	36.1%
Custody	796	7,196	7,992	90.0%
Customer Loans	257	851	1,108	76.8%
Gross Operating Income	15.0	46.0	61.0	75.5%
Admin. Expenses & Depr.	7.7	30.0	37.7	79.5%
Profit Before Taxes	4.8	12.0	16.8	71.5%
Net Profit	3.1	10.0	13.1	76.3%
Clients	3,872	7,340	11,212	65.5%

A quantum leap for our private banking business

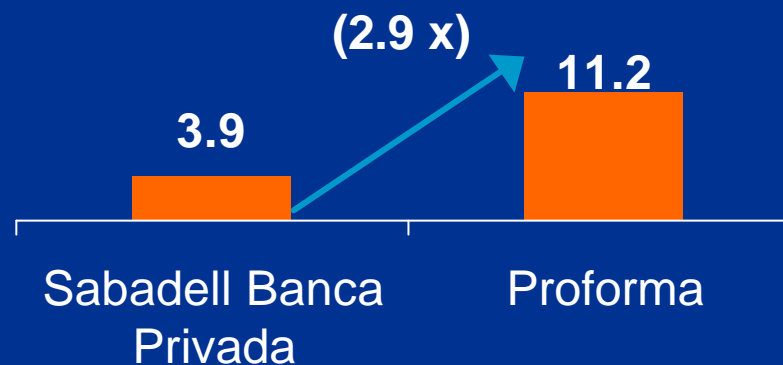
Profile of the New Private Banking Unit



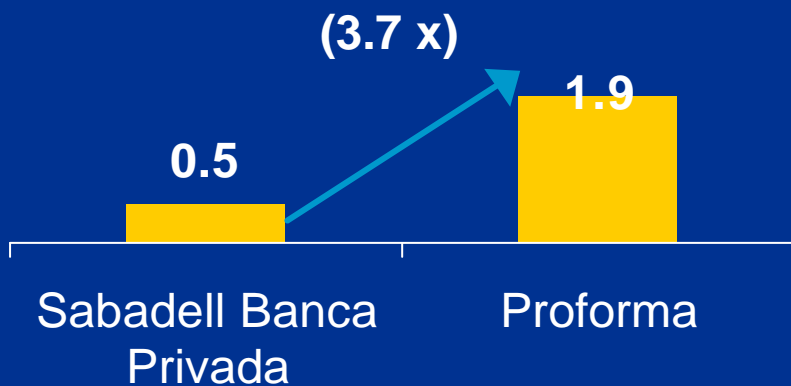
Customer Funds (€bn)



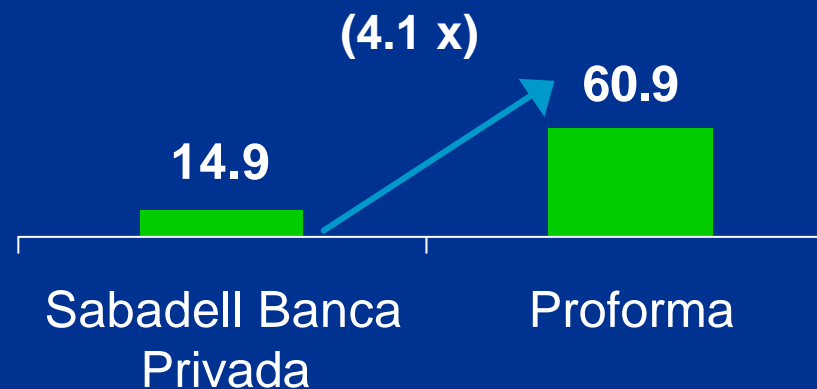
Clients ('000)



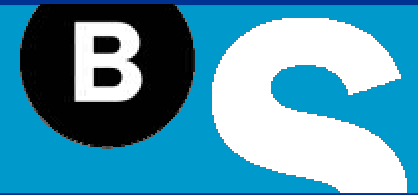
SICAVs (€bn)



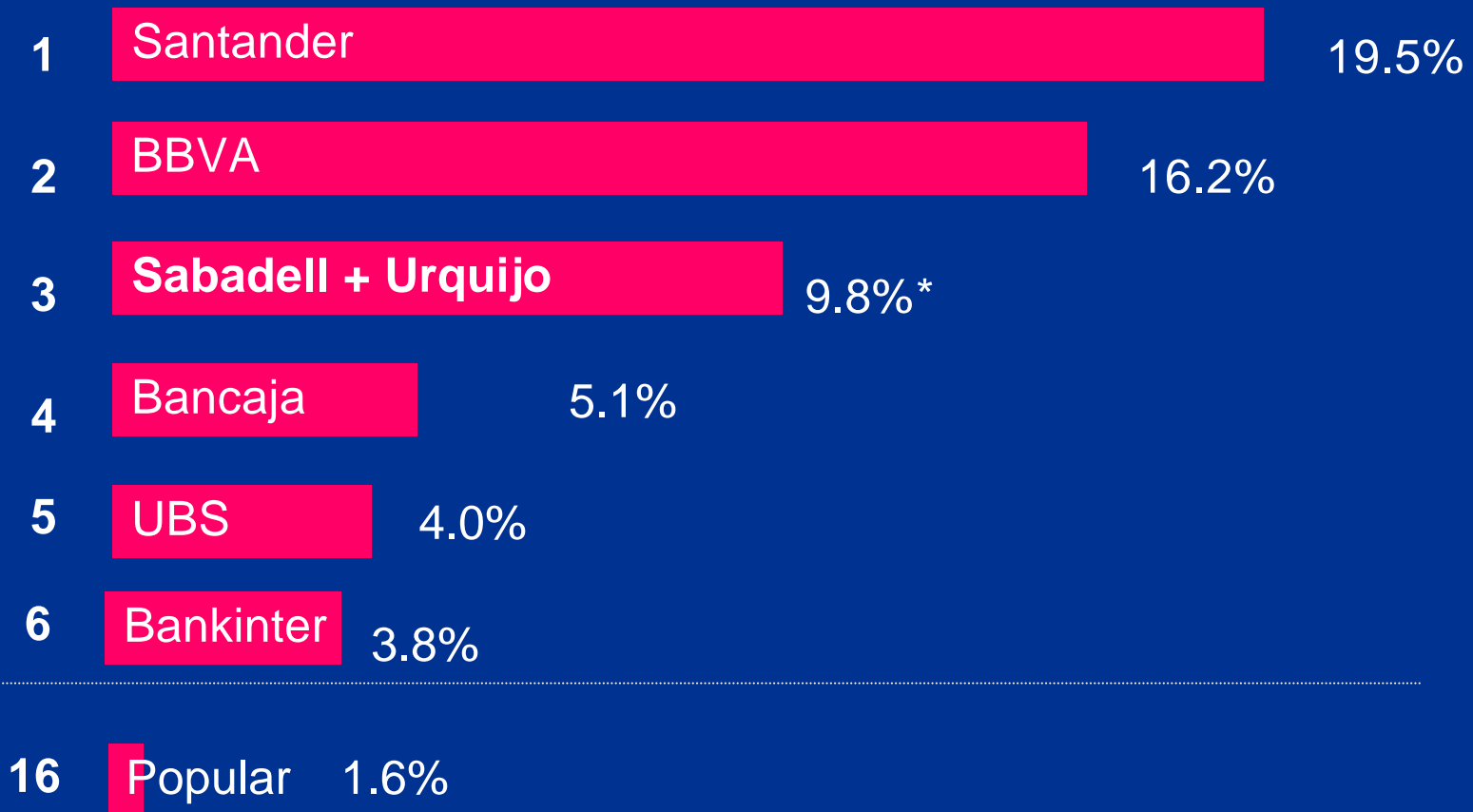
Revenues (€m)



Profile of the New Private Banking Unit



Spain SICAVs Market Share (volume)

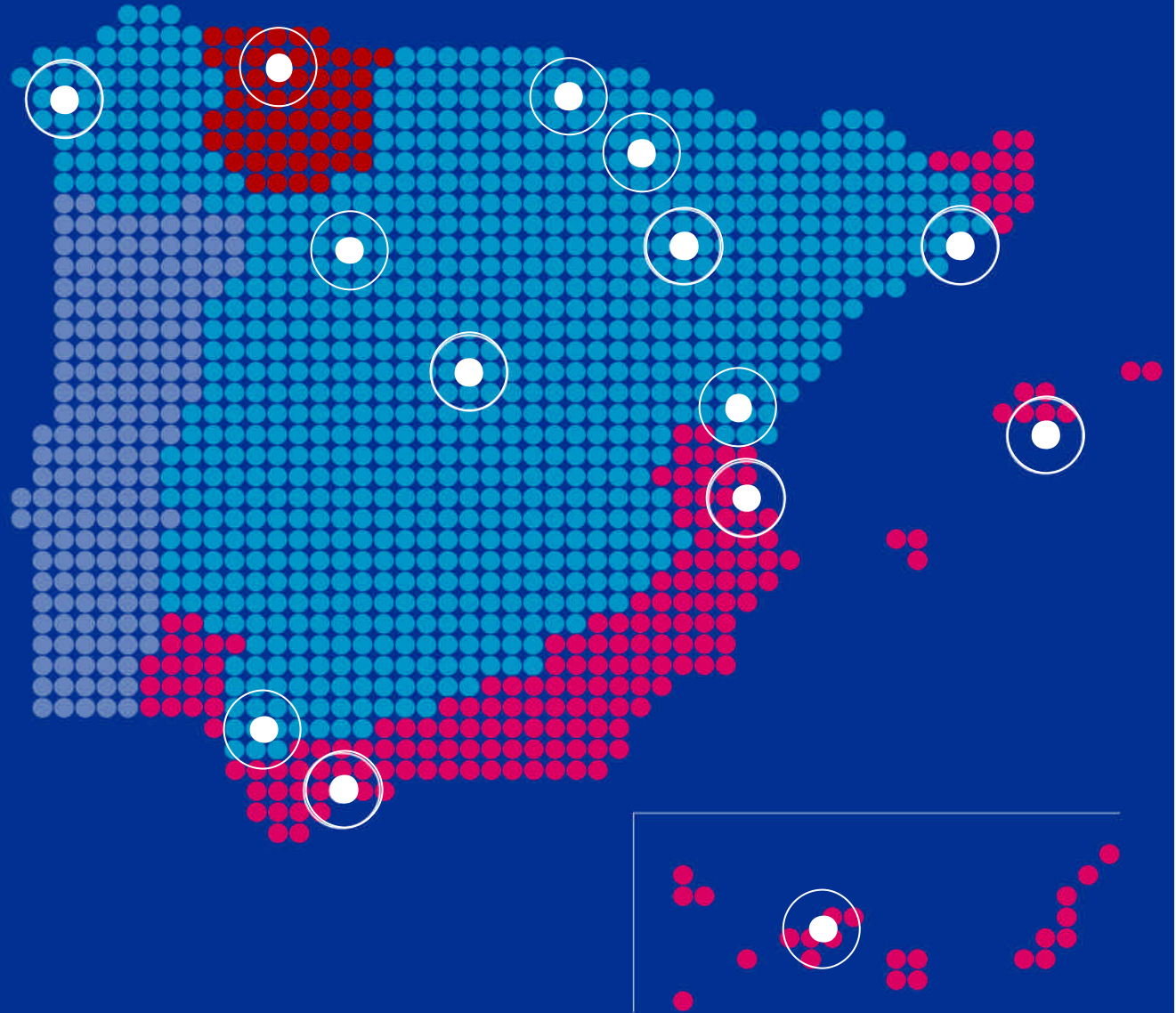


Profile of the New Private Banking Unit



16-strong nationwide coverage private banking branch network

Close-to-the-client banking approach to private clients, family offices, foundations and other specific client segments





Banco Urquijo SBP



A great private bank

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Contribution to Banco Sabadell Group



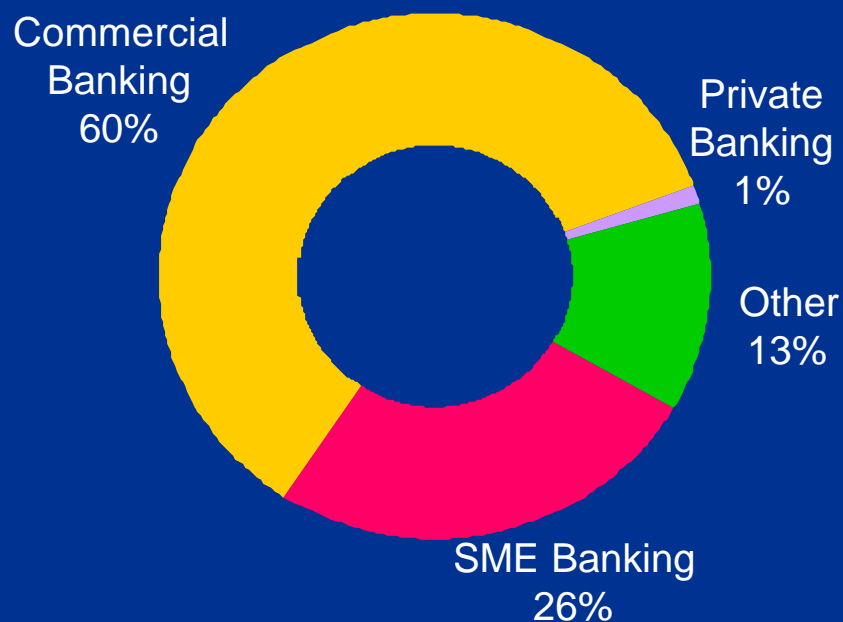
	Banco Sabadell	Banco Urquijo	Proforma	Urquijo as % of Proforma
Customer Funds	35,854	5,540	41,394	13.4%
Mutual & Pension Funds	12,255	2,048	14,303	14.3%
SICAVs	576	1,803	2,378	75.8%
Deposits	23,023	1,689	24,712	6.8%
Gross Loans to Customers	41,643	2,002	43,645	4.6%
Gross Operating Income	1,591	132	1,723	7.7%
Admin. Expenses & Depr.	900	102	1,003	10.2%
Profit Before Taxes	644	14	658	2.1%
Net Profit	453	10	463	2.3%
Cost / Income ⁽¹⁾	50.5%	74.5%		
NPL Ratio	0.49%	0.70%		
Core Capital Ratio	7.40%	8.30%		
Domestic Branches	1,104	60	1,164	5.2%
Employees	9,443	824	10,267	8.0%

Contribution to Banco Sabadell Group

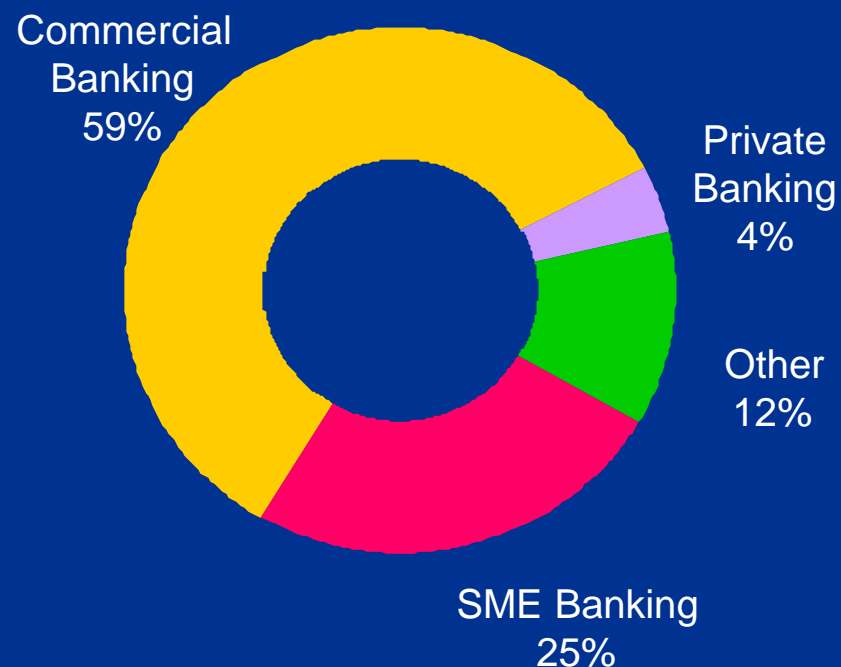


Gross operating income contribution by business unit:

Banco Sabadell



Proforma

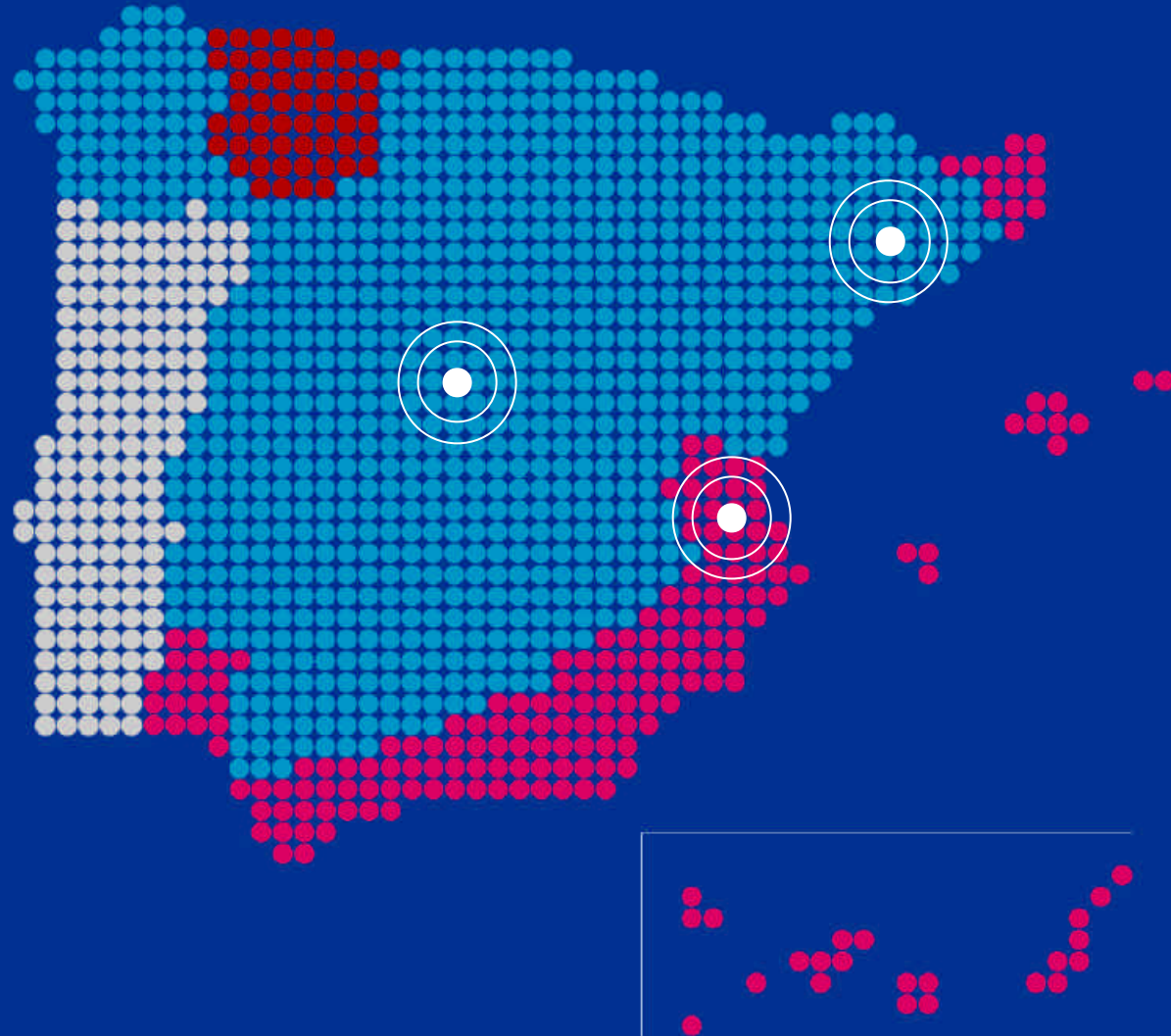


Banco Urquijo enhances Banco Sabadell's private banking franchise

Contribution to Banco Sabadell Group



A reinforced retail branch network in those areas which are strategic for the group



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CLOSING

Mid July 2006 (expected)

**LEGAL
MERGER**

Before year-end

**IT
INTEGRATION**

Completion by February 2007

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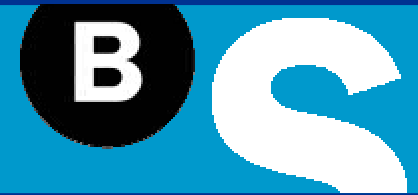
Annexes

Annex. Banco Urquijo Key Financials

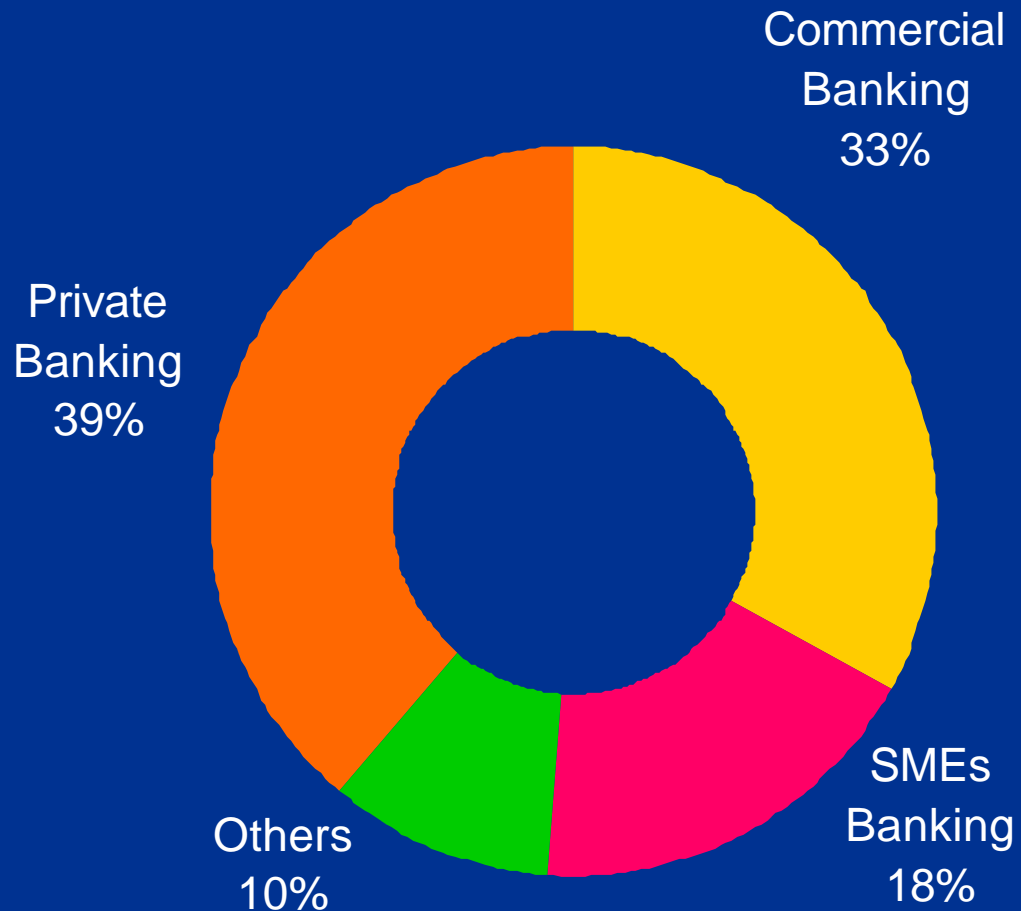


	2005	2004	Growth (%)
Net Interest Income	39.6	45.8	-13.5%
Net Commissions	68.4	67.4	1.5%
Gross Operating Income	131.8	116.6	13.0%
Adm. Expenses & Depr.	-102.5	-102.2	0.3%
Profit Before Taxes	13.5	17.3	-22.0%
Net Profit	10.5	15.4	-31.8%
Shareholder' equity	232	234	-0.8%
Loans to Customers	2,002	1,949	2.7%
Customer Deposits	1,689	1,883	-10.3%
Cost / Income (1)	74.5%	83.6%	-
NPL Ratio	0.7%	1.1%	-
NPL Coverage	318.0%	198.0%	-
Core Tier 1 Ratio	8.3%	9.8%	-

Annex. Banco Urquijo Revenue Mix



Adjusted Gross Operating Income = €117.9 m ⁽¹⁾



(1) Excludes extraordinary capital gains from disposal of stake in Bolsas y Mercados Españoles

Data as of December 2005

Annex. Banco Urquijo Volume Mix

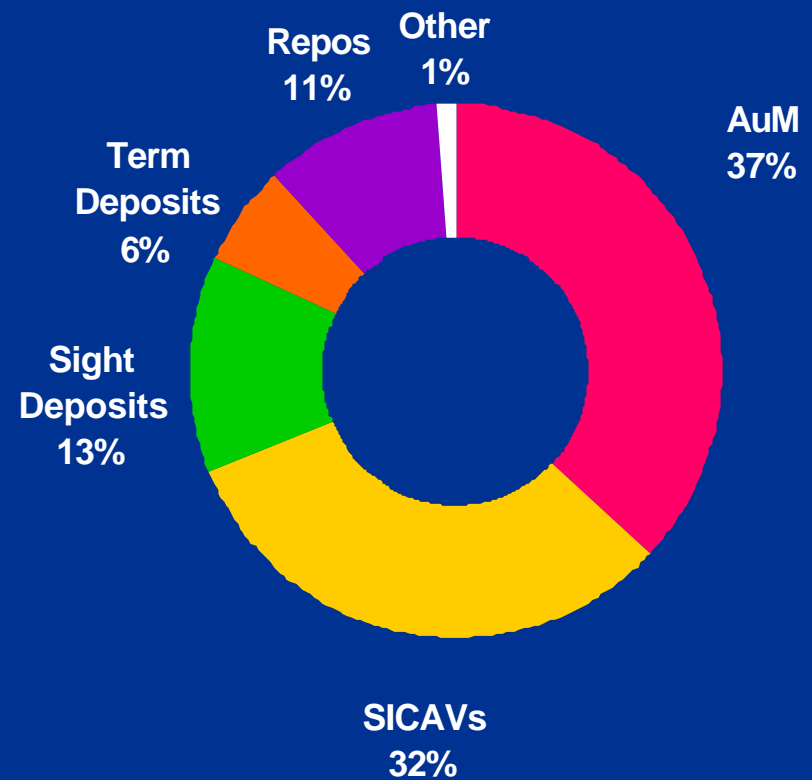
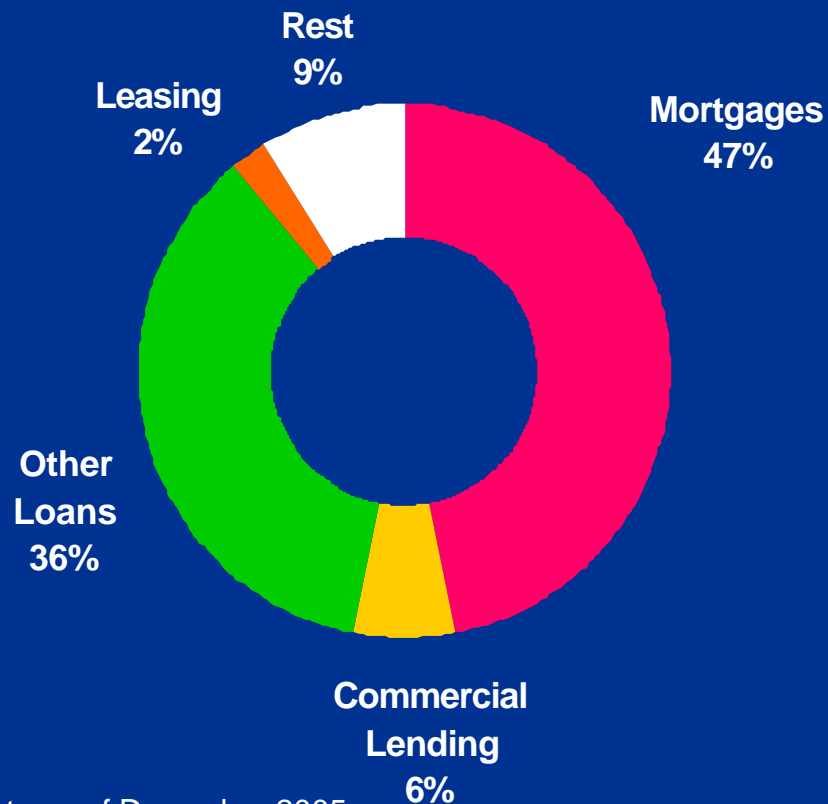


€2,002m

Loans to Customers

€5,540m

Customer Funds



Annex. Banco Urquijo SME Franchise



A resilient, profitable but underleveraged SME customer base

Turnover	Clients	Revenues (%)
>€100m	653	44.4%
€30- €100m	401	14.3%
€5-€30m	613	13.0%
<€5m	4,577	28.3%
	6,244	100.0%

Banco Sabadell SME expertise will enhance this franchise

www.bancosabadell.com

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