

Banco Sabadell

2012 Results



January 24th, 2013

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1. 2012 in summary

2. 2012 Results

3. Commercial activity and liquidity

4. Risk and capital management

5. Managing real estate assets

6. Strategic update

1. 2012 in summary

2012 in summary

Highlights

Actions / results

Integration of Banco
CAM

Sabadell becomes Spain's
fourth largest private financial
entity

OW stress test

Confirms solvency of Banco
Sabadell

Highlights

Actions / results

Strengthened core capital

Core capital stands at a solid 10.4%, following capital raisings of €3.1bn in 2012

Continued efforts in provisions

Extraordinary income generation used to improve provisions buffer
€2.5bn of total provisions booked

Highlights

Satisfactory income generation

Substantial increase in liquidity position

Actions / results

Improvement in pre-provision profit due to active price management and record level customer acquisition

Strong growth in deposits, by leveraging existing commercial platform, and active asset & liability management

Commercial gap improvement of €15.5bn in 2012

2. 2012 Results

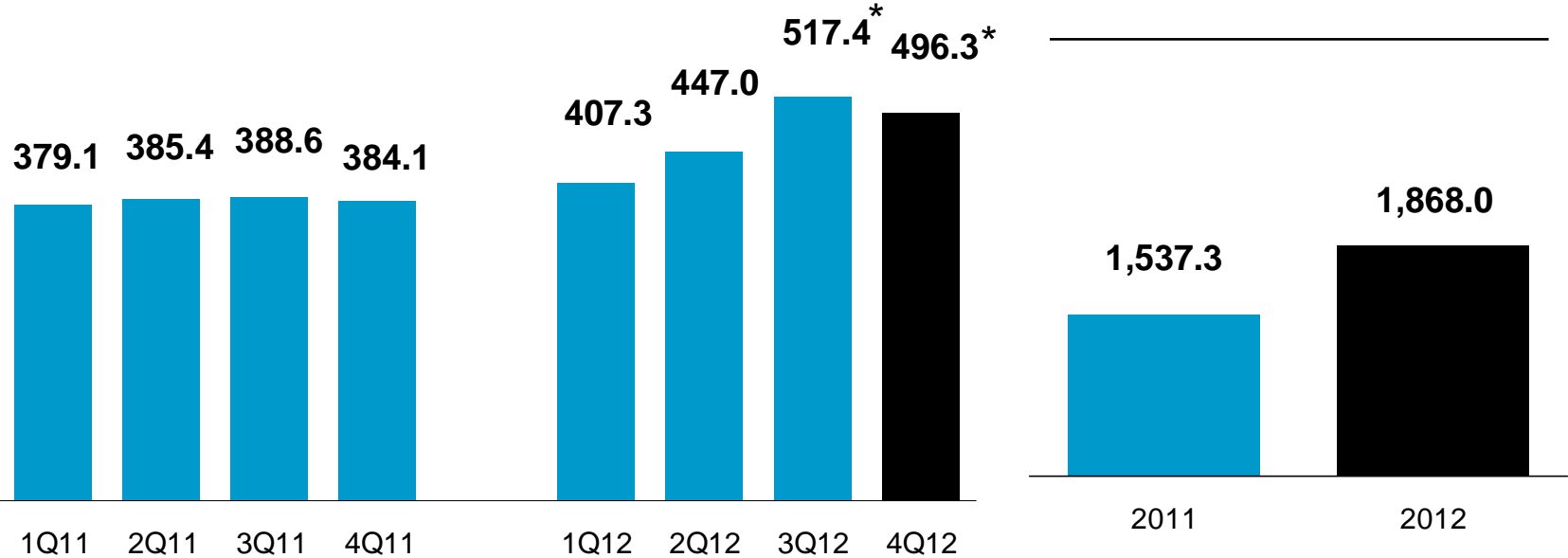
2012 Results

	2011	2012*	% var 12/11
Net Interest Income	1,537.3	1,868.0	21.5%
Equity Method & Dividends	46.4	-1.9	---
Commissions	573.6	628.7	9.6%
Trading Income & Forex	341.2	606.1	77.6%
Other Operating Results	8.2	-142.5	---
Gross Operating Income	2,506.7	2,958.4	18.0%
Personnel Costs	-742.6	-996.5	34.2%
Administrative Costs	-402.5	-515.1	28.0%
Depreciations	-130.9	-156.9	19.9%
Pre-provisions Income	1,230.7	1,289.9	4.8%
Total Provisions & Impairments	-1,048.9	-2,540.6	---
Gains on sale of assets	5.7	15.4	---
Badwill	---	933.3	---
Profit before taxes	187.5	-302.0	---
Taxes and others	44.4	383.9	---
Attributable Net Profit	231.9	81.9	-64.7%

* Includes seven months of Banco CAM.
Euros in million

Net interest income evolution

Euros in million

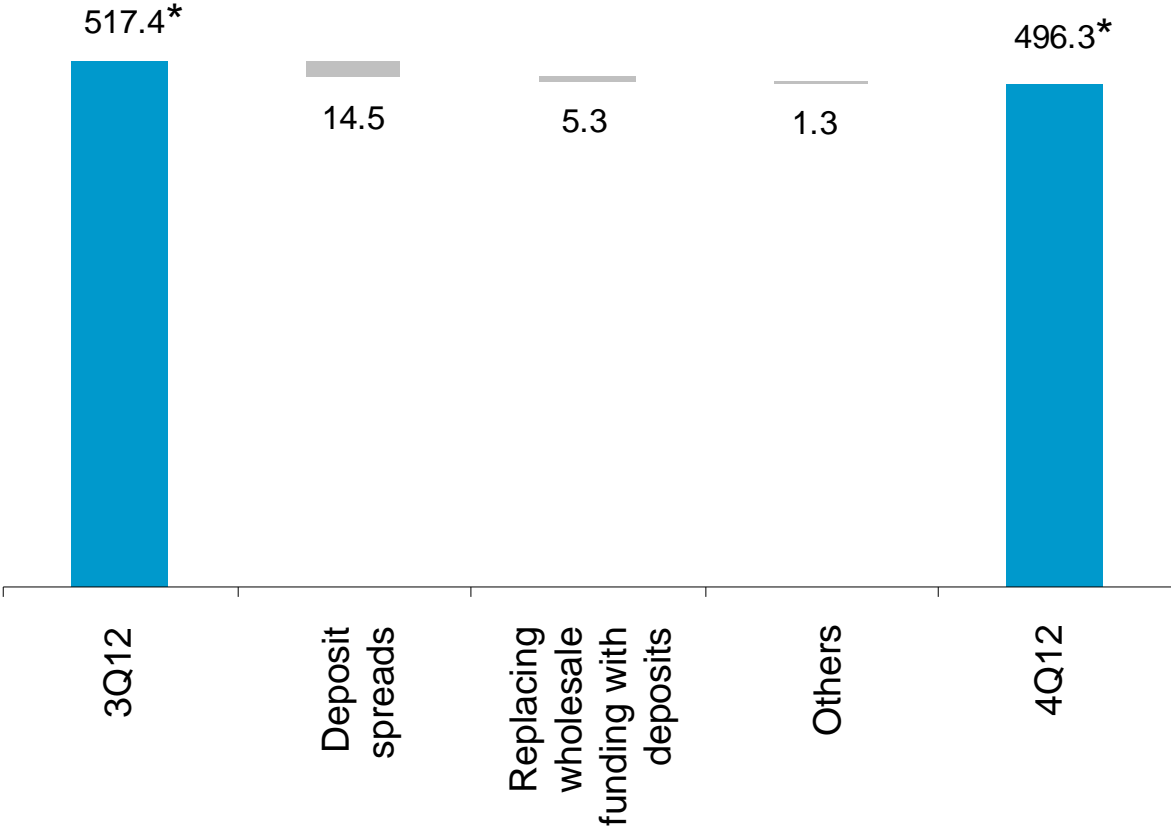


* Like-for-like, adjusting Banco CAM to Banco Sabadell criteria following integration.

... reflect efforts to improve the commercial gap ...

NII analysis YoY

Euros in million



* Like-for-like, adjusting Banco CAM to Banco Sabadell criteria following integration.

Credit portfolio spreads, Banco Sabadell stand alone

Basis points

Product	Front book spreads*					Back book spreads				
	Dec-11	Sep-12	Dec-12	Var QoQ	Var YoY	Dec-11	Sep-12	Dec-12	Var QoQ	Var YoY
Credits	361	417	410	-7	+49	262	334	369	+35	+107
Loans	329	394	385	-8	+56	210	227	238	+11	+28
Mortgages to individuals	123	176	179	+3	+56	81	87	89	+2	+8
Leasing	216	249	249	-0	+33	119	132	139	+7	+20
Renting	462	643	701	+58	+239	321	396	417	+20	+96
Commercial loans	341	473	485	+12	+144	355	482	501	+19	+146
Confirming	252	333	397	+64	+145	243	317	371	+54	+128
Forfaiting	365	631	496	-135	+131	317	592	526	-66	+209
Total loans	285	372	374	+2	+89	173	196	207	+10	+34
Term deposit 1 month	95	120	177	+57	+82	75	137	143	+6	+67
Term deposit 3 months	142	183	247	+64	+105	105	183	165	-18	+60
Term deposit 6 months	148	219	277	+58	+129	106	192	263	+71	+157
Term deposit 12 months	157	252	316	+64	+159	132	191	257	+66	+125
Term deposit +12 months	223	225	331	+106	+108	191	192	261	+69	+70
Total term deposits	147	221	295	+74	+148	149	189	256	+67	+107

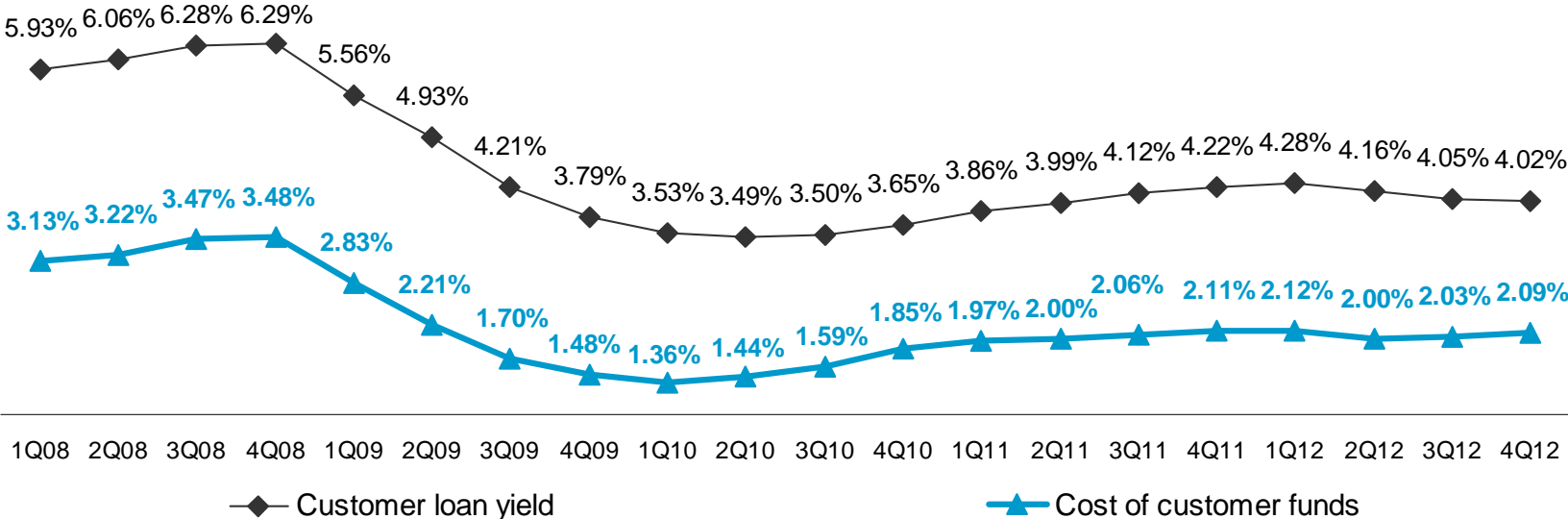
Total volume of re-priced assets in the quarter: €182bn

* December 2012 refers to Banco Sabadell group

Limited impact on the cost of customer funds ...

Customer loan yield and cost of customer funds

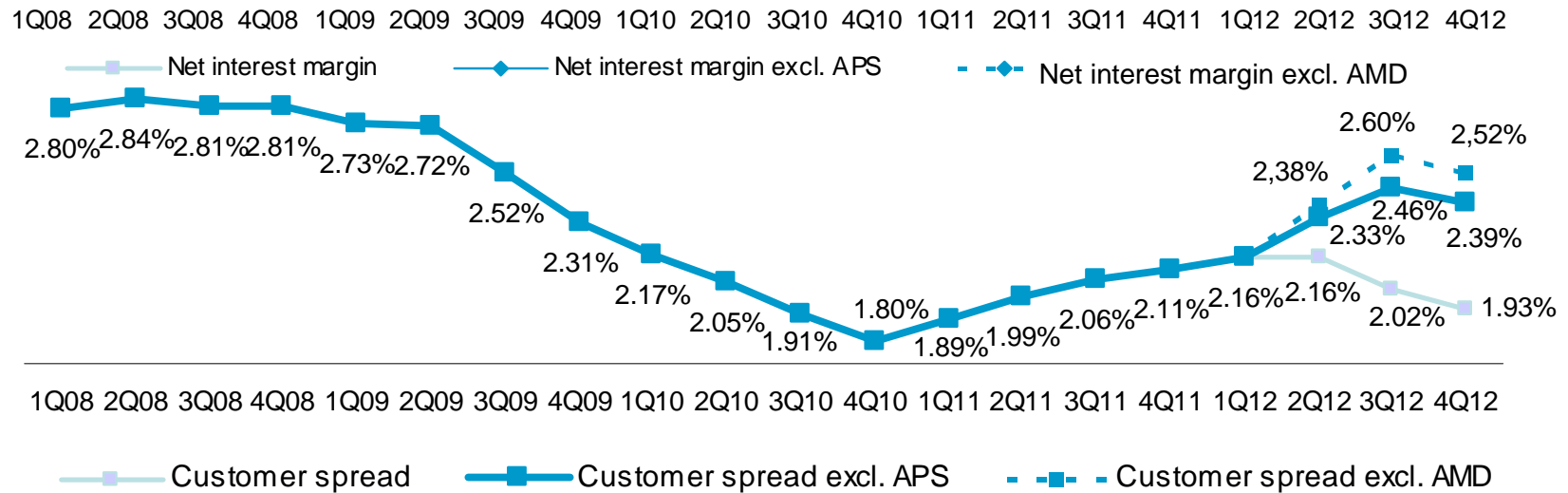
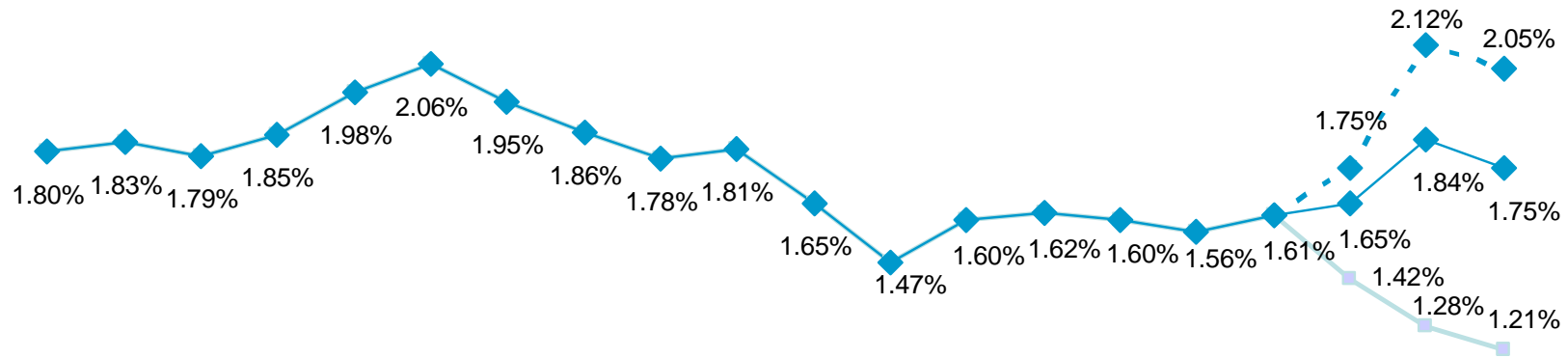
In percentage



... with margins reflecting a low interest rate environment

Margin evolution

In percentage

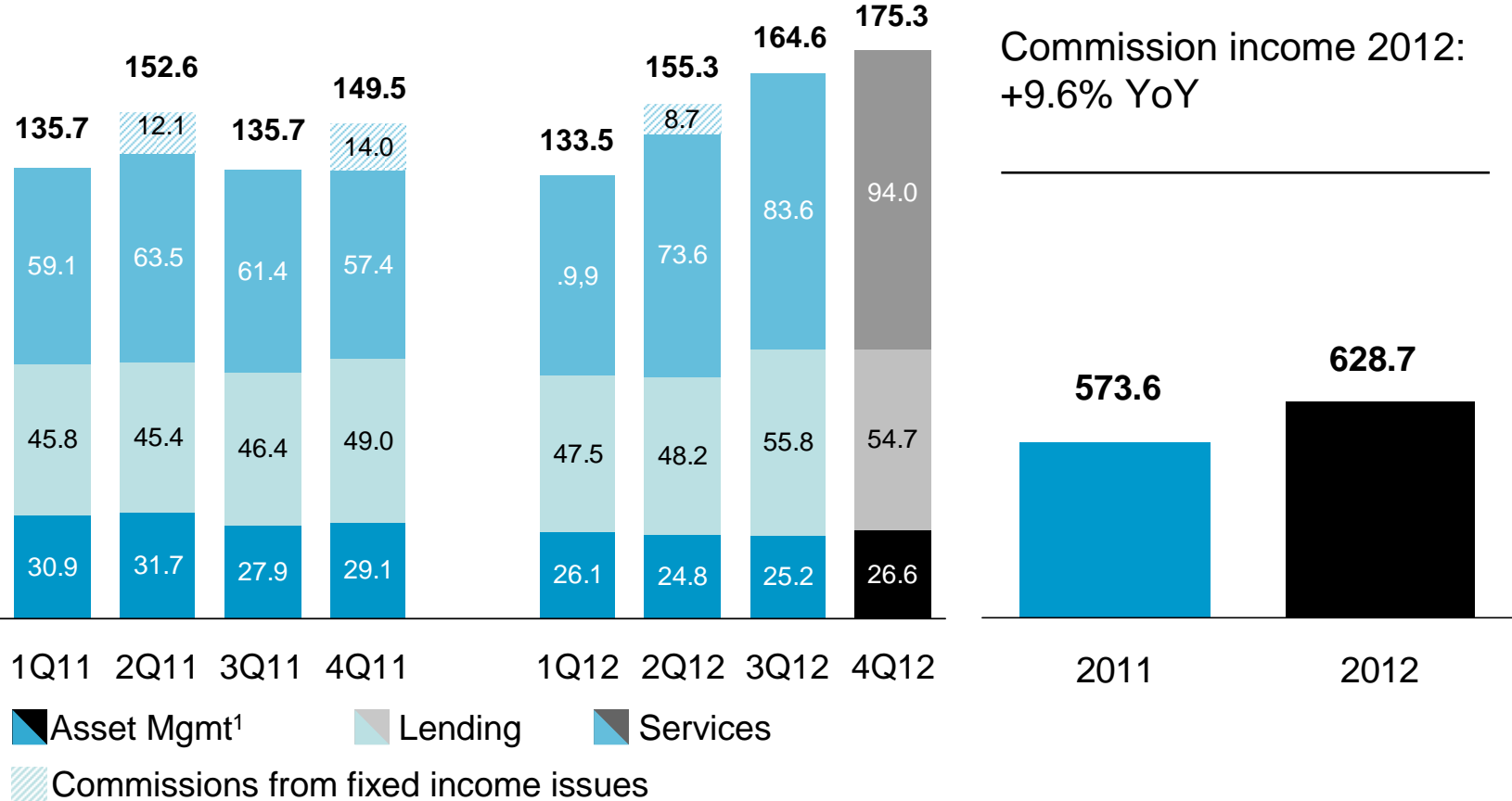


Note: APS, Asset Protection Scheme. AMD, Asset Management Division

Commissions levels are showing an improving performance

Commissions evolution

Euros in million

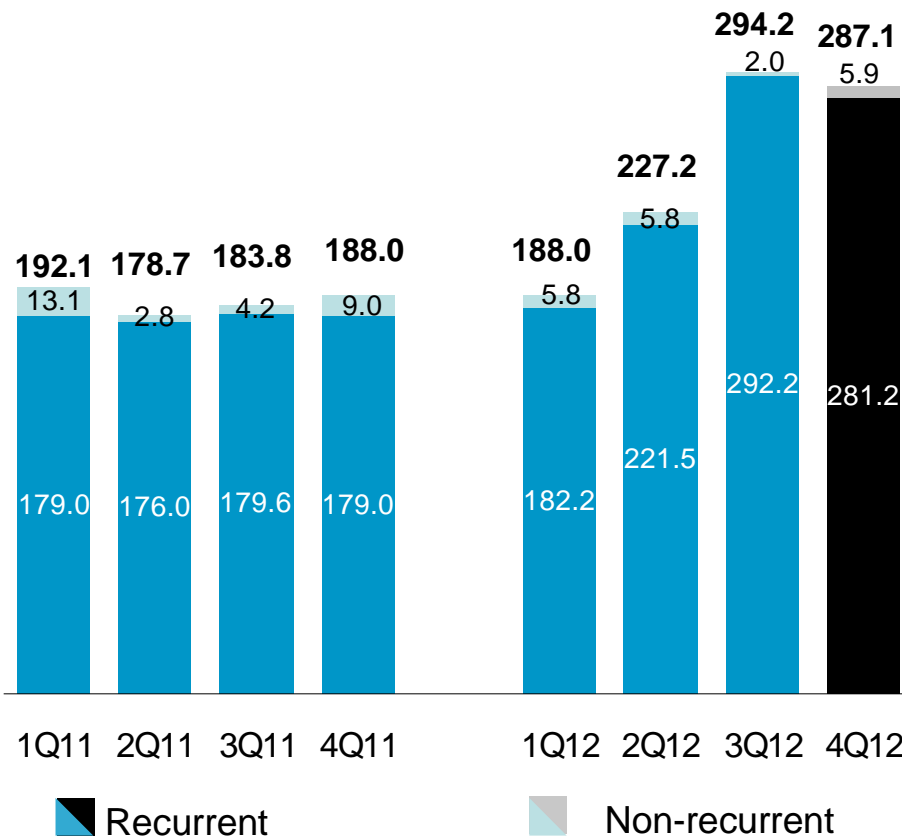


¹ Including mutual funds commissions and pension funds and non-life insurance brokerage

Reduction in personnel expenses ...

Personnel expenses evolution

Euros in million



Personnel expenses 2012:
+34.2% YoY

Recurrent personnel
expenses 2012*:

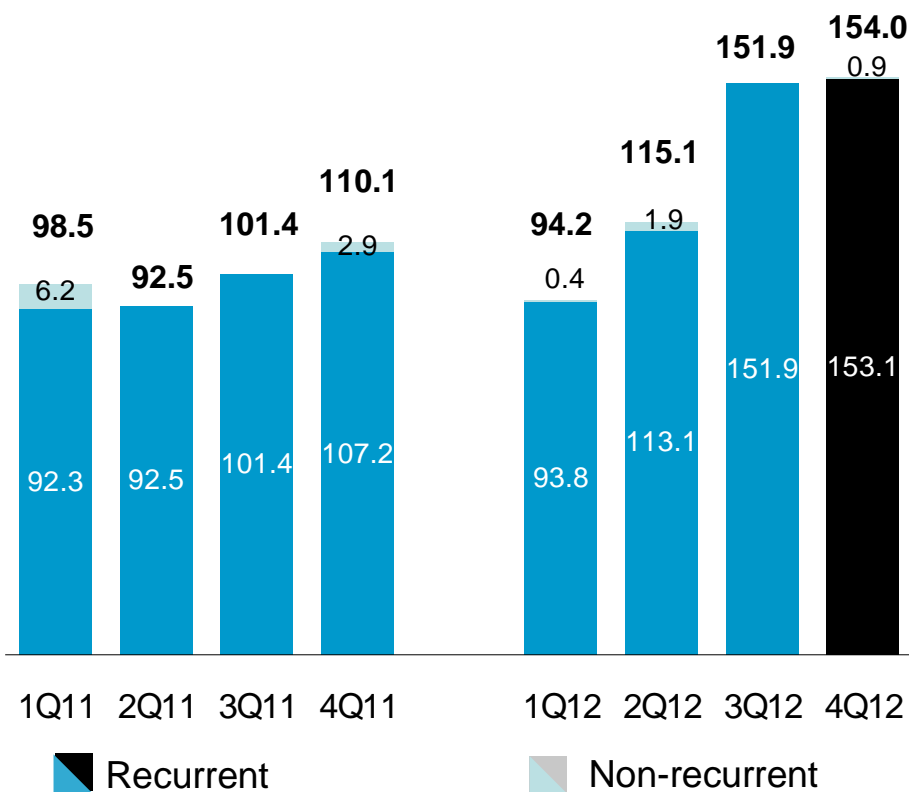
-3.9% YoY

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

... as well as in general expenses on a like-for-like basis

General expenses evolution

Euros in million



General expenses 2012:
+28% YoY

Recurrent general expenses 2012*:

-9.3% YoY

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

Execution of synergies ahead of schedule

- ✓ Achievement of cost synergies has been brought forward as the integration process is running ahead of forecast

Cost synergies	2012	2013e	2014e
Original plan (€M)	-19	-237	-316
Revised plan (€M)	-81*	-264	-320
Original plan (%)	6%	75%	100%
Revised plan (%)	26%*	84%	100%

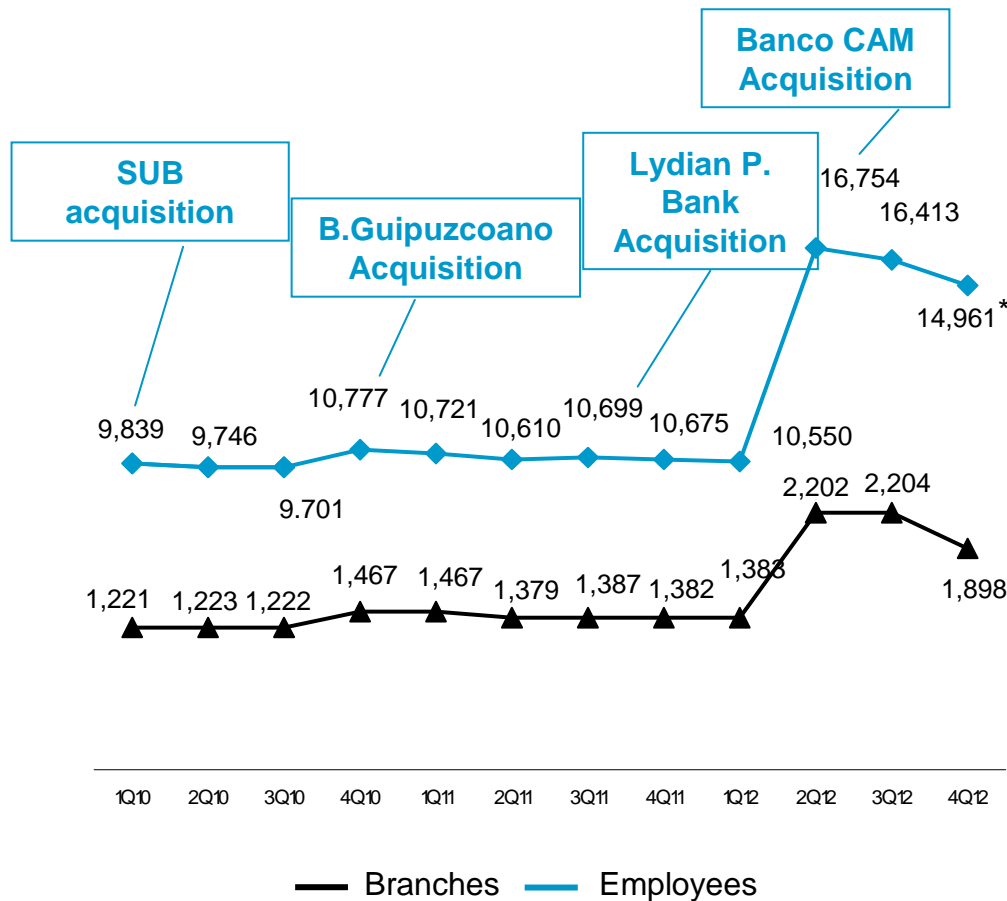
Euros in million and before taxes. Including personnel and general expenses

* Executed

Optimising the network

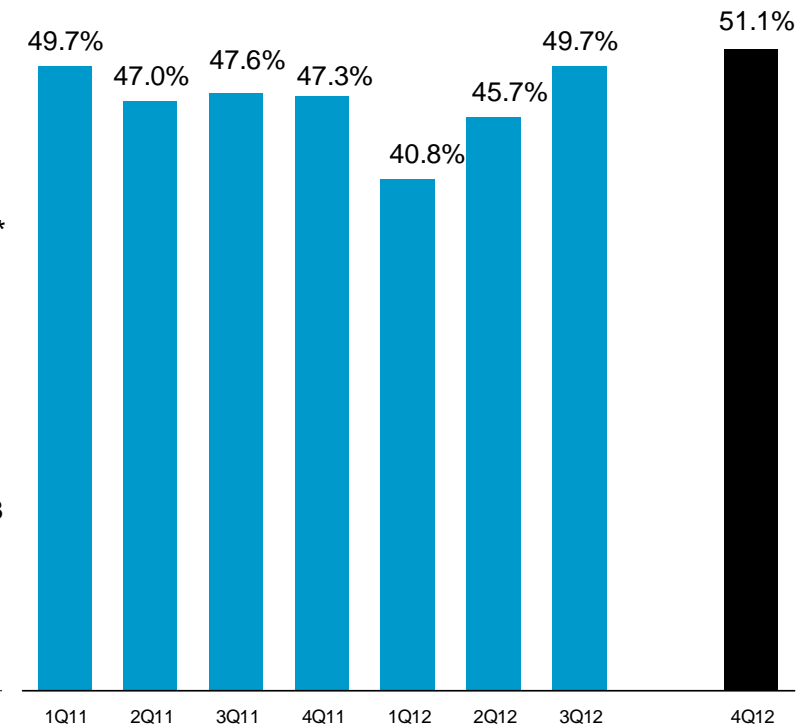
Employee and branch evolution

In number



Cost income evolution

in %



* As of January 2013. The number as of December 2012 was 15,596

3. Commercial activity and liquidity

Growing the customer base ...

Remarkable success in customer gathering

	Dec. 11	Dec. 12	% Var.
Individuals	286,560	338,830	18.2%
Companies	55,536	72,981	31.4%

**8,000 new
customers per
week**

Note: Banco Sabadell stand alone

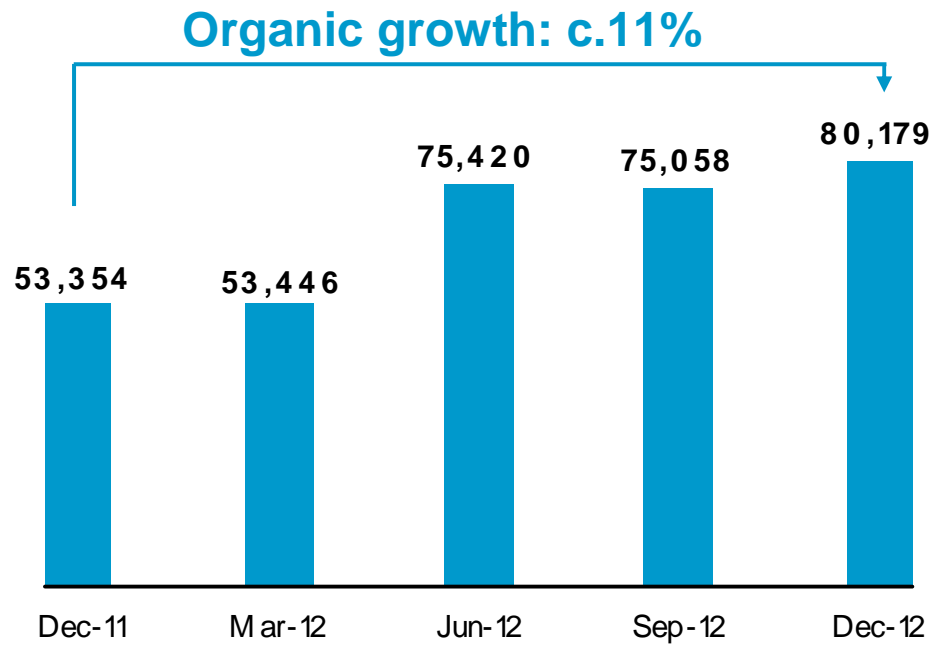
Evolution of total number of customers

	Dec. 11	Banco Sabadell stand alone Dec. 12	% Var.	Banco Sabadell & Banco CAM Dec. 12
Total	2,690,420	2,998,219	11.4%	5,502,584

... with c. 11% organic growth in customer funds

Customer funds evolution

Euros in million



Organic growth 2012:

€5.9bn

Non-organic growth 2012:

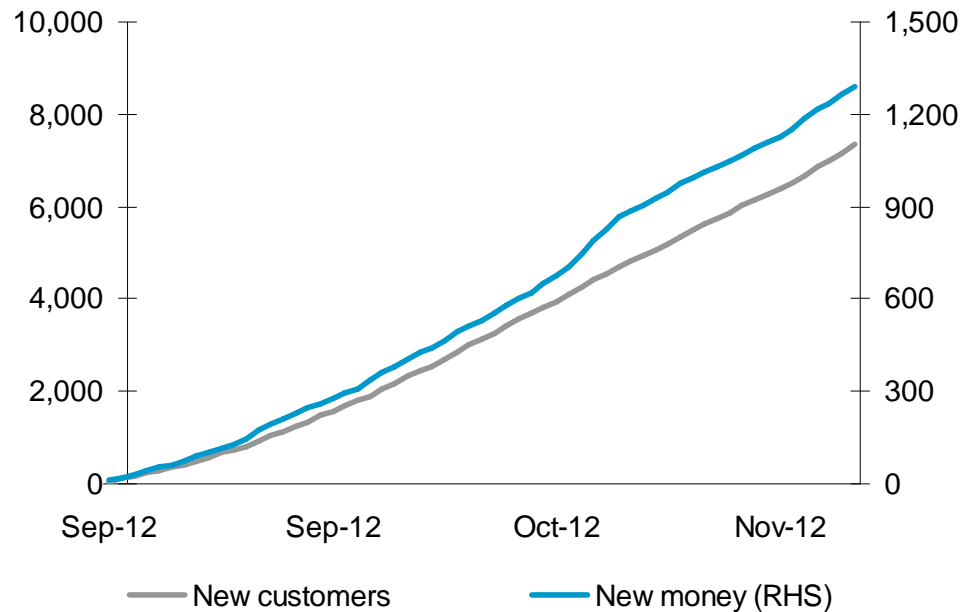
€20.9bn

Positive impact from *flight-to-quality*

Gathering new customers in the Valencia, Murcia and Alicante area

SabadellCAM new customers campaign

Number of new clients and new money in million euros, accumulated Sep-Nov 2012



SabadellCAM new customers campaign results, Sep-Nov 2012

New customers:

7,335

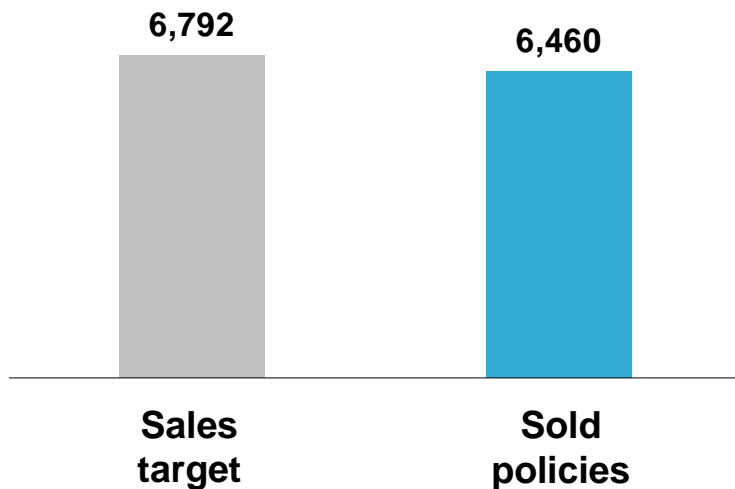
New money:

€1,286 million

SabadellCAM branches rapidly converge with the rest of the group

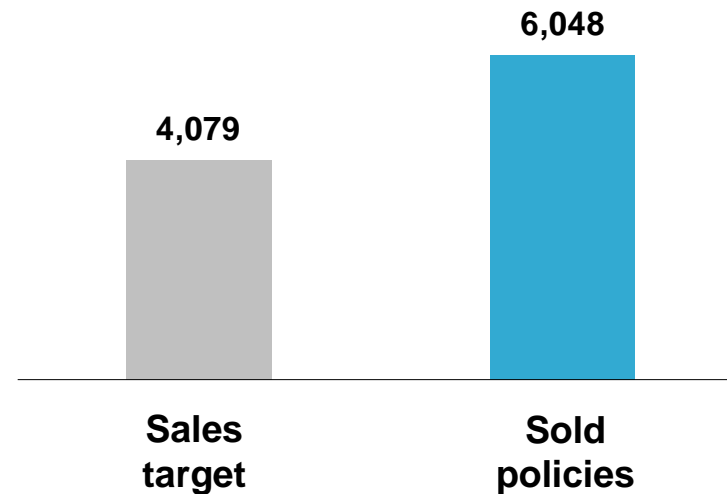
Home insurance campaign

In number of policies Sep-Nov 2012



Life insurance campaign

In number of policies Sep-Nov 2012



Excellent results in recent campaigns, with up to 12,508 policies sold (+115% of the target)

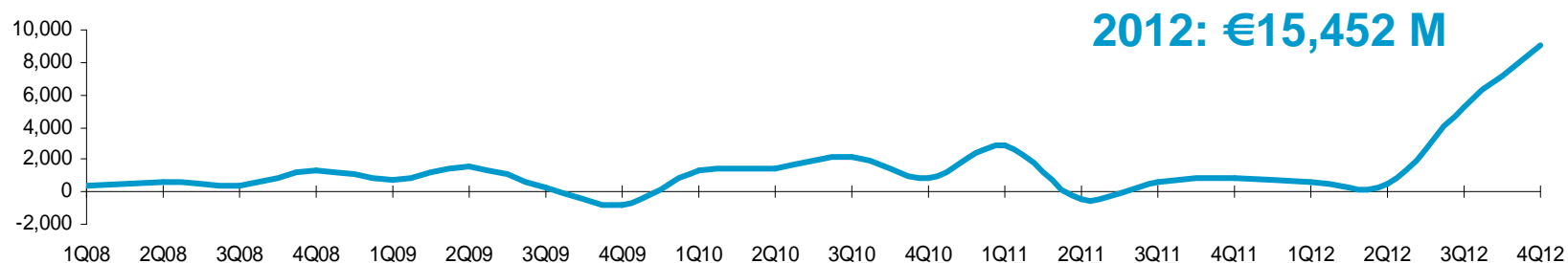
Employees achieve Banco Sabadell's know-how faster than expected – we confirm our delivery targets

Commercial gap improvement continues ...

Customer funds and loans evolution Euros in million

	Dec-11	Sep-12	Dec-12	% Var. YoY
On-balance sheet customer funds	53,354	75,058	80,179	50.3%
Other on-balance sheet term funds ¹	34,614	47,774	53,095	53.4%
Sight deposits	18,740	27,284	27,085	44.5%
Off-balance sheet funds	17,942	20,868	20,659	15.1%
Mutual funds	8,024	8,561	8,585	7.0%
Pension funds	2,858	3,576	3,709	29.8%
Third party insurance products	5,926	7,699	7,313	23.4%
Total funds	71,296	95,926	100,838	41.4%
Gross loans to customers ex repos and adjustments	73,540	119,368	115,458	57.0%

Change in commercial gap Euros in million



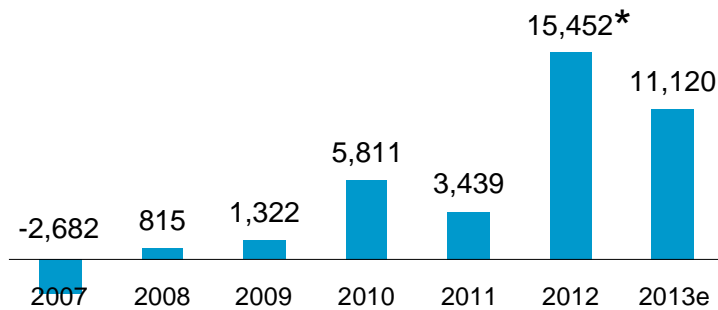
¹ Other on-balance sheet term funds include term deposits and other funds placed in the retail network: preference shares, mandatory convertible bonds, senior debt, commercial paper and other. Excludes repos.

Note: In 2012, changes in commercial funding cap include adjustments for capital increase. 2012 numbers include Banco CAM

... driven by deleveraging ...

Commercial GAP evolution

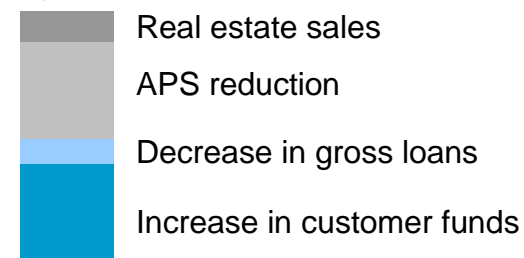
Euros in million



* Includes adjustments for capital increase

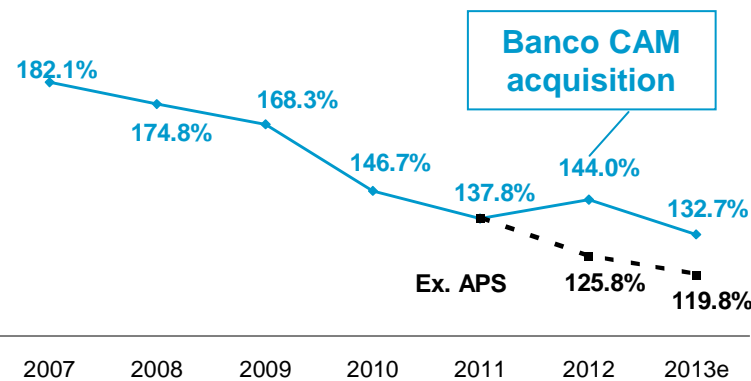
Commercial GAP and RE sales 2013e**

€12,620M



** including Real Estate sales of €1,500 million

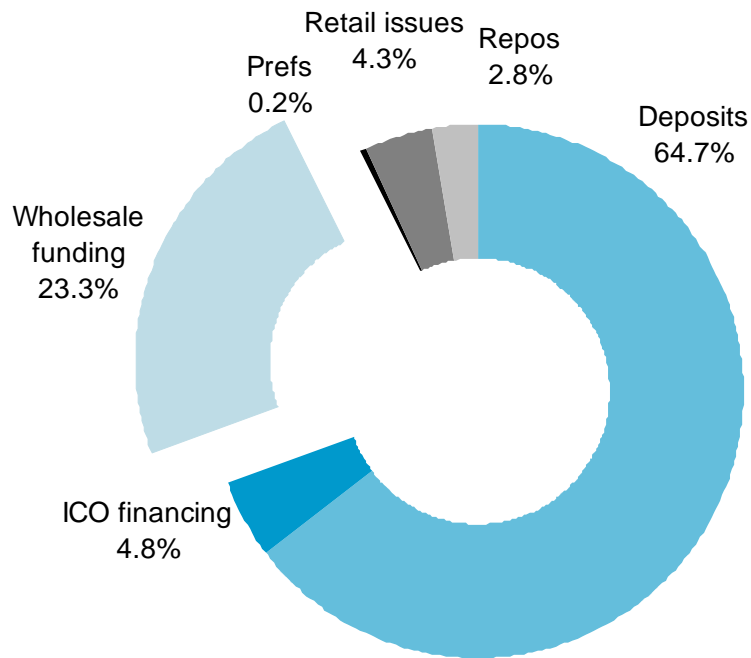
LTD ratio



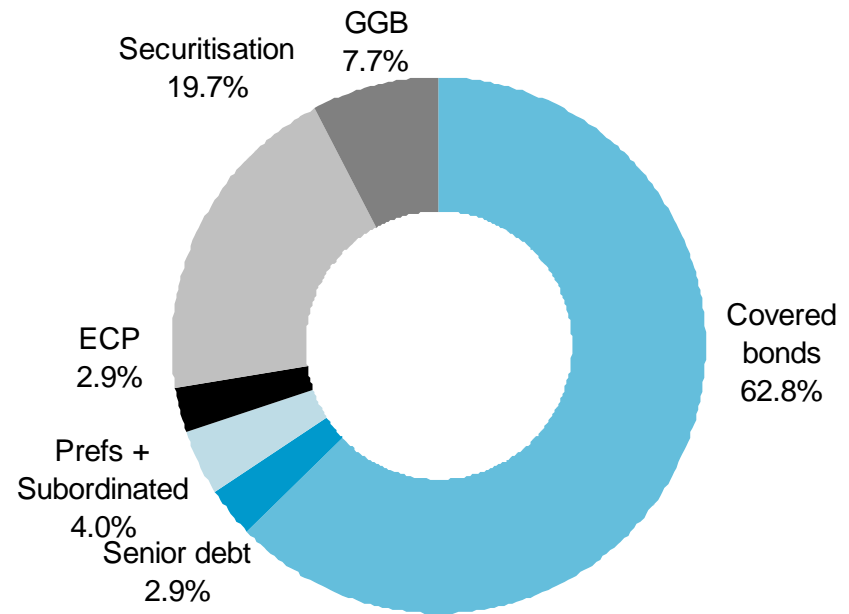
Commercial GAP improvement driven by deleveraging and flight-to-quality

... maintaining a balanced funding structure ...

Group funding structure

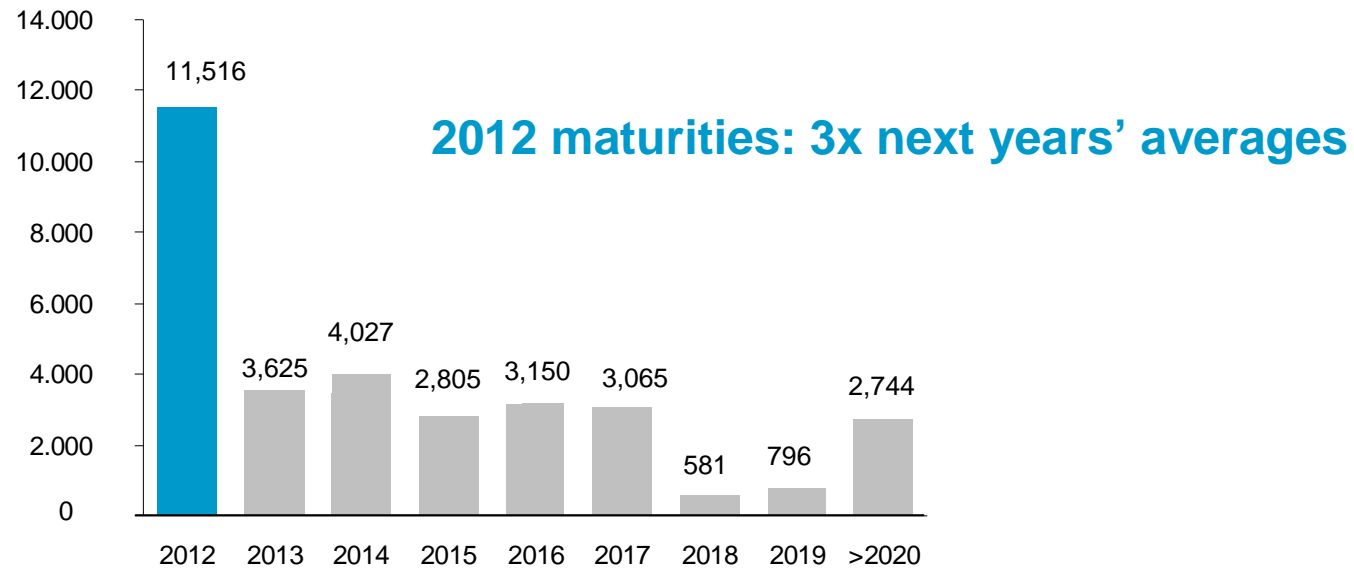


Group wholesale funding breakdown



Group wholesale funding maturities (BS+CAM)

Euros in million



Maturity by product type (BS+CAM) Euros in million

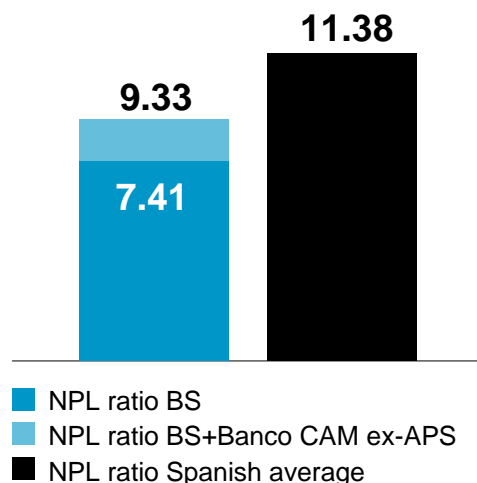
	Outst. Amount	2013	2014	2015	2016	2017	2018	2019	>2020
Covered bonds (CH)	16,726	3,095	2,951	2,805	2,577	1,907	463	796	2,132
Senior debt	662	380	0	0	157	0	100	0	25
GGB	2,072	0	1,006	0	0	1,066	0	0	0
Preference and Subordinated	1,076	0	0	0	416	92	0	0	569
Covered bonds (CT)	150	150	0	0	0	0	0	0	0
Other mid- and long-term financial instruments	106	0	70	0	0	0	18	0	18
TOTAL	20,792	3,625	4,027	2,805	3,150	3,065	581	796	2,744

4. Risk and capital management

NPL ratio withheld and highly provisioned

NPL ratios 2012

In percentage



NPL ratio difference vs. Spanish average

In basis points

2010	2011	2012
80	166	205

The difference vs. the Spanish average has multiplied by 2.6x over the last two years

Provisions and coverage

Euros in million and in percentage

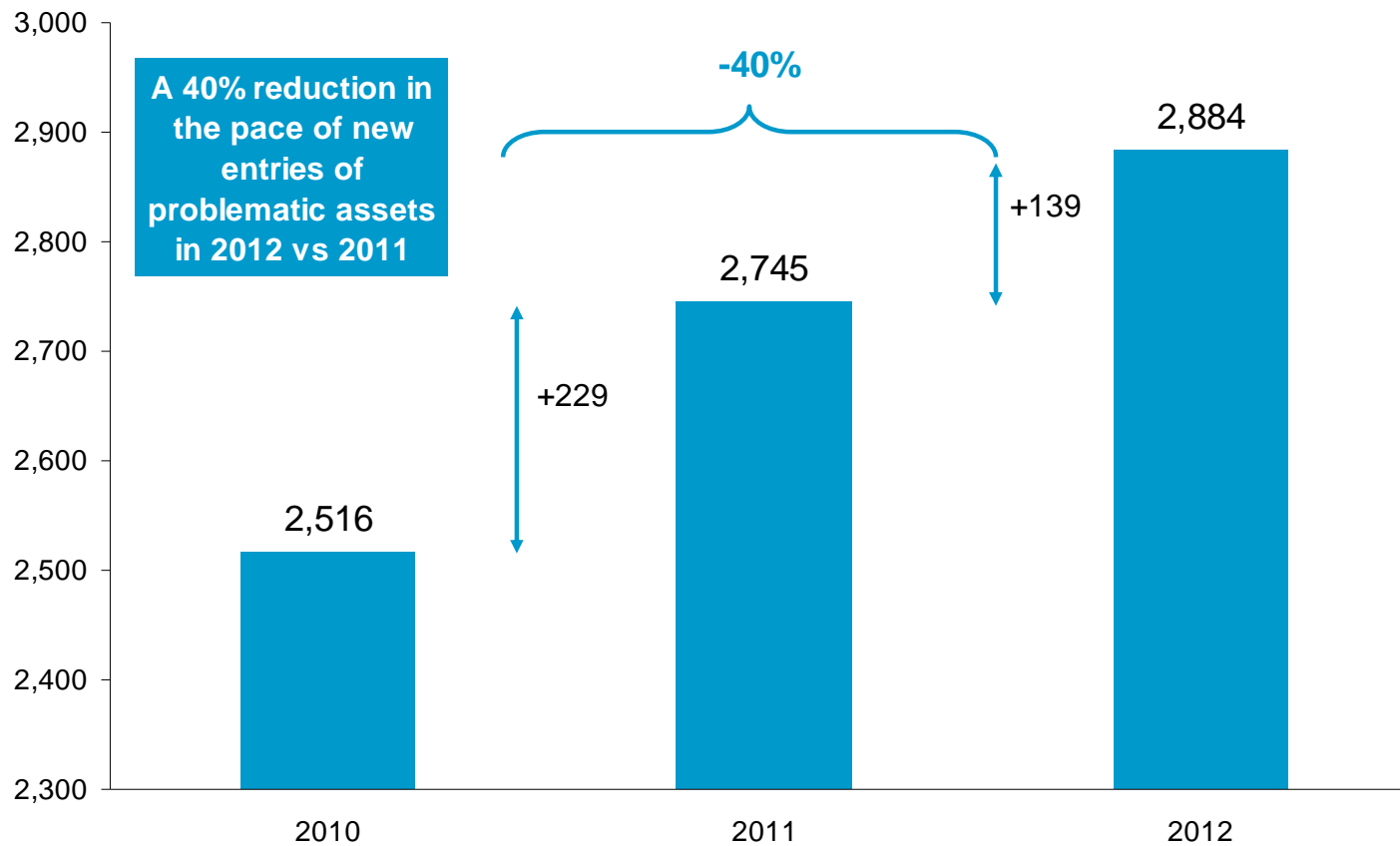
	Loans	Real Estate	Total
Total provisions	12,908	4,682	17,590
Provided through the APS (% of total)			25%
Banco Sabadell built up provisions (% of total)			75%

14% coverage of total exposure, including loans and foreclosed real estate assets

Deceleration of problematic assets

NPL entries and Real Estate foreclosures, ex-APS

Euros in million. Annual data

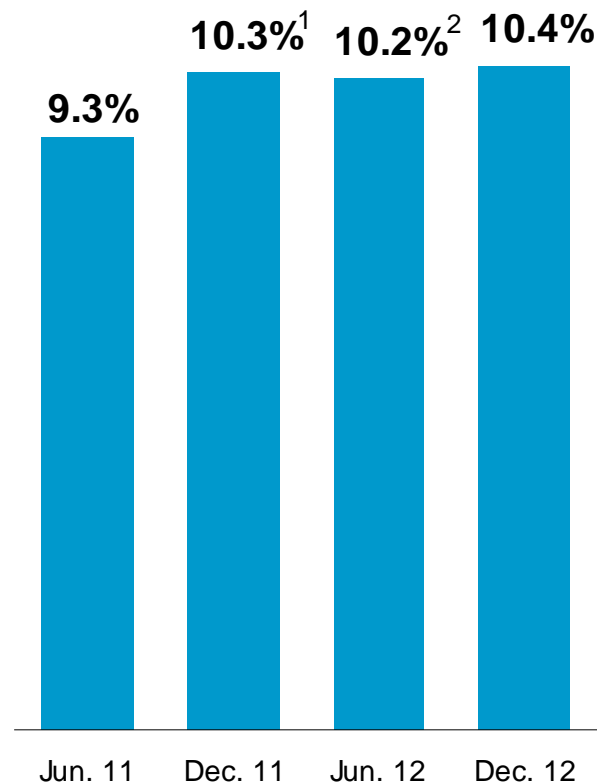


Even taking into account the change in perimeter

Strong core capital level

Core capital evolution

In %



Capital actions in 2012 totals

€3.1bn

- ✓ Banco Sabadell preference shares exchange in January
 - €785M
- ✓ Rights issue in March
 - €903M
- ✓ Banco CAM preference share exchange for ordinary shares in June/July
 - €1,404M

¹ Ratio pro-forma including Banco Sabadell preference share exchange carried out between December 14, 2011 and January 3, 2012.

² Ratio pro-forma including Banco CAM preference share exchange for ordinary shares.

5. Managing Real Estate assets

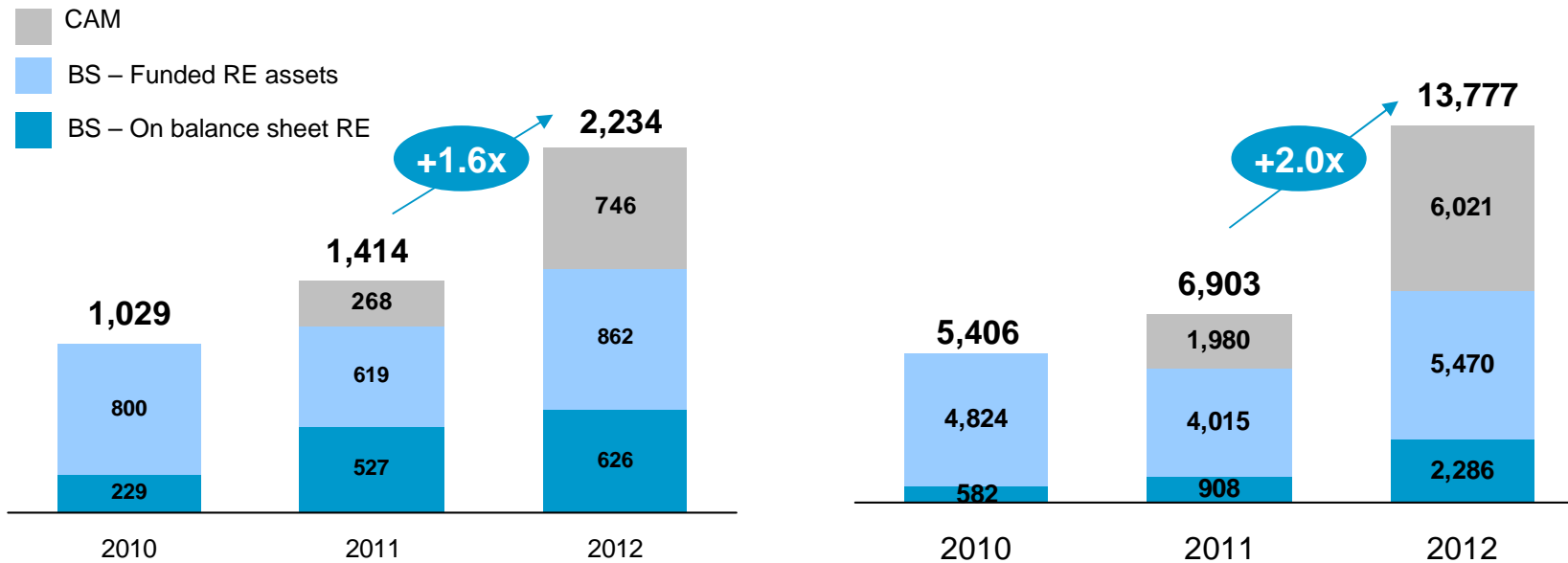
More than €2,200 million real estate sales ...

Sales evolution (on balance sheet and funded assets)

Euros in million and units

Value (€m)

Number of units



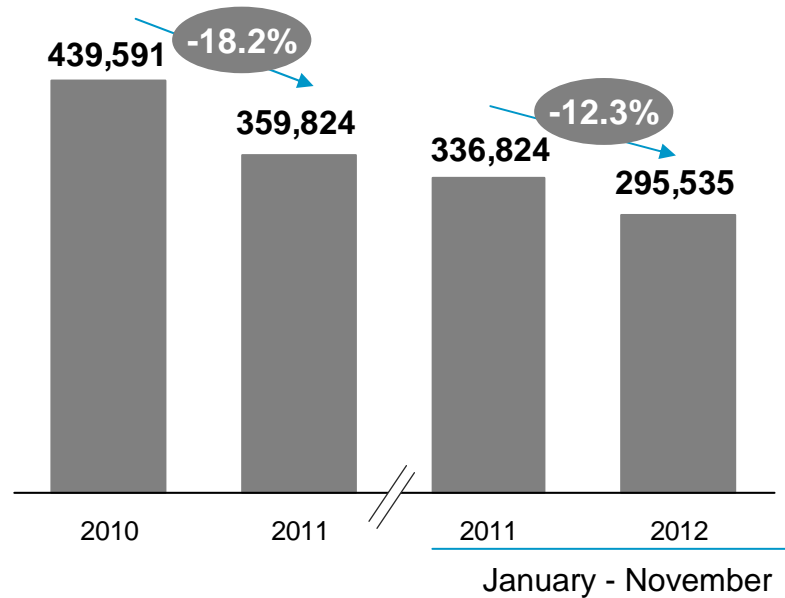
✓ Beating the 2012 sales target

... with results beating the market ...

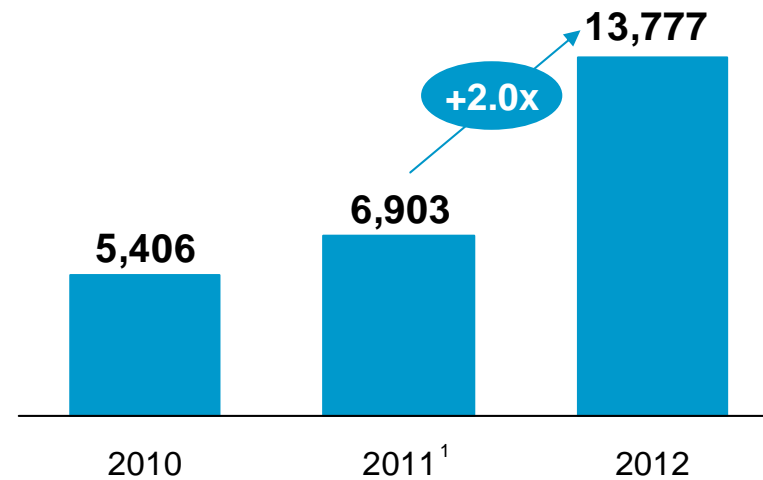
Number of transactions

In units

Market (INE)



Banco Sabadell



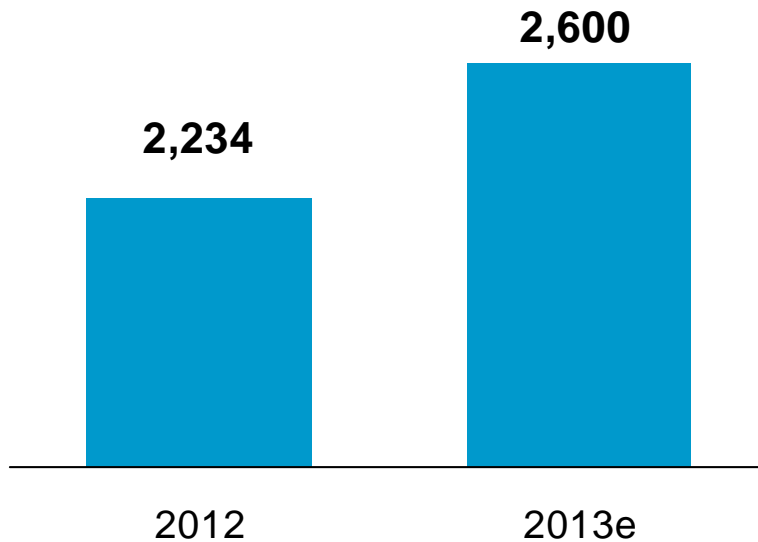
- ✓ **Significant sales increase in a market contraction environment ...**
- ✓ **... while reducing our real estate exposure**

¹ Banco Sabadell data: Includes CAM in 2011 and 2012.
Source: INE, National Institute of Statistics

... and maintaining high targets for 2013e

Group sales target (on balance sheet and funded assets)

Euros in million



- ✓ Strong sales in the branch network
- ✓ Adequate commercial campaigns
- ✓ Asset Management Division platform with 800 people

6. Strategic Update

Profitability

- ✓ Continue with delivery of synergies (B.CAM y Penedés)
- ✓ Exploit competitive landscape of deposits
- ✓ Streamline lower yielding businesses
- ✓ Narrow the existing gap in fees between Sabadell and B. CAM

M&A

- ✓ Capable of undertaking some corporative movement within the process of banking restructuring in appropriate economic conditions and with risks sufficiently covered

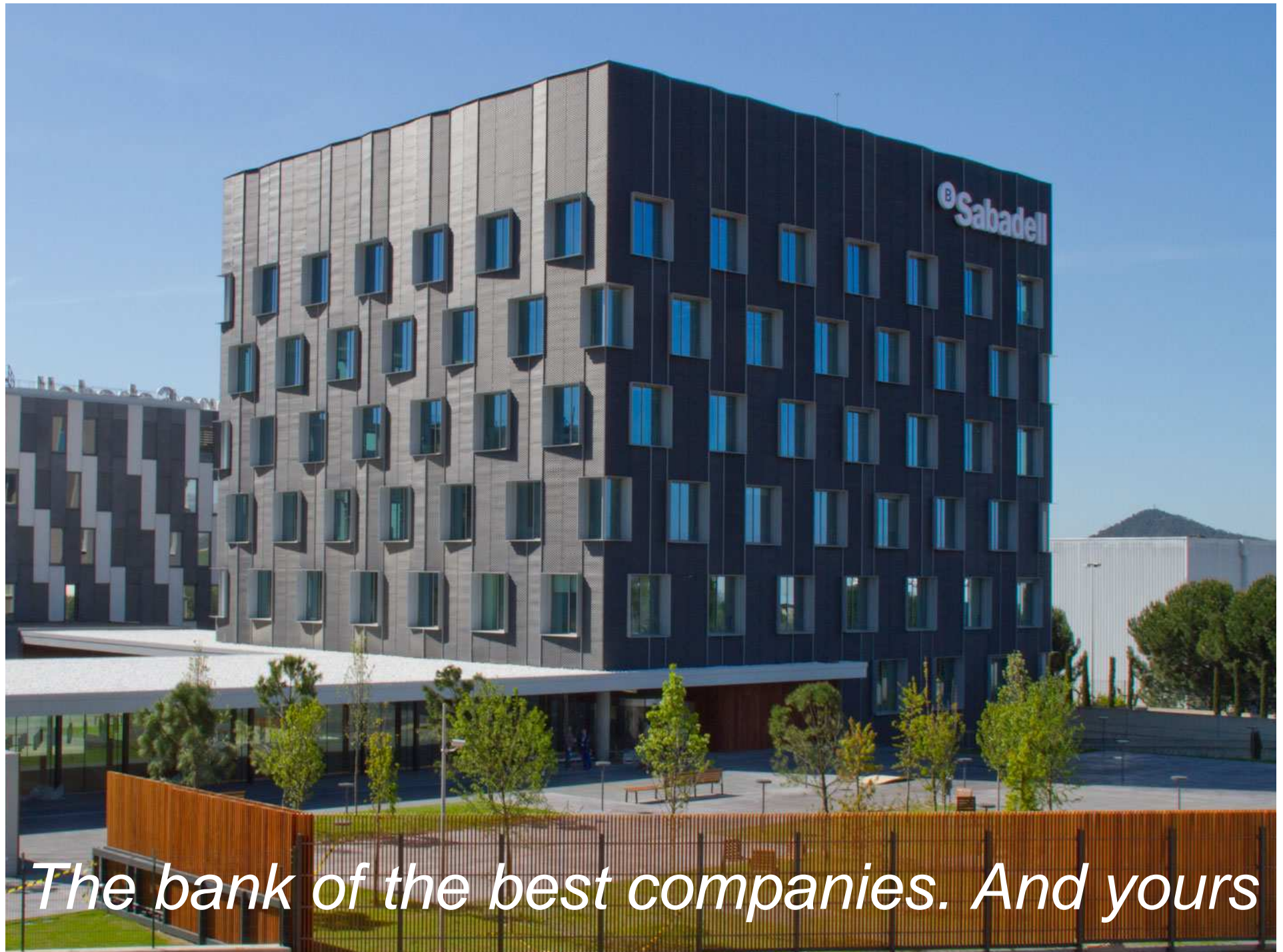
Banco CAM

- ✓ Banco Sabadell successfully culminates the operational and technological integration of Banco CAM
- ✓ 84% of the synergies to be delivered in 2013
- ✓ 94% of the branch closures required by the European Commission and 72% of the employees redundancies already done, which will be finalised in 2013, with 635 additional redundancies

BMN

- ✓ Expected closing June 2013

-
- ✓ **Expenses below €1,600M**
 - ✓ **Normalised cost of risk: c.50bps**
 - ✓ **Loan-to-deposit ratio: 115%**
 - ✓ **High single digit ROE**



The bank of the best companies. And yours