

Banco Sabadell

2Q12 Results



July 25th, 2012

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1. Quarterly highlights

2. 2Q12 Results

3. Banco CAM consolidation


4. Banco CAM – commercial reactivation

5. New structure – Asset Management Division

6. Conclusions

1. Quarterly highlights

Quarterly highlights

- ✓ Consolidation of Banco CAM
- ✓ Increased coverage levels
- ✓ Launch of exchange offer of Banco CAM preference shares
- ✓ Creation of a “bad bank” structure
- ✓ Launch of new brand: **Sabadell**CAM 
- ✓ Continued improvement in market share
- ✓ Strong level of income generation
- ✓ Balance sheet clean-up in line with the requirements of the Royal Decrees

2. 2Q12 Results

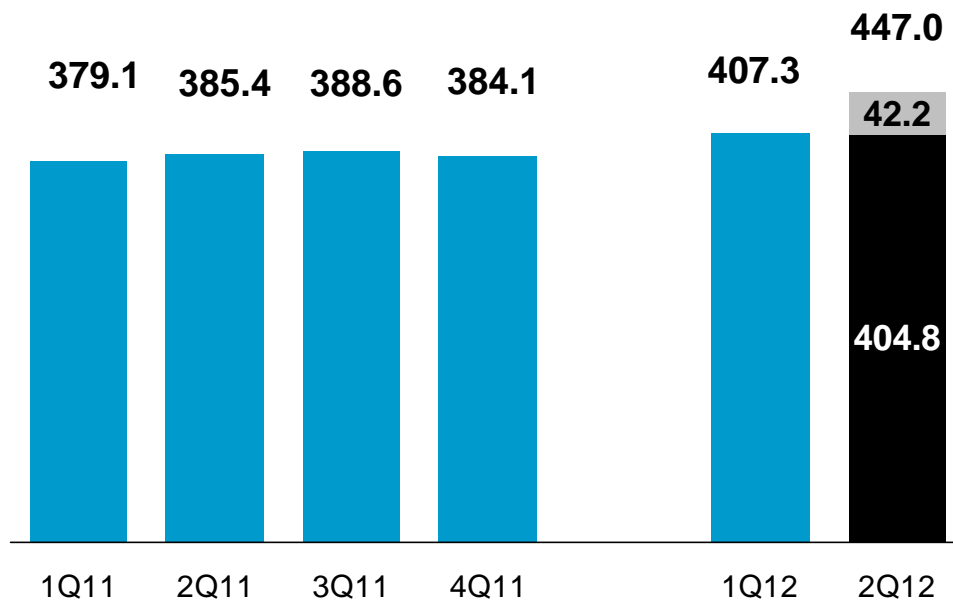
June 2012 Results

	Jun. 11	Jun. 12*	% var 12/11
Net Interest Income	764.6	854.3	11.7%
Equity Method & Dividends	39.2	12.7	-67.6%
Commissions	288.4	288.8	0.2%
Trading Income & Forex	188.4	265.5	41.0%
Other Operating Results	3.2	-54.2	--
Gross Operating Income	1,283.6	1,367.1	6.5%
Personnel Costs	-370.9	-415.2	12.0%
Administrative Costs	-191.0	-209.2	9.5%
Depreciations	-62.6	-69.6	11.1%
Pre-provisions Income	659.1	673.1	2.1%
Total Provisions & Impairments	-545.5	-1,889.3	--
Gains on sale of assets	2.6	18.5	--
Badwill	0.0	933.3	--
Taxes and others	48.1	354.5	--
Attributable Net Profit	164.3	90.1	-45.1%

* Includes one month of Banco CAM.
Euros in million

Net interest income evolution

(Euros in million)



■ Banco Sabadell *stand alone*
■ Banco CAM

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

... driven by active price management in the BS portfolio ...

Product	Front book spreads					Back book spreads				
	Jun-11	Mar-12	Jun-12	Var QoQ	Var YoY	Jun-11	Mar-12	Jun-12	Var QoQ	Var YoY
Credits	264	363	384	+21	+120	223	279	298	+19	+75
Loans	247	278	356	+78	+109	194	216	219	+3	+25
Mortgages to individuals	116	146	159	+13	+43	78	83	85	+2	+7
Leasing	206	226	242	+16	+36	113	125	129	+4	+16
Renting	473	525	595	+70	+122	281	345	368	+23	+87
Commercial loans	290	368	407	+39	+117	309	404	430	+26	+121
Confirming	225	270	293	+23	+68	237	280	293	+13	+56
Forfaiting	225	349	582	+233	+357	215	382	532	+150	+317
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

Total volume of re-priced assets in the quarter: €12.3 bn*

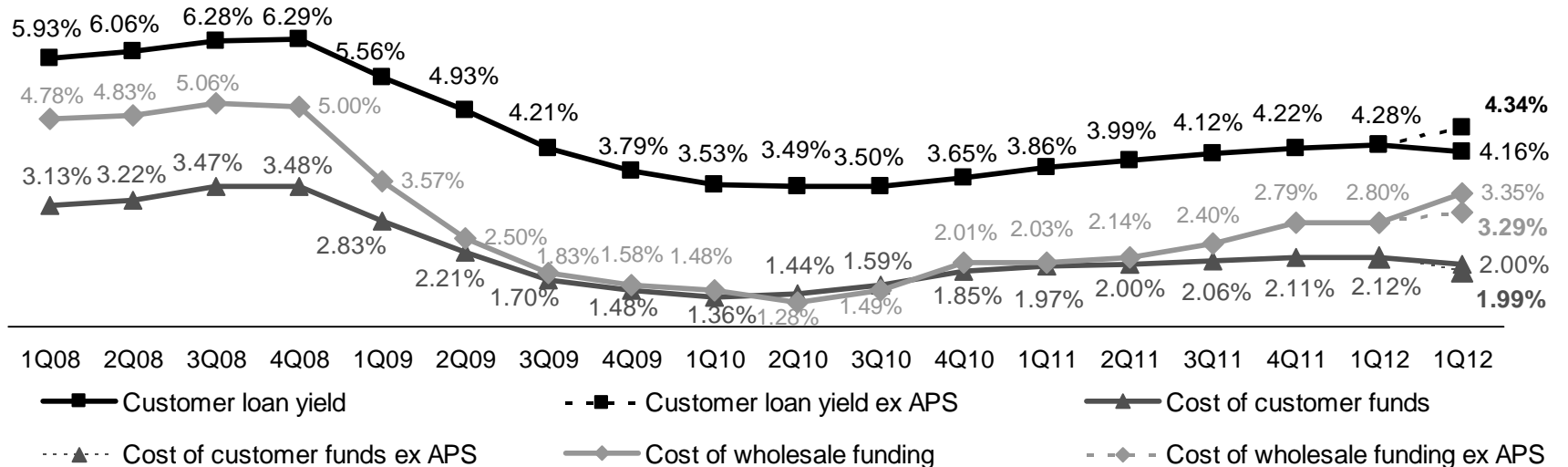
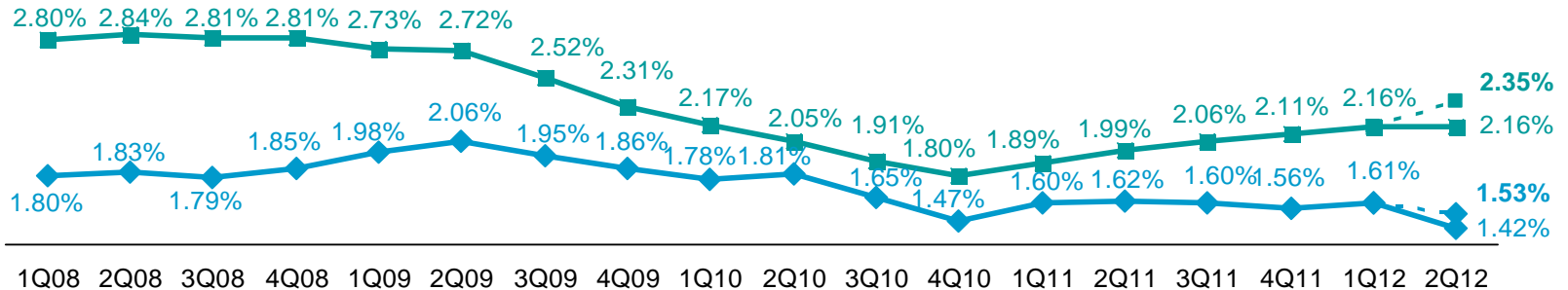
In basis points

* New granted transactions with price change. Excluding Banco CAM

... and reduced cost of customer funds

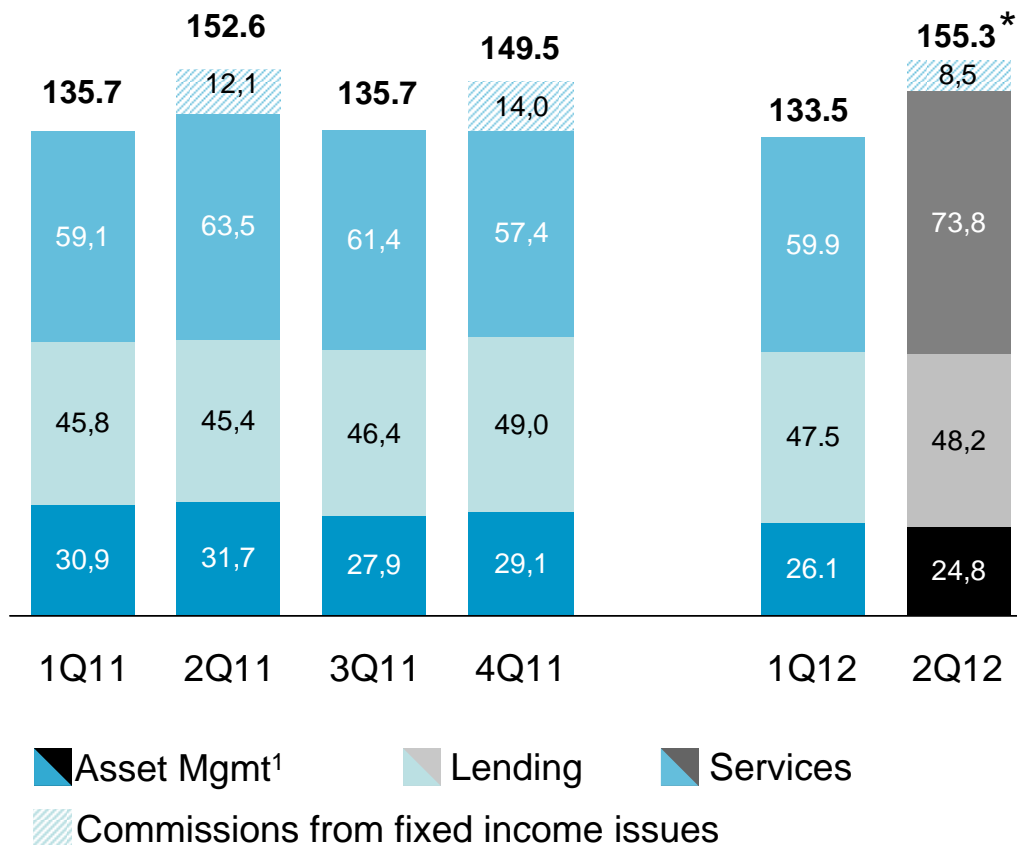
Margin evolution

(In percentage)



Commissions evolution

(Euros in million)



Commission income 1H12:
+0.2% YoY

-1.8% YoY, excl. Banco CAM
and excl. impact from fixed
income issues

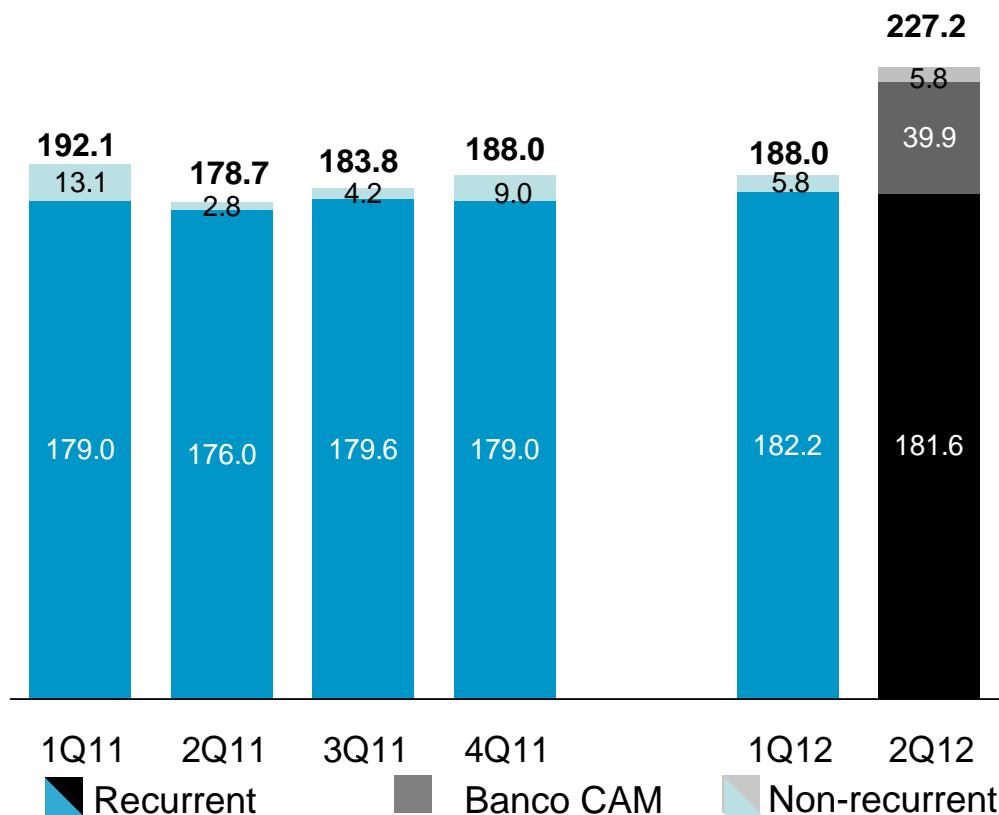
* Includes one month of
Banco CAM: €9M

¹ Including mutual funds commissions and pension funds and non-life insurance brokerage

Personnel expenses remain flat ...

Personnel expenses evolution

(Euros in million)



Personnel expenses 1H12:
+12.0% YoY (excl. Banco CAM: +1.2%)

Recurrent personnel expenses 1H12:
+13.7% YoY (excl. Banco CAM: +2.5%)

Personnel expenses 1H12
Like-for-like*:

+0.7% YoY

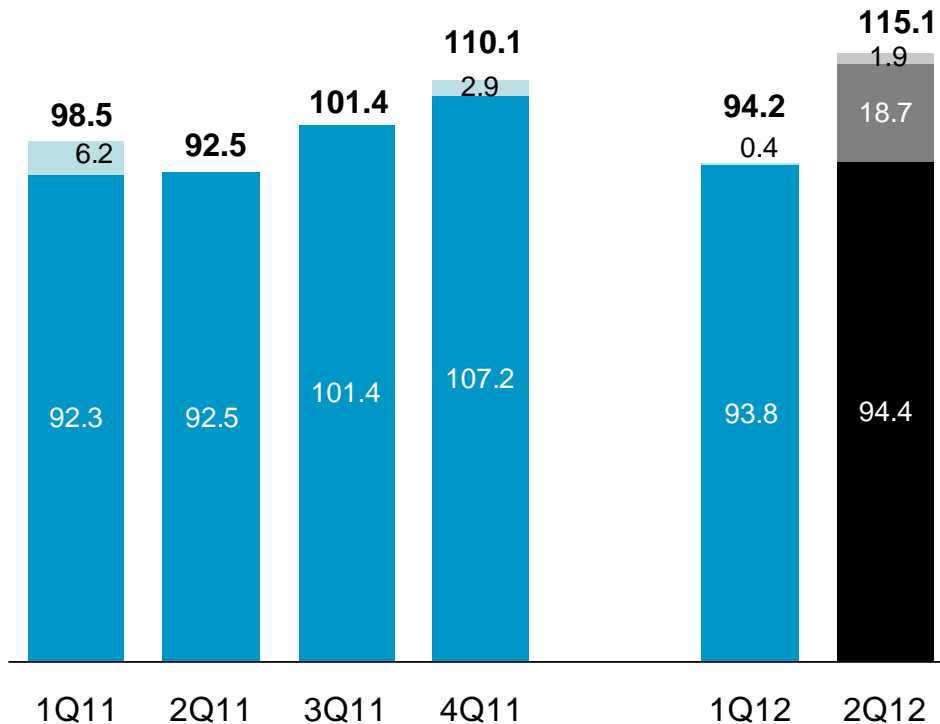
Banco Sabadell
Stand alone

* Including Lydian Bank in 2011 and excluding non-recurrent expenses. Excluding Banco CAM in 2012

... and general expenses are slightly down, like-for-like ...

General expenses evolution

(Euros in million)



General expenses 1H12:
+9.6% YoY (excl. Banco CAM: -0.2%)

Recurrent general expenses 1H12:
+12.0% YoY (excl. Banco CAM: +1.8%)

General expenses 1H12
Like-for-like*:

-0.5% YoY

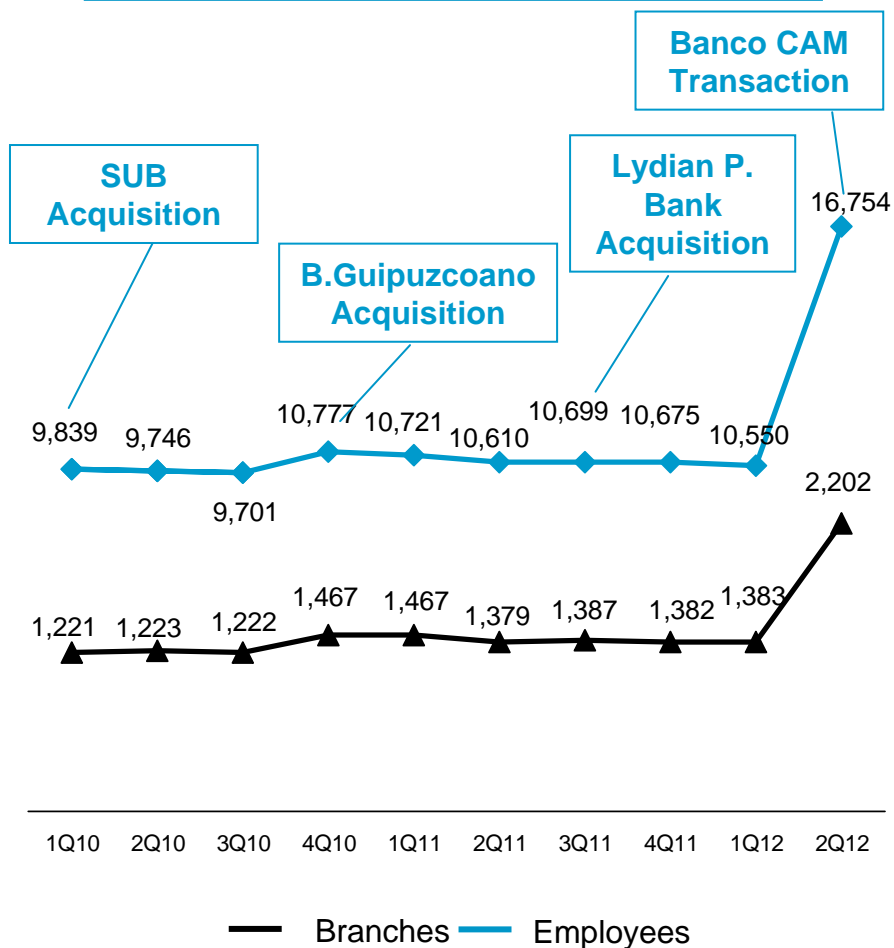
Recurrent
 Banco CAM
 Non-recurrent
 Banco Sabadell
Stand alone

* Including Lydian Bank in 2011 and excluding non-recurrent expenses. Excluding Banco CAM in 2012

... as network optimisation continues

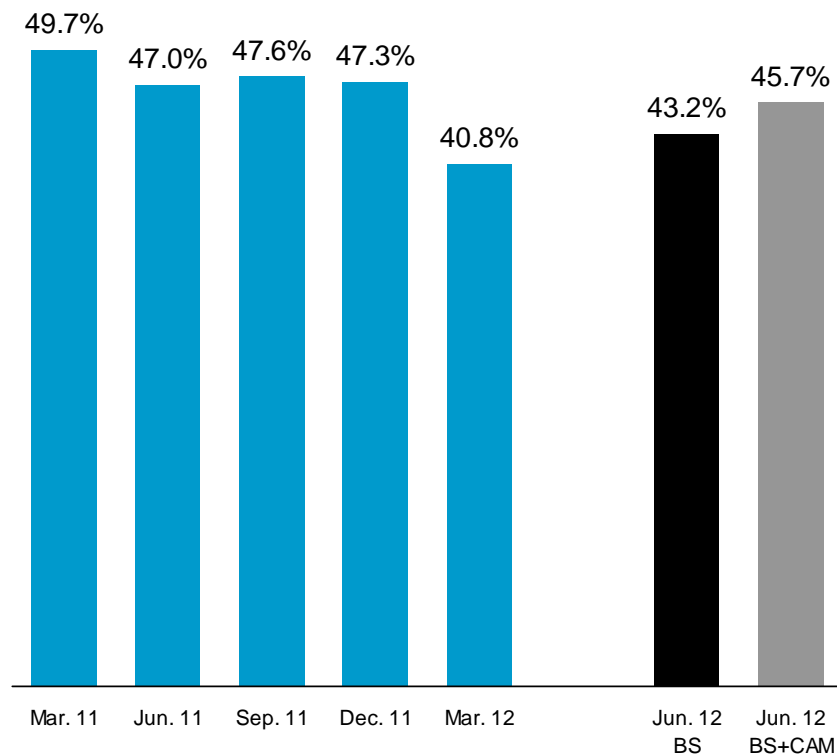
Employee and branch evolution

(In number)



Cost income evolution

(in %)



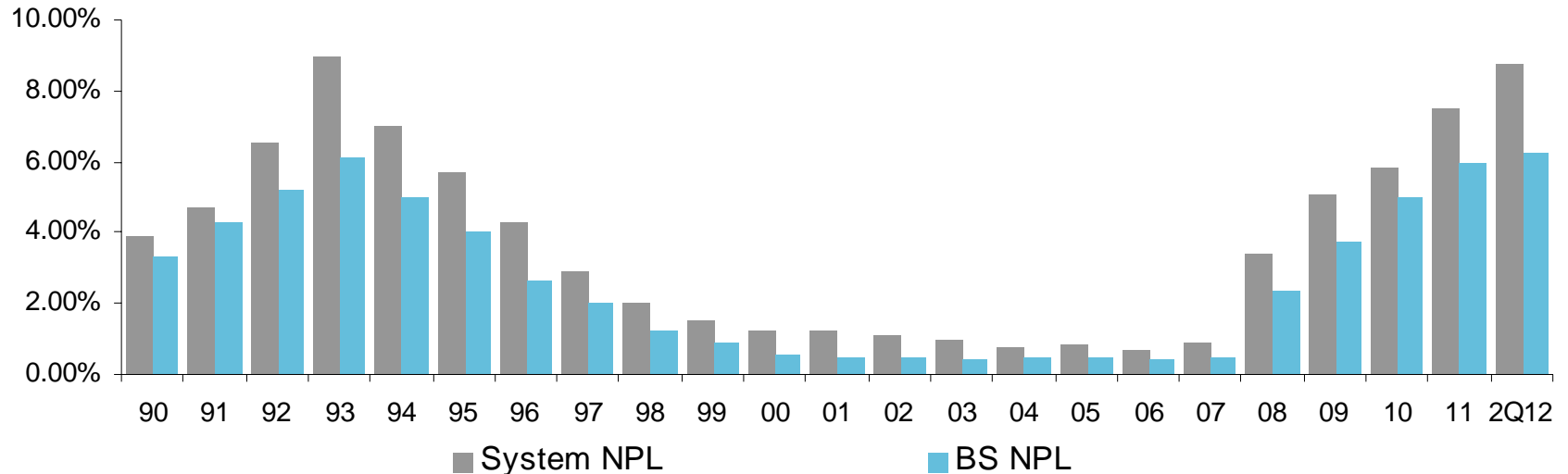
BS cost to income ratio ex non-recurrent items
2Q12: 42.2%

Banco Sabadell's NPL ratio vs. the Spanish average continues to show improvement

Banco Sabadell vs. sector NPL ratio

In %

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	dic-11	Mar-12	Jun-12
BS NPL ratio	4,09%	4,38%	4,72%	5,01%	5,46%	5,55%	5,72%	5,95%	6,02%	6,24%
System NPL ratio	5,33%	5,35%	5,49%	5,81%	6,19%	6,69%	7,16%	7,61%	8,37%	8,95%*
GAP BS vs system (bp)	124	97	77	80	73	114	144	166	235	271



* Spanish financial system NPL ratio as of May 2012.

Note: Excluding Banco CAM. NPL ratio BS+Banco CAM excl. APS = 7.8%

Source: Bank of Spain

Remarkable success in gaining new customers

	June 11	June 12	% Var.
Individuals	147,153	170,141	+15.6%
Companies	30,888	40,883	+32.4%

Note: Banco Sabadell *stand alone*

With two market-leading products paving the way

Cuenta Expansión:
101,793 new accounts

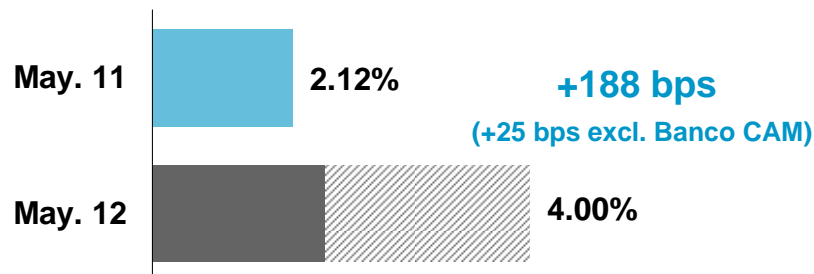
Cuenta Expansión Negocios:
58,624 new accounts

Evolution of total number of customers

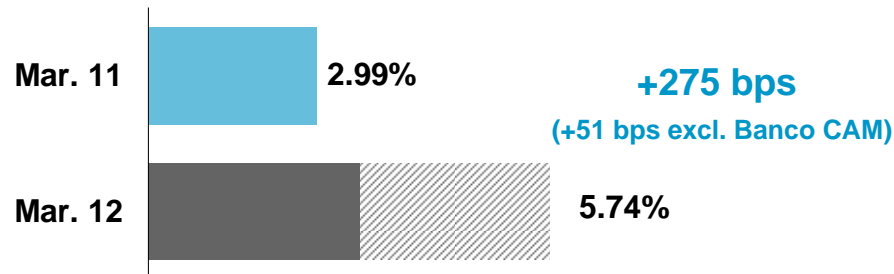
	Banco Sabadell <i>stand alone</i>			Banco Sabadell incl. Banco CAM	
	1H11	1H12	% Var.	1H12	% Var.
Total	2,580,762	2,828,229	+9.6%	5,411,361	+109.7%

... gaining market share both in individuals ...

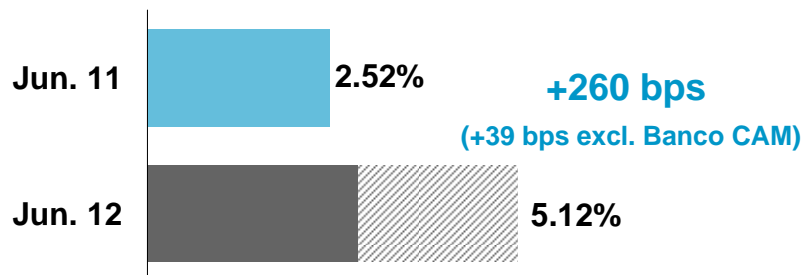
Household term deposits



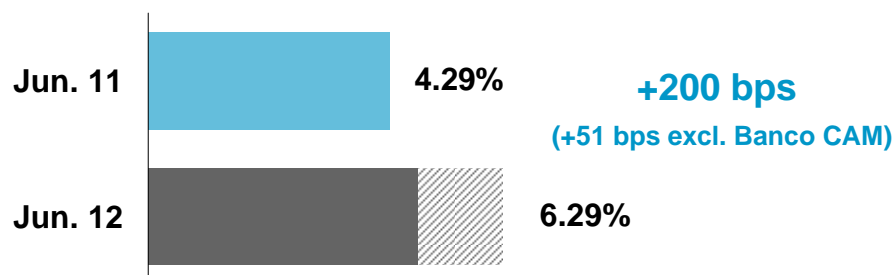
Credit card volume



Payroll accounts

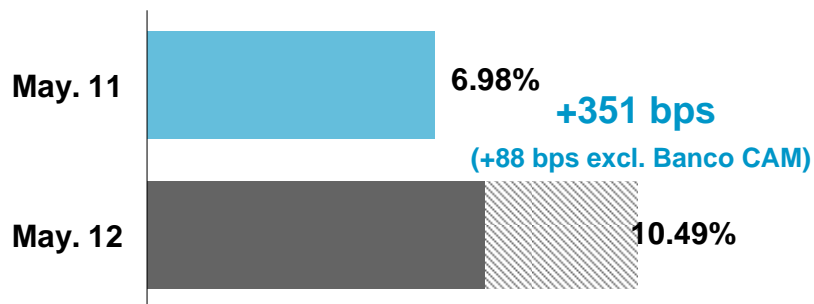


Transactionality¹

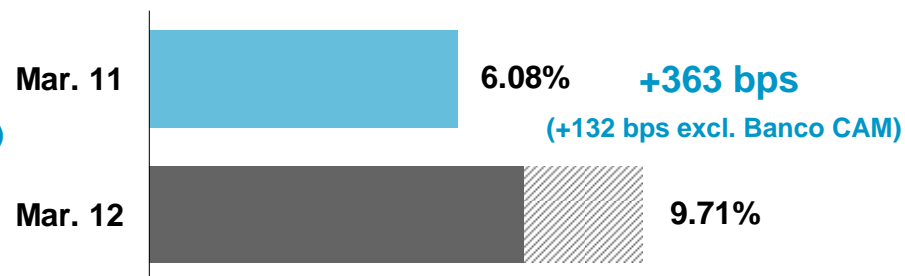


¹ Including cheques, transfers, SEPA transfers, receivables and promissory notes.
Banco CAM numbers exclude SEPA transfers

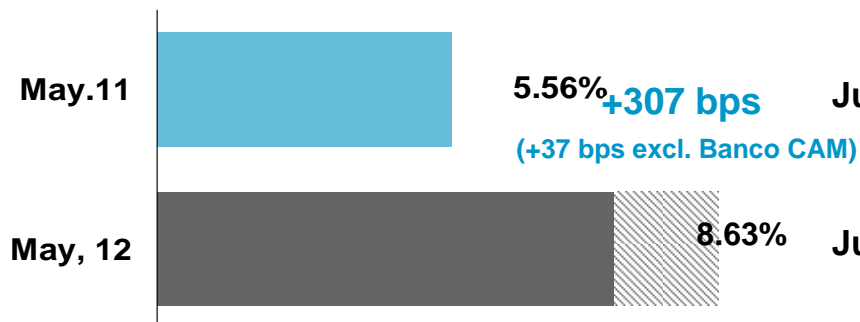
Sight deposits companies



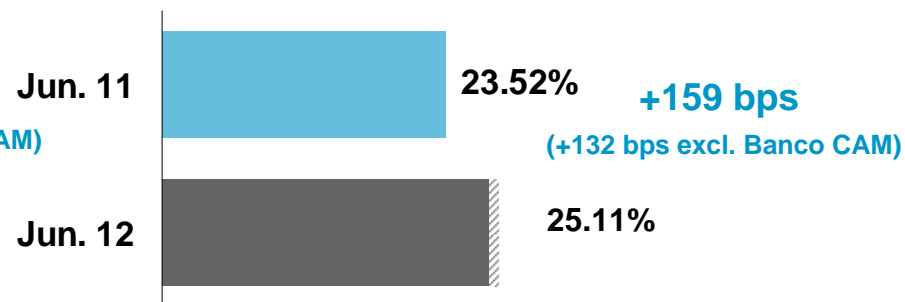
Volume at BS card PoS



Corporate credit

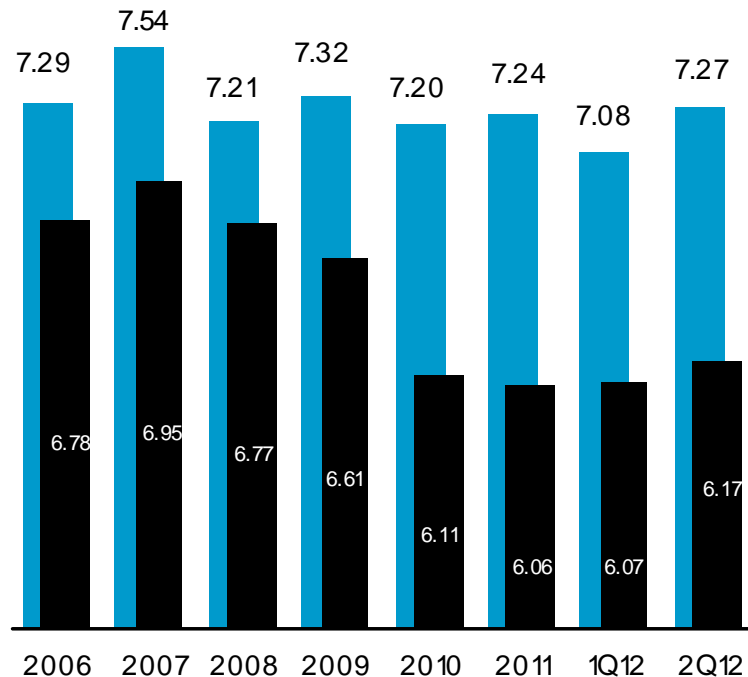


Export documentary credit



... whilst maintaining the leading position in quality of service

Most valued by the customers

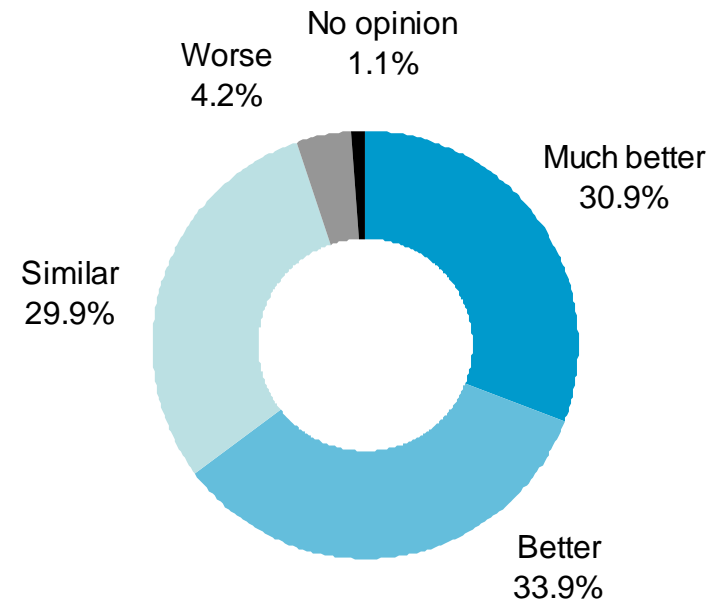


■ Sabadell

■ Market

Banco CAM has improved service score by 11% to 4.59 in the last three months

New customer experience with BS compared with their expectations



95% of new customers are valuing BS service better or similar to what they initially expected

3. Banco CAM consolidation

Three key steps in the consolidation process of Banco CAM

1 FGD capital injection and closing of transaction

30 May 2012

- ✓ Approval by the European Commission
- ✓ Capital injected by the FGD (Fondo de Garantía de Depósitos)
- ✓ Signing of transaction contract

2 Accounting considerations pre-closing

1 June 2012

- ✓ Restructuring charges: €-809M*
- ✓ Impacts from RDLs (2/2012 y 18/2012): €-2,986M*
- ✓ Asset Protection Scheme (APS) value from recovering 80% of realized provisions: €+3,766M*

3 Consolidation of Banco CAM accounts

30 June 2012

- ✓ €+3,280M* of book value of APS coverage, reflecting future expected losses
- ✓ Badwill, arising from the Banco CAM integration, is allocated

Step 1: FGD capital injection and closing of transaction

- ✓ Approval of the transaction by the European Commission
- ✓ Transfer of €2,449M (after tax) by the FGD, which in addition to the capital already transferred in December puts total funds received at €5,249 M (after tax)
- ✓ Signing of transaction contract

Step 2: Accounting considerations pre-closing

- ✓ Banco CAM balance sheet includes restructuring charges of a total amount of €809M (before tax)
- ✓ It also incorporates realized provisions in order to comply with the Royal Decrees (2/2012 y 18/2012)
- ✓ Considering all realized provisions, Banco CAM's equity amounts to €3,500M. Following the payment of 1 euro, a goodwill position of €3,500M is generated

Banco CAM's equity

Evolution of Banco CAM's equity before consolidation

Euros in million

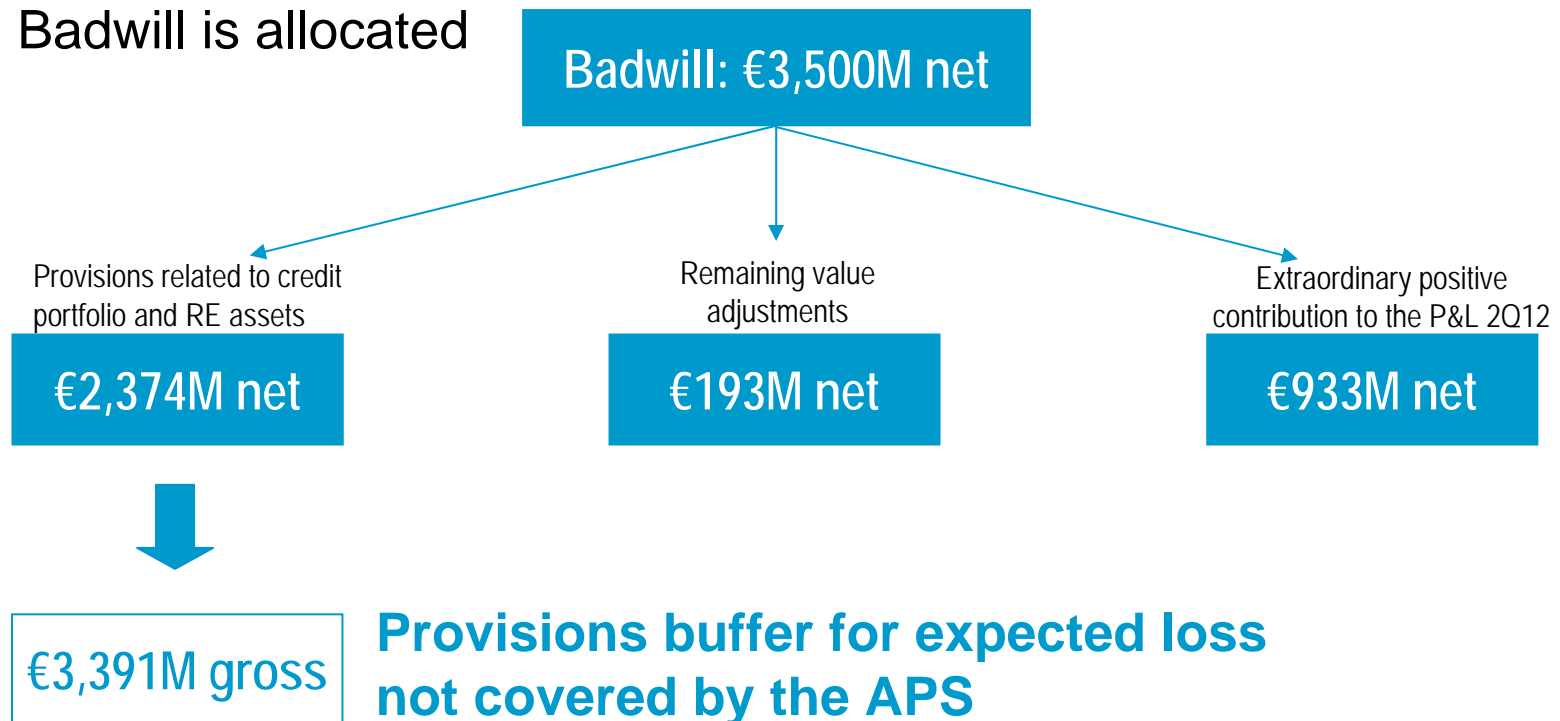
	Post-tax	Pre-tax	
CAM shareholders' equity 31/12/2011	1,899		
FGD injection following approval of transaction	2,449		
Provisions related to restructuring costs	-566	-809	
Provisions related to Royal Decrees 2/2012 and 18/2012	-2,090	-2,986	
FGD contribution to cover 80% of realized losses in APS portfolio	1,000	1,428	} 3,766 Value of APS from the recovery of 80% of the realized provisions
FGD contribution to cover 80% of the APS related to Royal Decrees 2/2012 and 18/2012	1,637	2,338	
Banco CAM Net Profit 01/01/2012-31/05/2012	-828	-1,183	
CAM shareholders' equity 30/06/2012	3,500		



€3,500M (net) of goodwill is generated after Banco Sabadell pays a price of 1 euro

Step 3: Consolidation of Banco CAM into the BS group

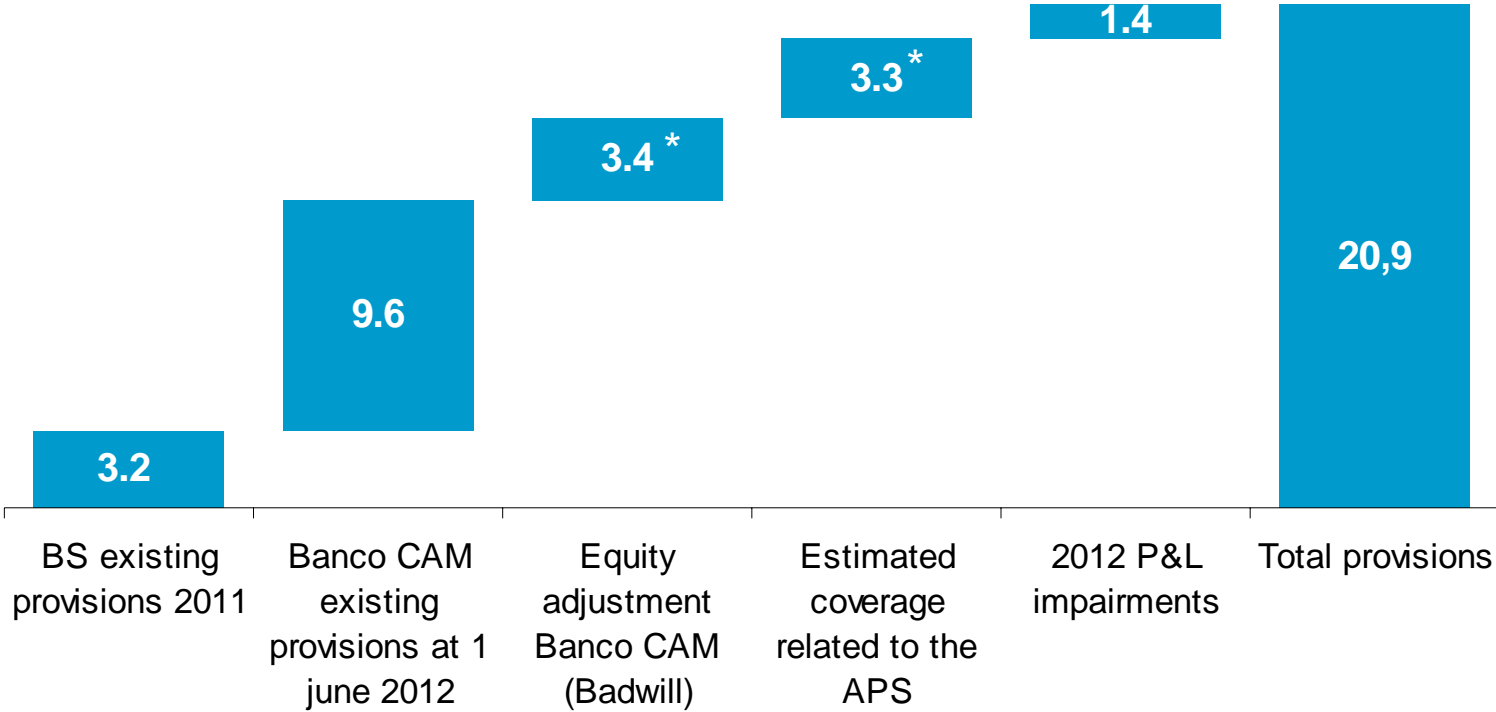
- ✓ In the consolidation process assets and liabilities are set at fair value, following accounting standards. An expected value of €+3,280M (before tax) related to the Asset Protection Scheme is booked
- ✓ Badwill is allocated



Total recognized provisions of €20.9 billion

Provisions

Euros in billion



* Provisional numbers based on estimates of the expected loss

Including Banco CAM, group NPL ratio ^BSabadell is below the Spanish average ...

NPL ratio by category

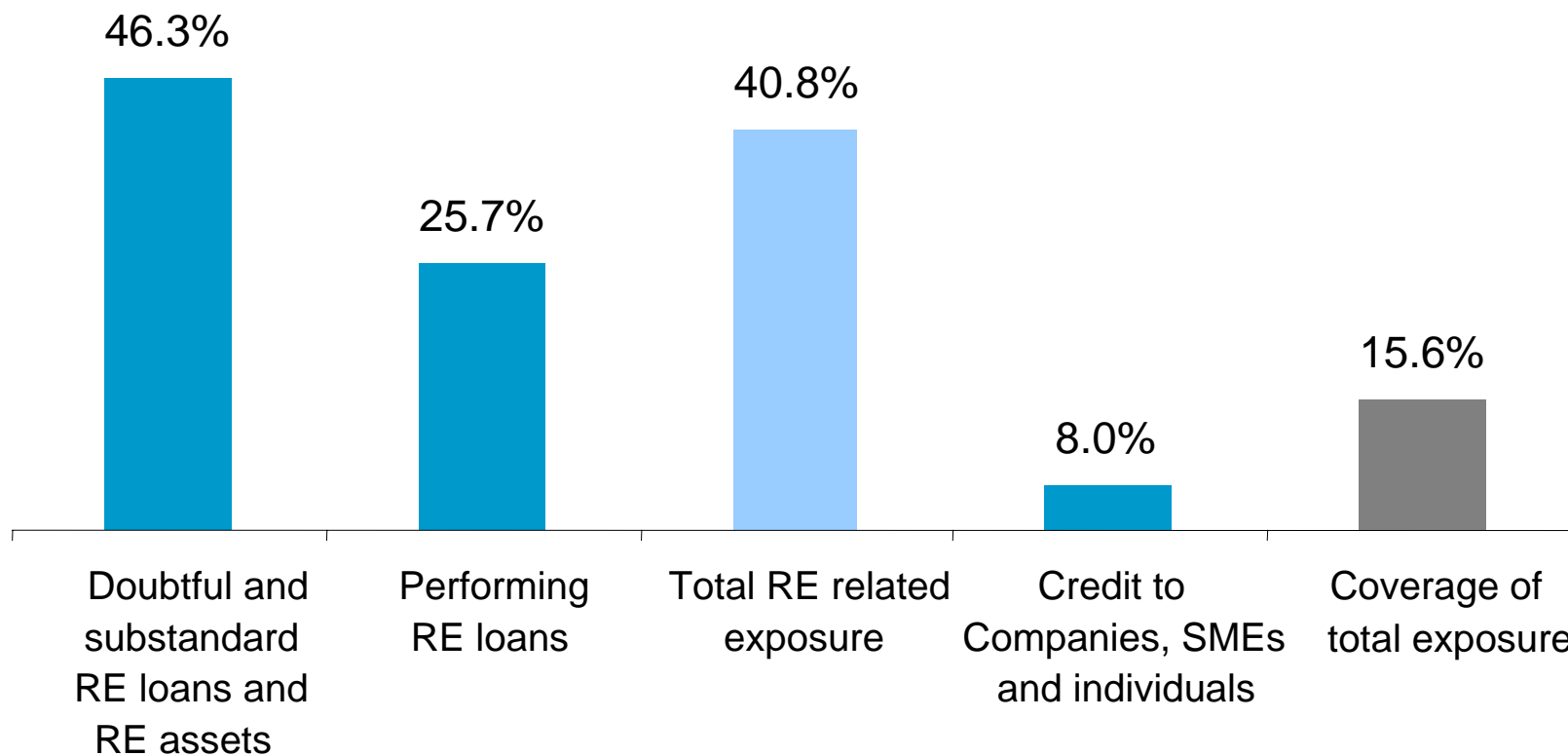
In %

	June 2012			March 2012
	BS <i>stand alone</i>	CAM ex-EPA	BS + CAM ex-EPA	BS
Real Estate development and/or construction purposes	23.61%	49.24%	25.01%	23.63%
Construction purposes non-related to real estate dev.	3.95%	6.06%	4.14%	3.28%
Large corporates	2.92%	26.01%	6.51%	2.93%
SME and small retailers and self-employed	6.49%	22.31%	7.19%	6.31%
Individuals with 1st mortgage guarantee assets	3.53%	8.48%	6.21%	3.29%
Individuals other	3.08%	5.87%	4.86%	3.10%
Total gross loans	6.24%	11.72%	7.82%	6.02%

... and an unprecedented coverage level of 15.6% of total exposure

Exposure coverage

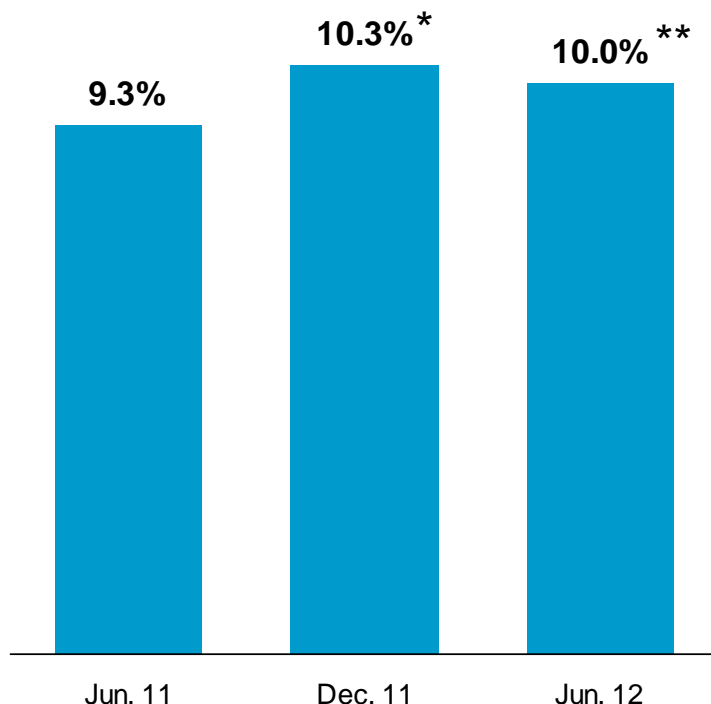
In %



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

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: 9.60%

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

** Proforma assuming an acceptance level of 90% in the exchange offer of Banco CAM preference shares and subordinated debt for a total amount of €1.6bn

... following successful capital raisings in 2012 ...

Capital impact

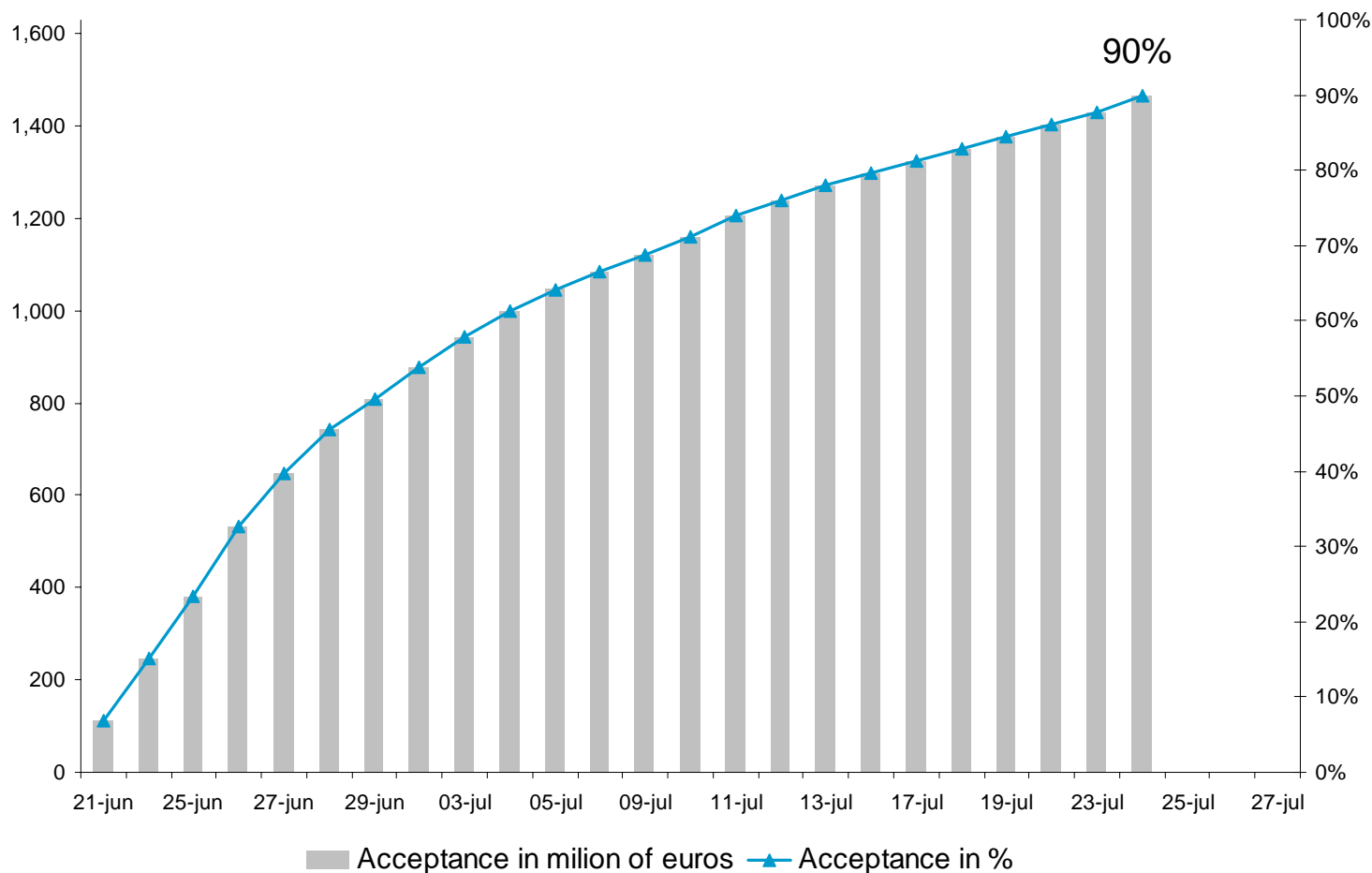
January 2012	BS preference shares exchange for ordinary shares (93.8% acceptance level)	▶ €797M
March 2012	Rights issue	▶ €903M
Jun/Jul 2012	Banco CAM preference shares and subordinated debt exchange for ordinary shares	▶ €1,468M *
		€3,168M

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

* Assuming an acceptance level of 90%

... with an acceptance level of Banco CAM exchange offer reaching 90%

Daily evolution of the acceptance level of Banco CAM preference shares and subordinated debt exchange offer for ordinary shares

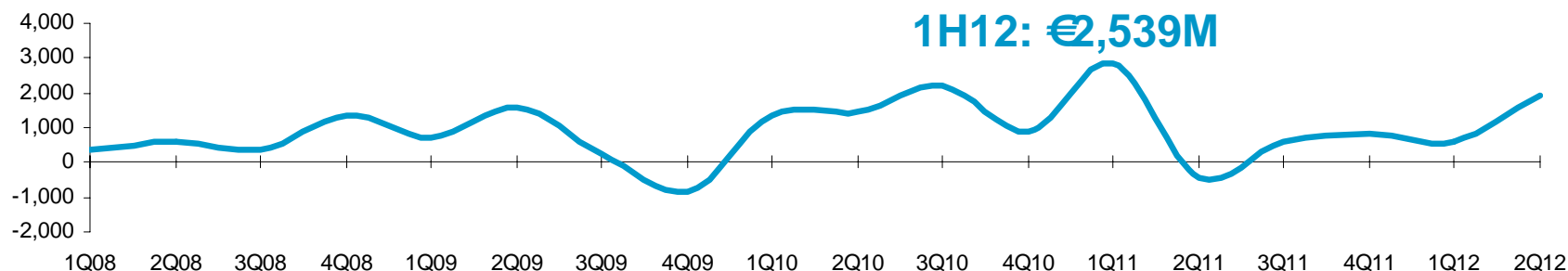


Positive commercial gap with customer funds growing

Customer funds and loans evolution (Euros in million)

	Jun-11	Dec-11	Jun-12	% Var. YoY
On-balance sheet customer funds	51,100	53,703	75,571	47.9%
Other on-balance sheet term funds ¹	32,500	34,963	48,122	48.1%
Sight deposits	18,600	18,740	27,449	47.6%
Off-balance sheet funds	18,563	17,942	20,478	10.3%
Mutual funds	8,613	8,024	8,533	-0.9%
Pension funds	2,903	2,858	3,184	9.7%
Third party insurance products	5,691	5,926	7,742	36.0%
Total funds	69,663	71,645	96,049	37.9%
Gross loans to customers ex repos and adjustments	72,244	73,540	123,435	70.9%
Gross loans to customers ex repos and adjustments ex APS			107,115	48.3%

Change in commercial gap (Euros in million)



¹ Other on-balance sheet term funds include term deposits and other funds placed in the retail network: preference shares, mandatory convertible bonds, senior debt, commercial paper and other. Excludes repos.

Note: In 2012, changes in commercial funding cap include adjustments for capital increase and for the payment to local government suppliers
June numbers include Banco CAM

The group has completed several new issues in 2012 ...

BS debt issues in 1H12

(Euros in million)

Issues	Amount	Maturity
Covered Bonds I/2012	1,200	16/02/2015
Senior Debt February 2012	500	27/08/2013
Senior Debt March I/2012	500	04/05/2013
Senior Debt March II/2012	250	04/05/2014
Structured Bond	8	19/06/2015
Senior Debt May I/2012	300	29/06/2013
Senior Debt May II/2012	300	29/12/2013
Total	3,058	

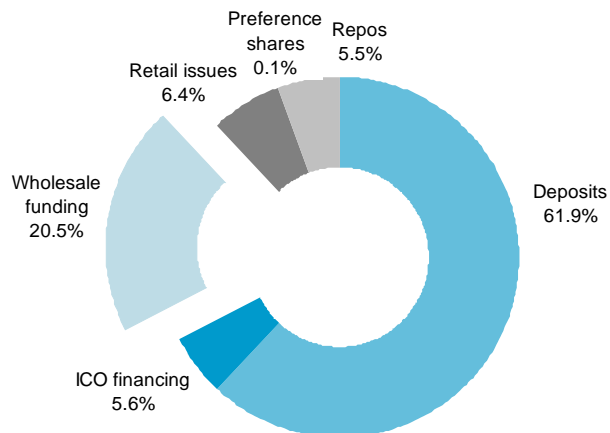
Banco CAM debt issues in 1H12

(Euros in million)

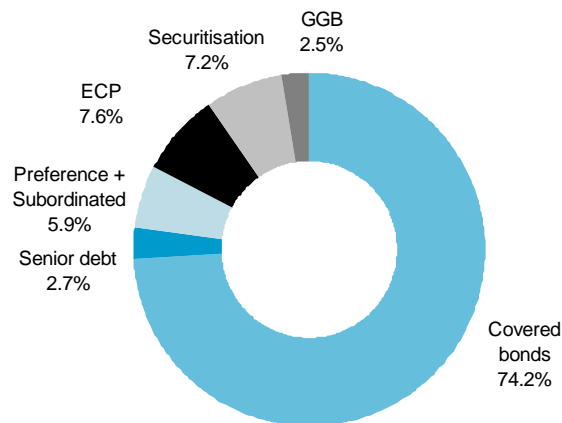
Issues	Amount	Maturity
10th Covered Bonds (CH)	1,000	19/01/2015
11th Covered Bonds (CH)	500	17/08/2015
3rd Covered Bonds (CT)	500	30/04/2015
2nd Covered Bonds (CT)	450	17/08/2015
12th Government Guarantee Bonds	1,400	21/02/2015
13 ^a Government Guarantee Bonds	1,400	21/07/2016
14 ^a Government Guarantee Bonds	1,200	09/03/2017
Total	6,450	

... maintaining a balanced funding structure

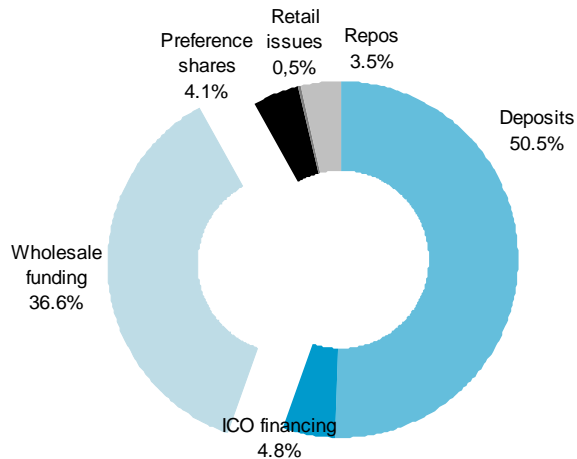
BS funding structure



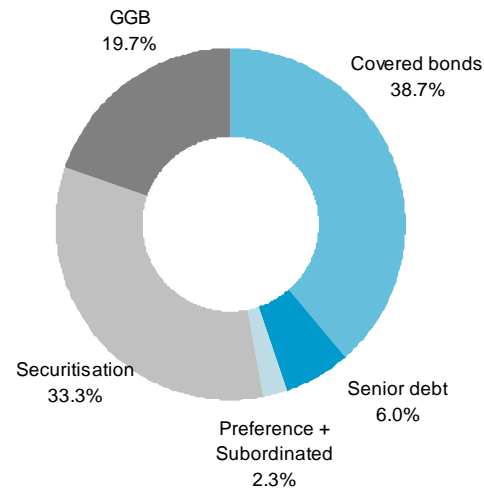
BS wholesale breakdown



Banco CAM funding structure



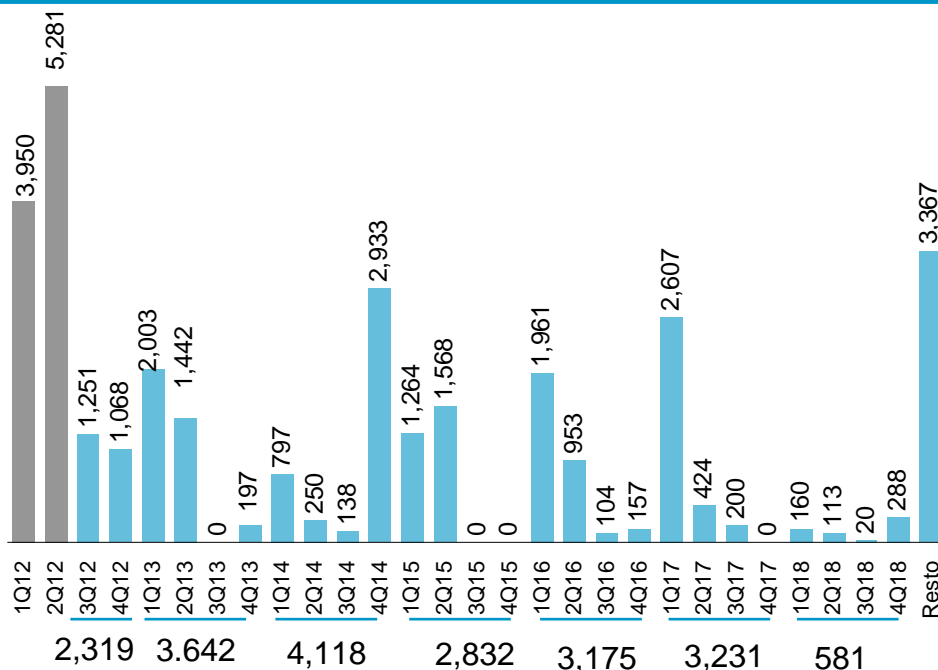
Banco CAM wholesale breakdown



... after having absorbed maturities of more than €9bn in the first half

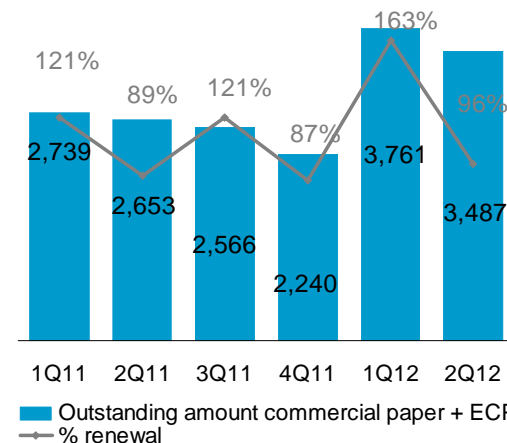
BS+CAM wholesale funding maturities

Euros in million



Short term funding

Euros in million and %



Maturity by product type, BS+CAM

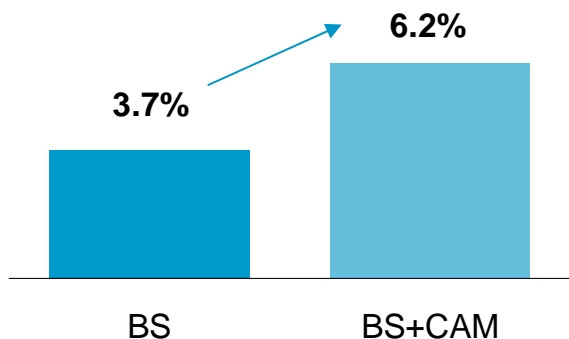
Euros in million

	Outst. Amount	2H 2012	2013	2014	>2014
Covered bonds (CH)	17,428	1,317	3,087	2,579	10,445
Senior debt	709	22	405	0	282
GGB	3,239	500	0	1,539	1,200
Preference and Subordinated	1,222	0	0	0	1,222
Covered bonds (CT)	150	0	150	0	0
Other mid- and long-term financial instruments	517	480	0	0	37
TOTAL	23,265	2,319	3,642	4,118	13,186

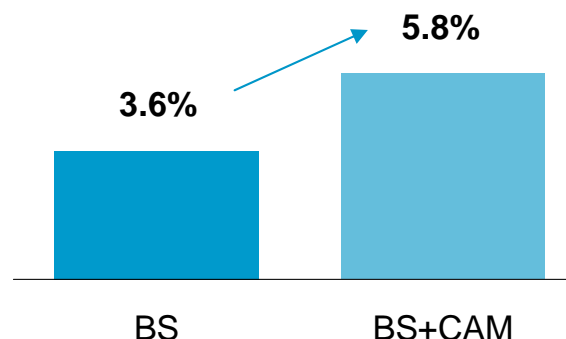
4. Banco CAM – Commercial reactivation

Substantial increase in market share and number of customers

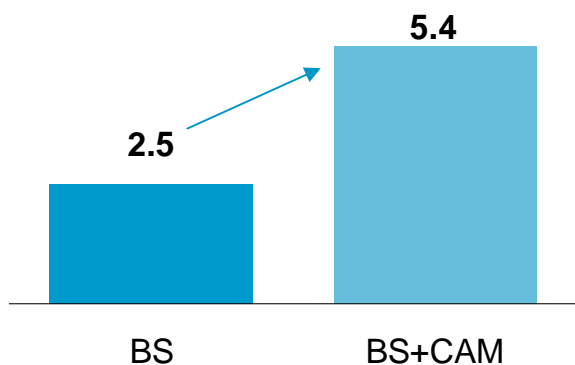
Loan market share in Spain¹ (en %)



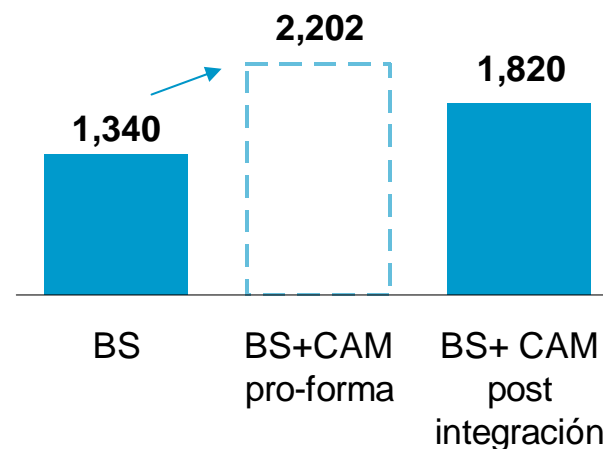
Deposit market share in Spain² (en %)



Number of customers
(In million)



Spanish branches
(number)



¹ Net customer credit

² Deposits including repos

Market shares proforma as of December 2011

With a strong customer franchise in the core region of Banco CAM ...

- ✓ Banco CAM has significant market penetration in individuals and companies in its original territory (Alicante, Murcia and Valencia)

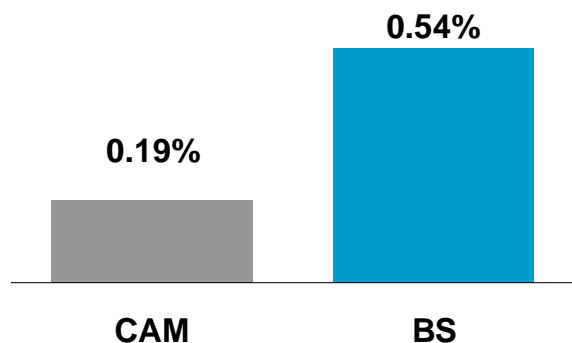
	Individuals			Corporates		
	BS	CAM	BS + CAM	BS	CAM	BS + CAM
Alicante	3.1%	44.3%	46.0%	17.5%	50.6%	59.2%
Murcia	1.5%	45.4%	46.2%	10.3%	40.1%	46.3%
Valencia	2.5%	19.9%	21.9%	15.8%	19.5%	32.2%
Baleares y Canarias	2.0%	3.2%	5.1%	12.7%	6.5%	18.4%
Cataluña y Aragón	7.8%	1.4%	9.1%	34.9%	3.0%	36.9%
Centro y Norte	5.4%	0.7%	6.1%	16.7%	1.4%	17.9%
Suroeste	1.6%	0.4%	2.0%	10.1%	2.1%	12.0%
TOTAL	4.3%	5.2%	9.3%	19.1%	6.3%	24.2%

Numbers refer to % of client share. The total pro-forma number excludes customer overlap between BS and CAM and therefore does not coincide with addition of stand alones.

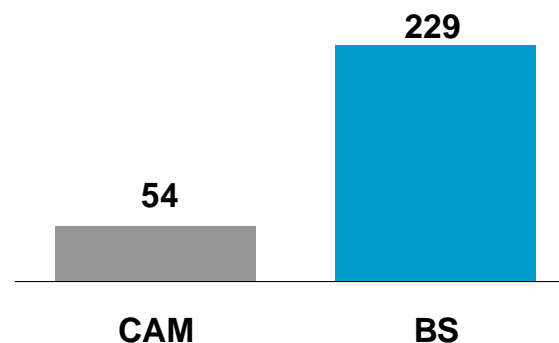
Source: FRS Inmark
Data as of June 2011

... with potential to improve commission income ...

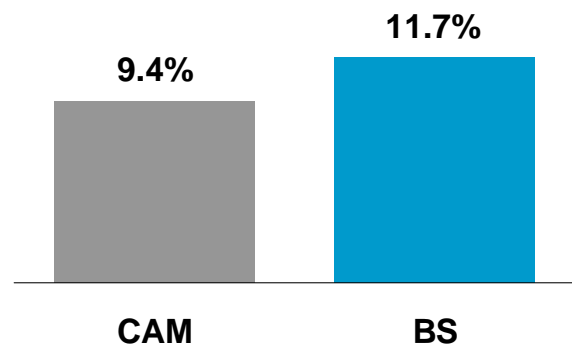
Net fee & commissions over ATA (in %)



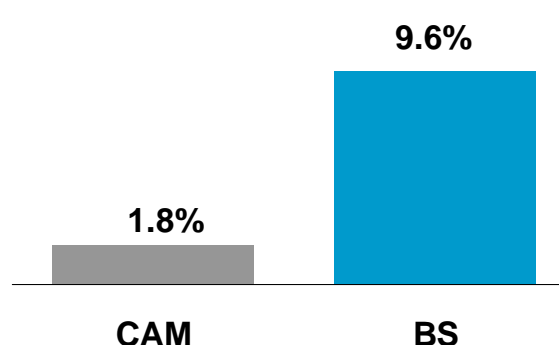
Net commissions/number of customers (€/customer)



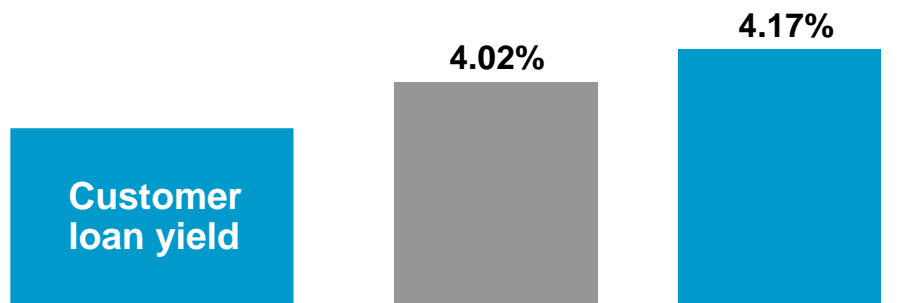
Life & Pension AuM over total customer funds (in %)



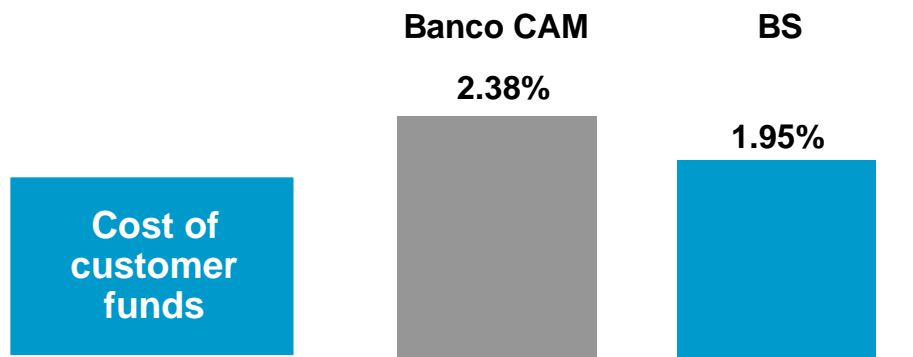
Mutual funds AuM over total customer funds (in %)



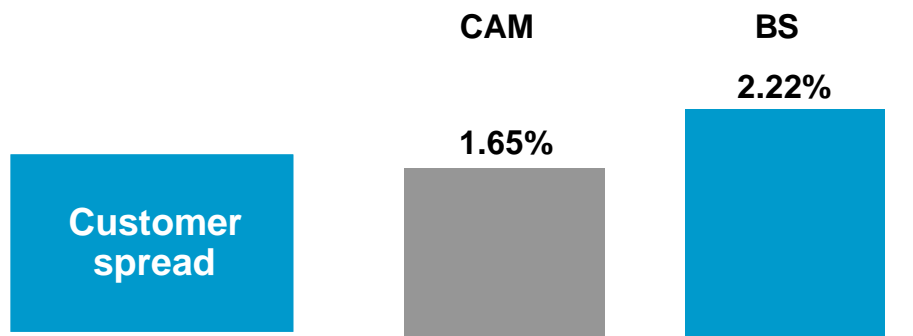
... as well as net interest income ...



✓ Potential to improve customer mix and price

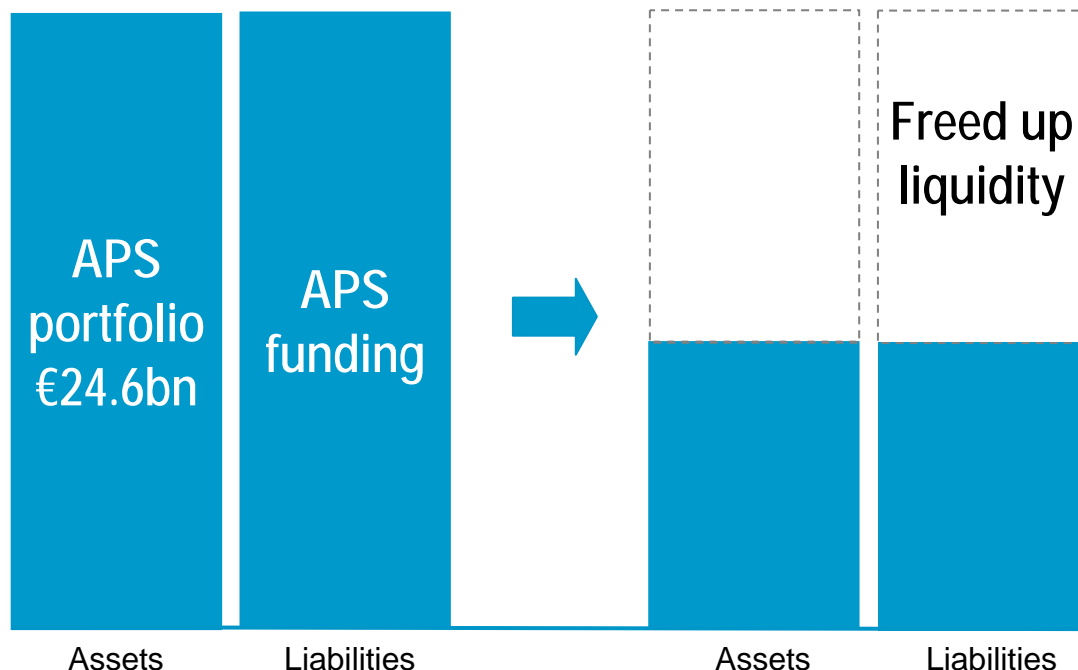


✓ The average cost of renewing term deposits improved by 31 basis points from 2.62% to 2.31% in the last three months



✓ Room to improve customer spreads

... with the liquidation of the APS as an additional lever



- ✓ For every 10 percentage points reduction in the APS assets, the group NIM increases by 4 basis points

Starting point

APS liquidation over time

Liquidation of the APS frees up funding and improves the net interest income of the group

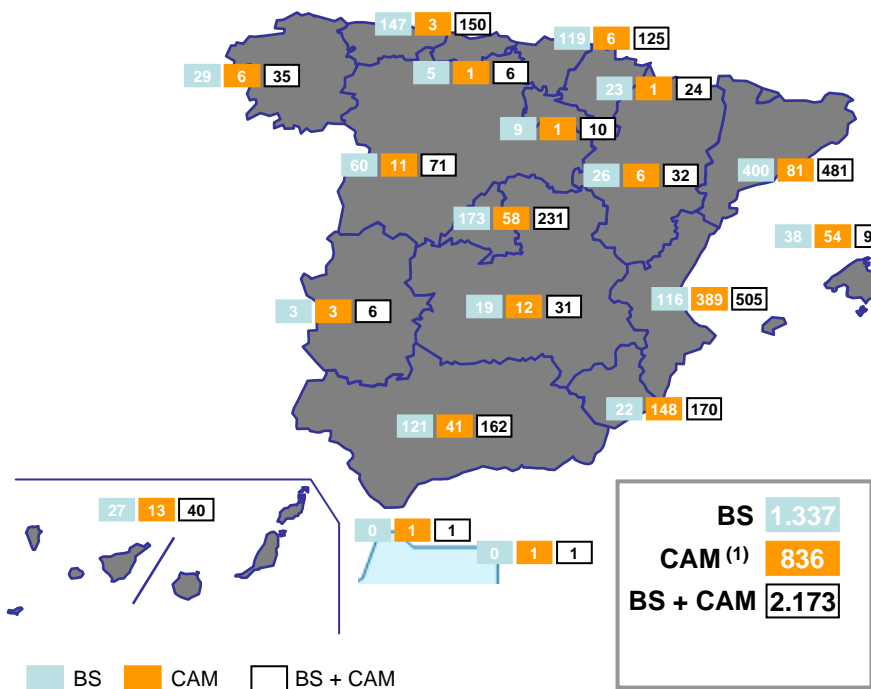
Important synergies to be extracted ...

Banco CAM synergies	2012e	2013e	2014e
Cost synergies	13	186	247
Income synergies	7	46	84
Total synergies	20	232	331
% of achievement	6%	70%	100%

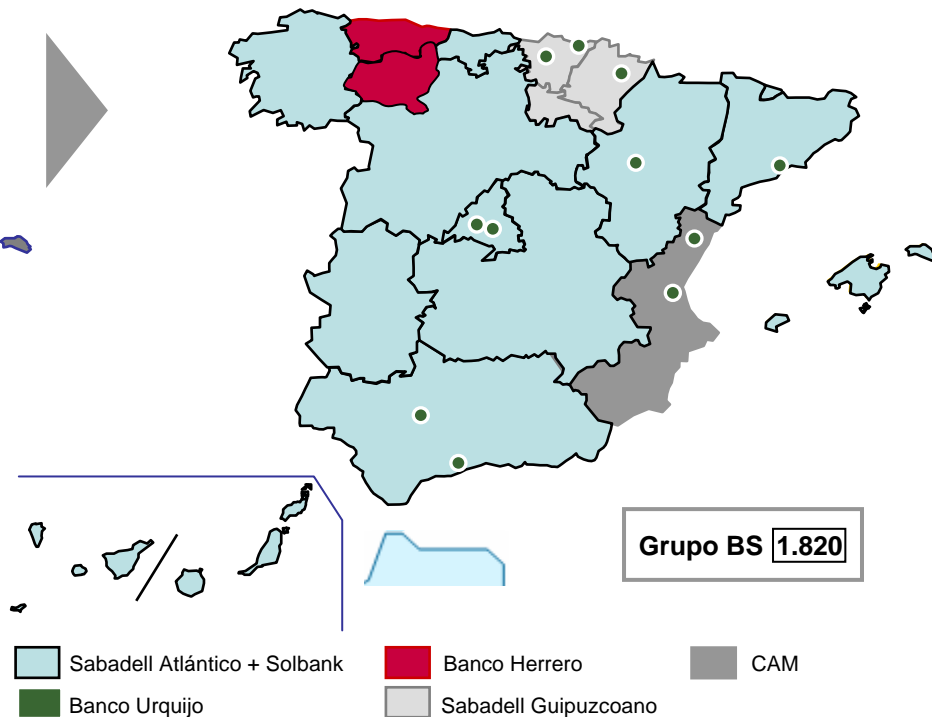
Net of tax. Euros in million

...optimizing the network: Target of 1,820 branches

Pro-forma 2011



Target

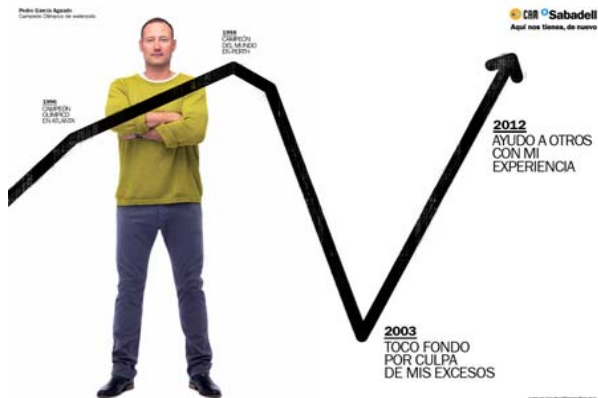


1. Does not include international branches (9): 8 Rep offices + 1 Branch (Miami)

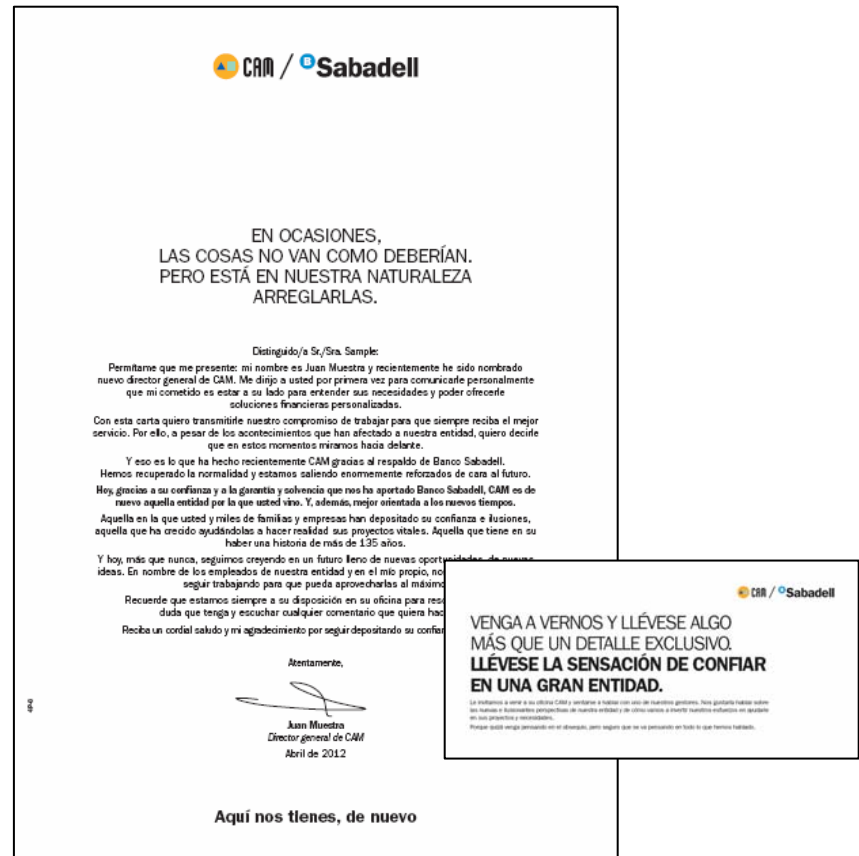
The commercial launch is already under way ...

Marketing campaign

CAM / B Sabadell
Aquí nos tienes, de nuevo



Personalized letters sent to over 1.2 million customers

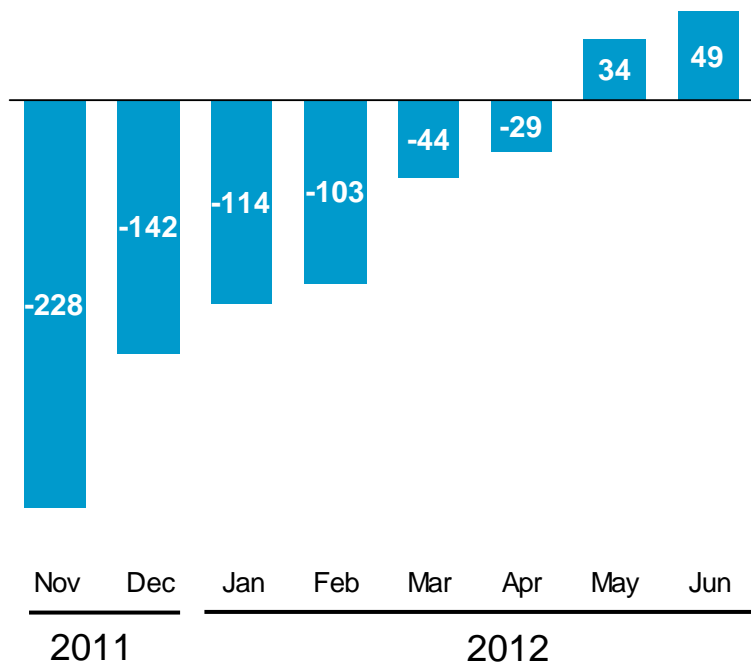


With satisfactory results already being achieved

... already showing positive results ...

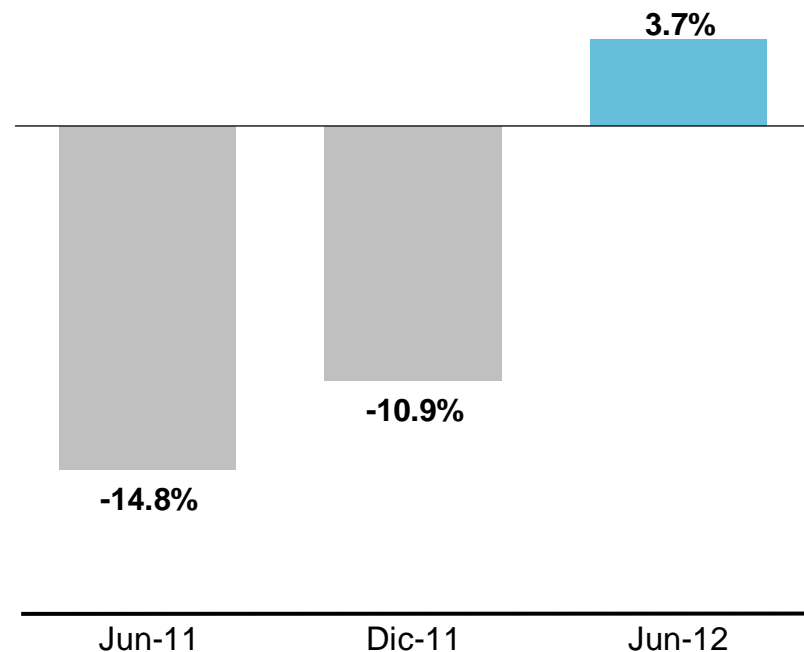
Money transfers from other banks

(Euros in million)



Change in average current account amounts

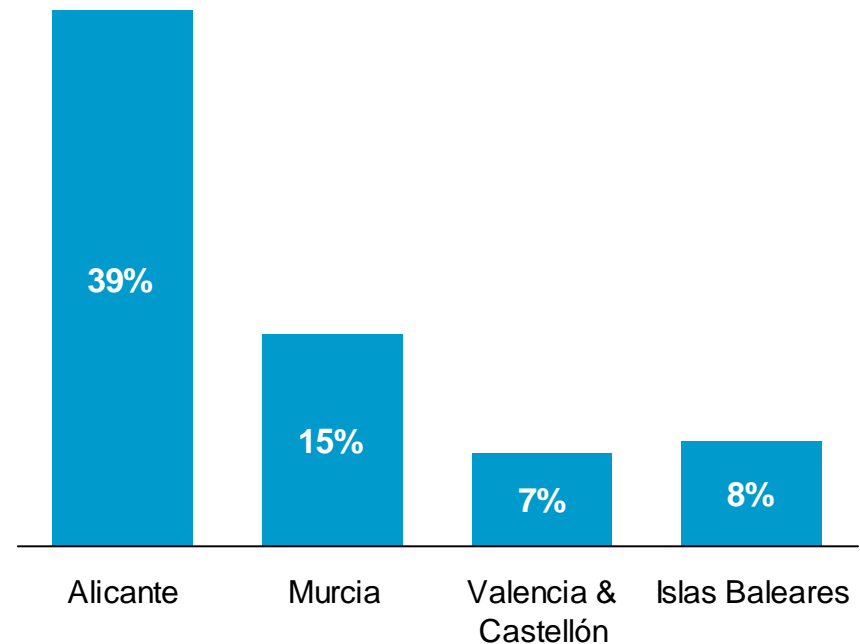
(in %)



... with a clear target to gain market share ...

- ✓ To be the bank of reference in its markets
- ✓ Recover historic market shares in deposits
- ✓ Regain customer confidence
- ✓ Converge to Banco Sabadell's commercial and operational model

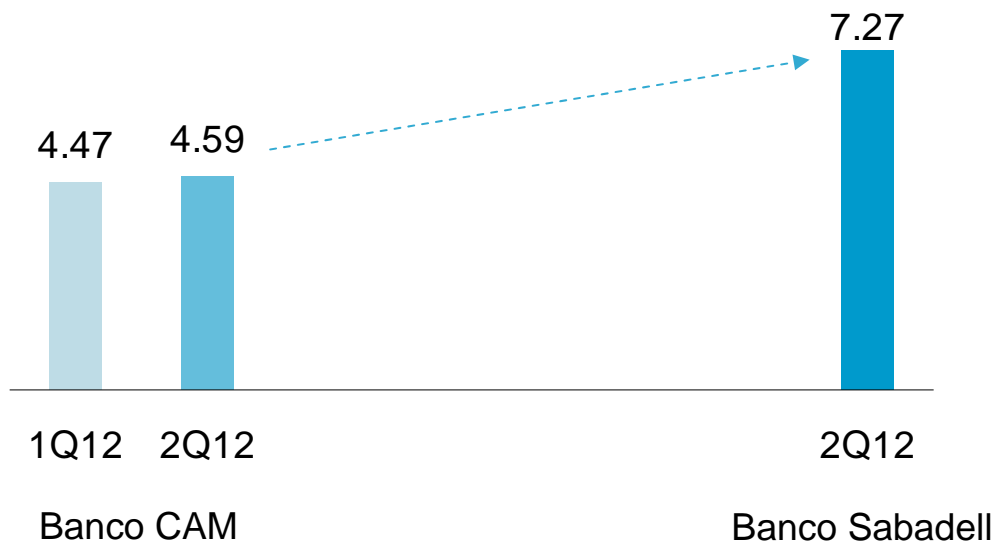
BS+CAM current deposit market shares in Banco CAM's original territory



Note: Market shares in other residential sectors and public administrations as of March 2012

... improving quality of service

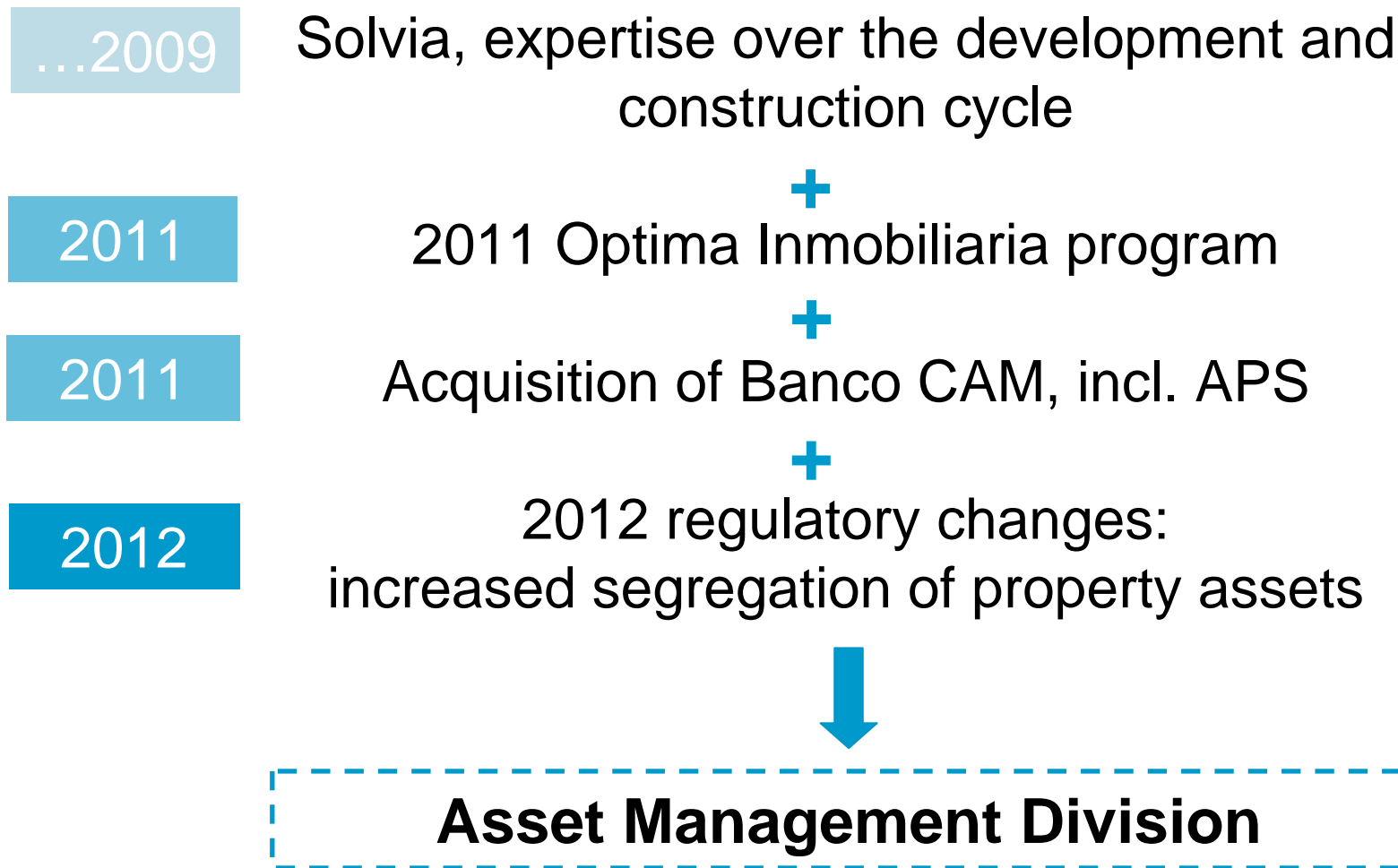
- ✓ First sign of improvement in the perception of Sabadell CAM brand
- ✓ Quality of service improvement during the last three months, increasing the score from 4.47 to 4.59 (according to RCB Análisis de Objetiva en Redes Comerciales Bancarias)
- ✓ Target to reach service quality levels of Banco Sabadell



Source: STIGA "RCB Análisis de Calidad Objetiva en Redes Comerciales Bancarias" (2Q12)

5. New structure – Asset Management Division

Active management of property assets ^BSabadell

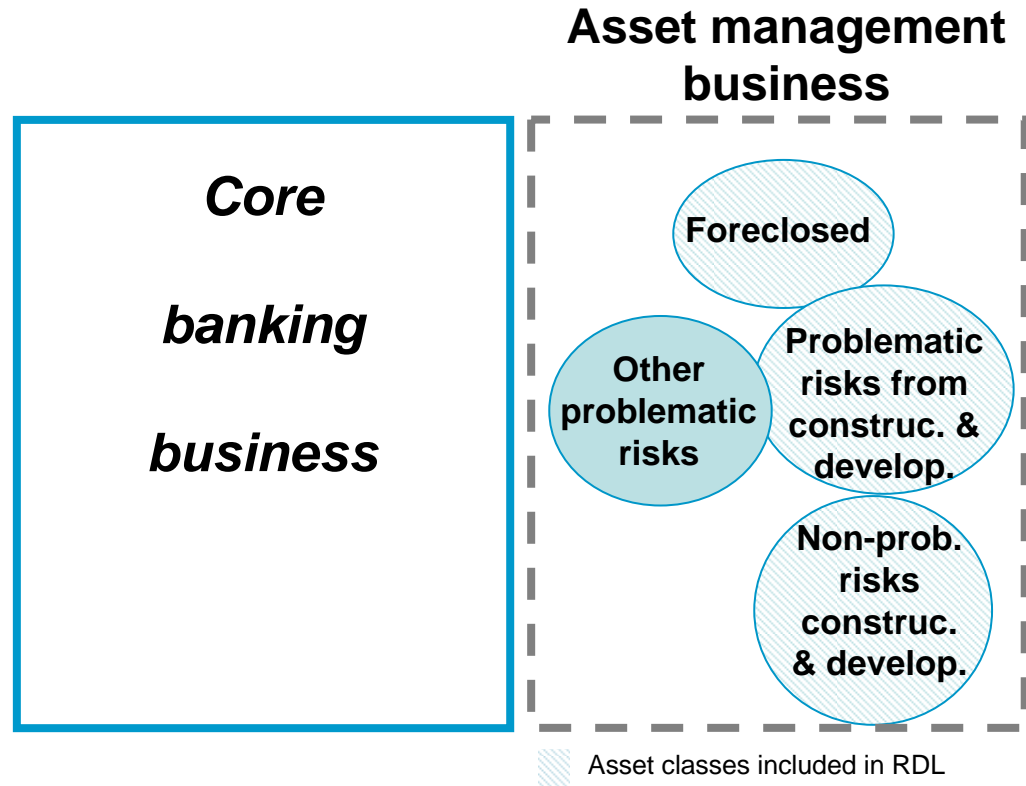


Banco Sabadell is ahead of the new sector reality

Setting up the Asset Management Division

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

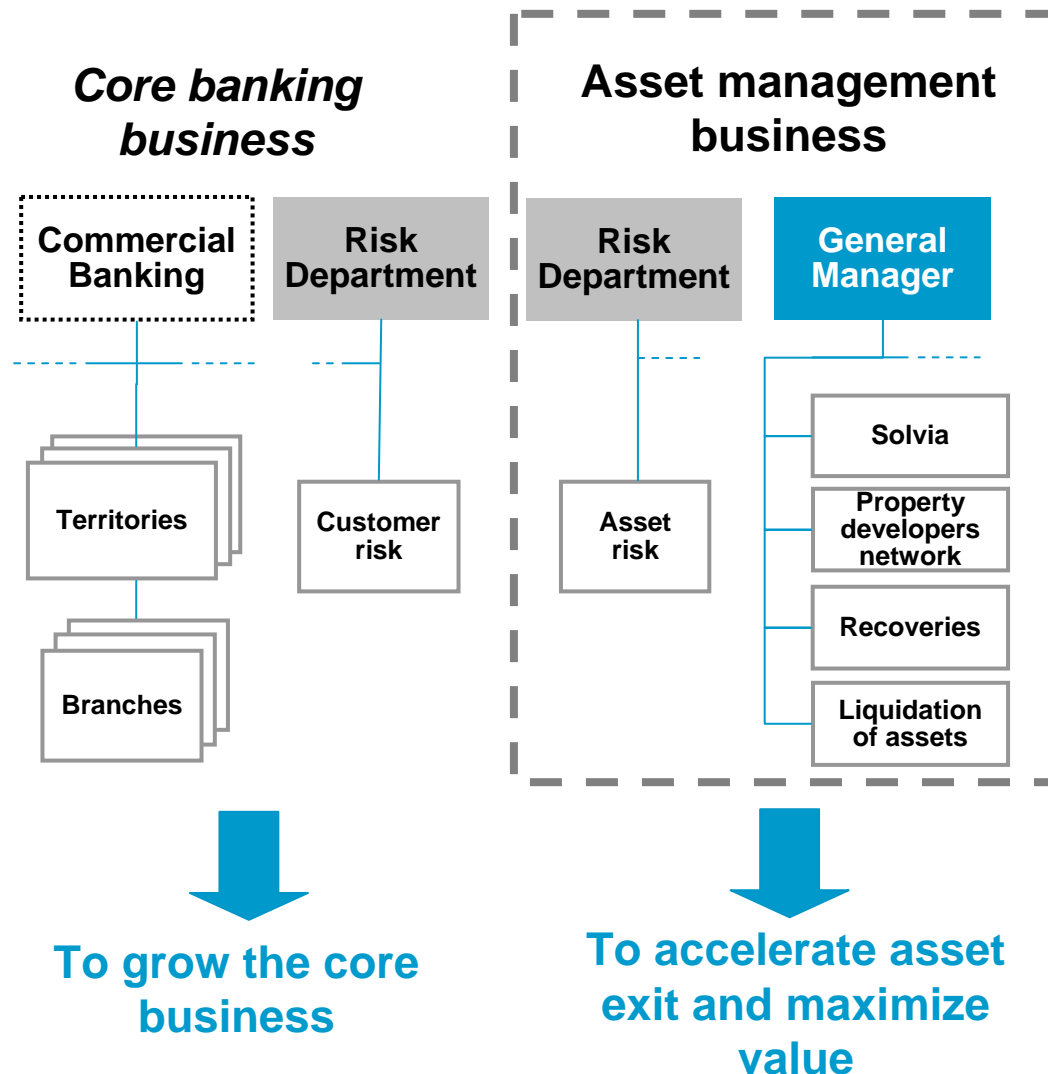
**Increased transparency:
ring-fencing of on non-core assets**



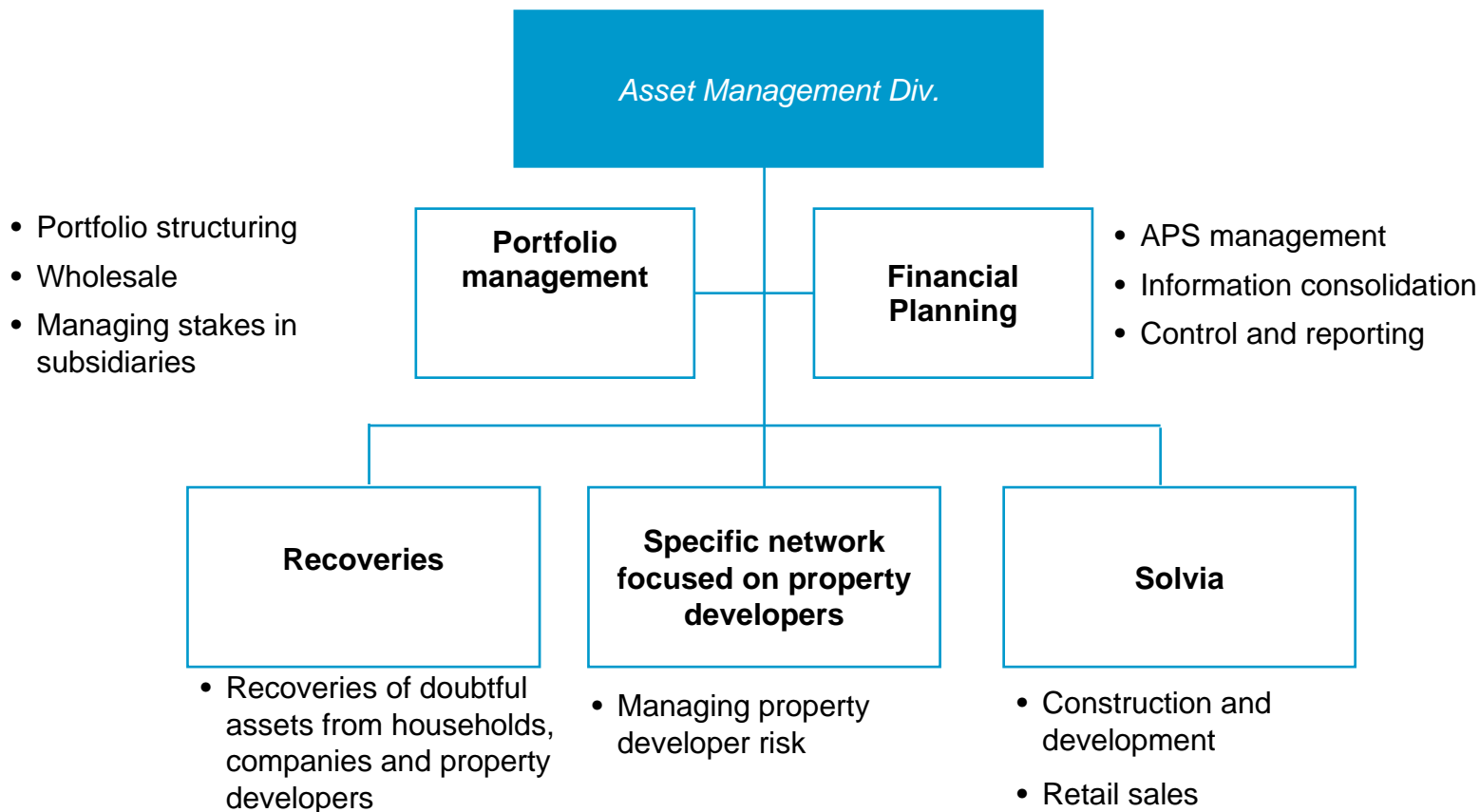
The new structure confirms BS commitment to transparency

Banco Sabadell: two clearly defined management focus

- ✓ Different management team
 - ✓ Different focus
 - ✓ Different incentives
- ✓ Specialized support by the Risk Division
- ✓ Improves commercial focus

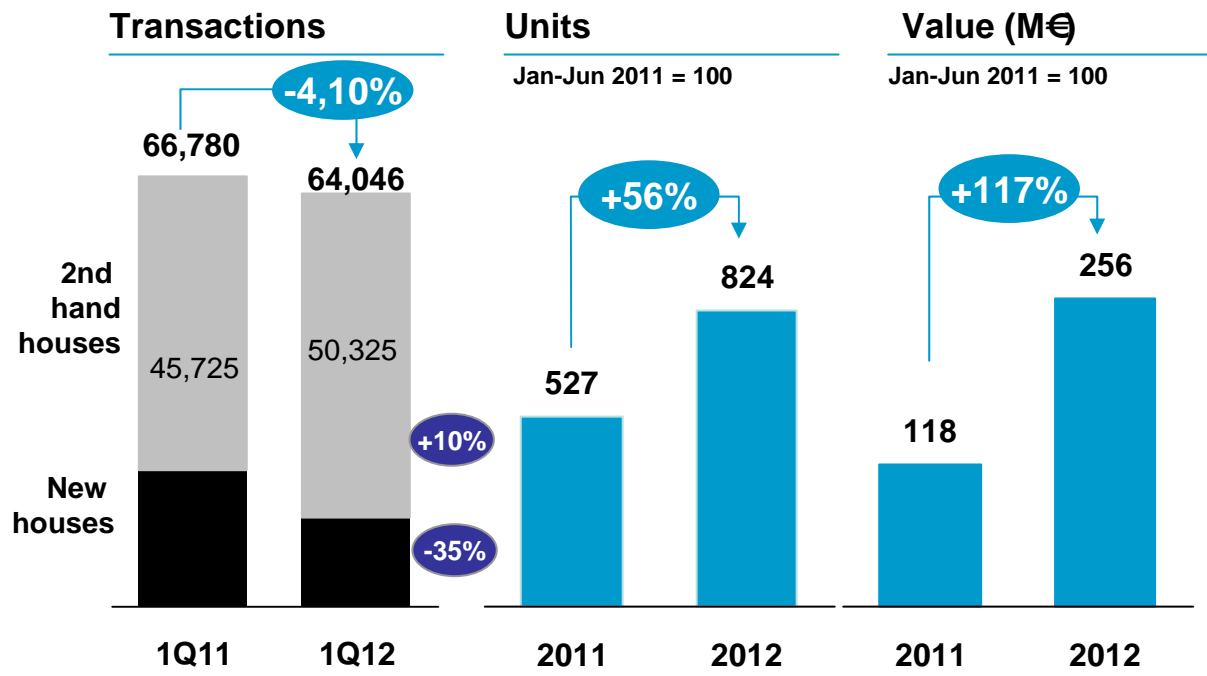


Organisation structure of the Asset Management Division



Integrated asset, risk and financial management

Leveraging on the existing know-how of Solvia ...



Market

Source: Ministerio de Fomento

SOLVIA

Sabadell Immobiliària ^{OS}
(Evolution January-June)

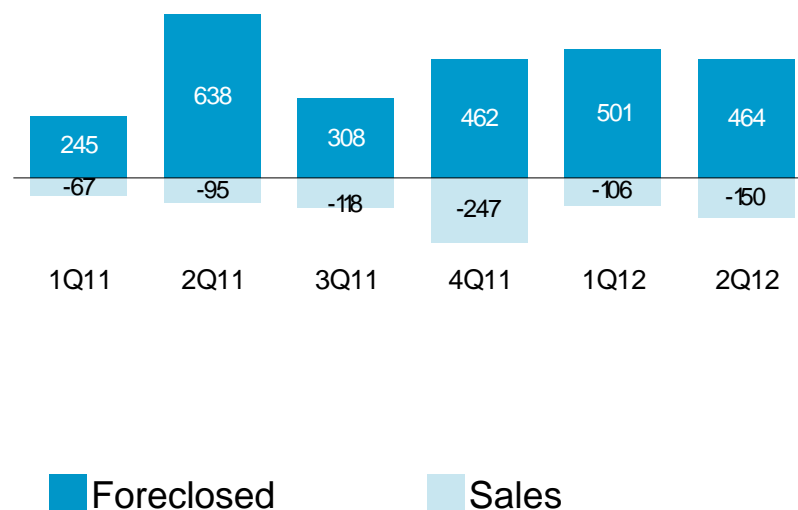
Foreclosed RE assets BS+CAM. Coverage evolution

Euros in million

	2Q12		
	1Q12	BS stand alone	BS with Banco CAM
Gross portfolio	4,401	4,715	10,459
Total provisions	1,288	1,715	5,275
Net portfolio	3,113	3,000	5,184
Coverage	29%	36%	50%

RE assets BS. Quarterly changes

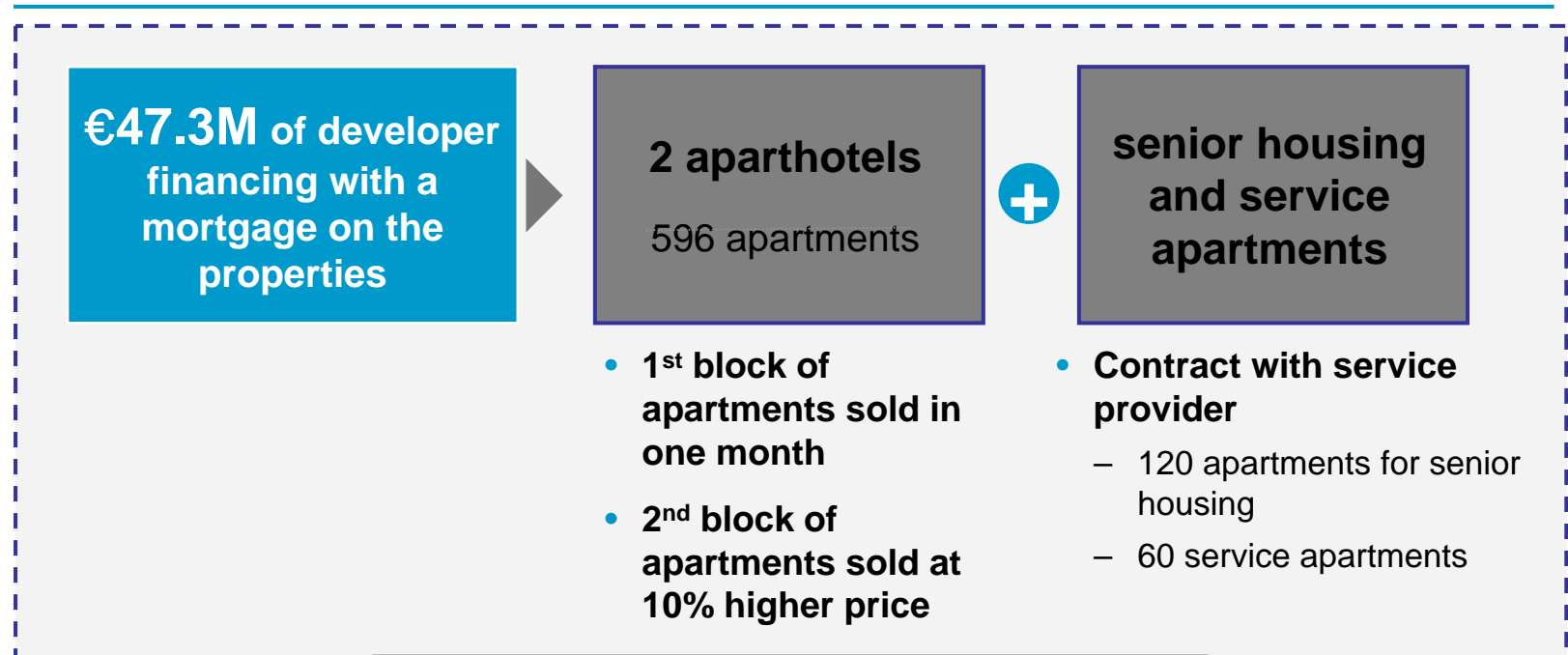
Euros in million



Sales in 1H 2012: €451M*
FY 2012 sales target for the group: €1,193M*

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

Success case example: Second home coastal property



Key drivers

- **Change of use (from aparthotel to individual tourist apartments)**
- **Capacity to reach market in a short period of time**

+ Value

+ Demand

Success case example: Second home coastal property



- BS provided **€47.3M of financing** for 2 aparthotels in Canet d'En Berenguer with a mortgage on the properties



- In July BS **acquires the aparthotels and senior residence** in the same location, thus canceling the financing and another mortgage held by a savings bank



- Legal approval to change the use of the properties from aparthotel to individual tourist apartments thereby enhancing the value of **600 properties**



- The first building is put up for sale: **308 apartments**
 - 100% sold in a month
 - 78.000€ average sale price



- Second building put up for sale: **289 apartments**
 - 100% sold in 3 weeks
 - Average price 10% higher

Success case example: Second home coastal property

Punta Paloma



July 2012.

Another success story

- ✓ 127 apartments
- ✓ South coast of Spain, close to Málaga
- ✓ 97% sold in one week
- ✓ Average price of €90,000



6. Conclusions

Conclusions

- ✓ Banco Sabadell becomes Spain's fourth largest private financial entity
- ✓ The Sabadell CAM brand will be launched in September 2012 and the new franchise is being incorporated into the Banco Sabadell group structure 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
- ✓ Banco Sabadell reaches an unprecedented-in-the-sector coverage level of 15.6% of total exposure (loans and RE assets)
- ✓ A core capital level of 10% following successful capital raisings of €3.2bn in 2012



Banco Sabadell

Visite nuestro *flashmob* en:

http://www.youtube.com/watch_popup?v=GBaHPND2QJq&feature=youtu.be