Mandatory subordinated convertible bond issue
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### Key offering terms

<table>
<thead>
<tr>
<th>Amount</th>
<th>€ 300-500 M mandatory subordinated convertible bonds issue (on a non-preemptive basis) mainly addressed to retail investors, but also open to qualified and institutional investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms and conditions</td>
<td><strong>July 2009</strong></td>
</tr>
<tr>
<td>Coupons (1)</td>
<td>7.0% annual</td>
</tr>
<tr>
<td>Investor has the right to convert into Sabadell shares at a 110% premium (2) at each anniversary of the launch date</td>
<td></td>
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<tr>
<td>Mandatory conversion date at a 110% premium (2)</td>
<td></td>
</tr>
<tr>
<td>Timetable</td>
<td>Subscription period: 29th June 09 – 17th July 09</td>
</tr>
<tr>
<td>Settlement date</td>
<td>21st July 2009</td>
</tr>
<tr>
<td>Financial impact</td>
<td>Core Tier 1 impact: + 84 bp (3)</td>
</tr>
</tbody>
</table>

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(1) Coupon payments subject to: (i) existence of distributable income (ii) no breach of equity ratios imposed on Banco Sabadell (iii) Board of Directors approval

(2) Conversion price defined as the maximum between €3.86 per share (net asset value as of 31/12/2008) and the 110% of the greater between (i) Sabadell weighted average prices five working days after the payment date or (ii) Sabadell weighted average prices thirty days before the payment date

(3) Pro forma 31 March 2009 (assuming € 500 M Mandatory subordinated convertible bond issue)
Transaction rationale

Further strengthening of our balance sheet

Key Considerations

Reinforcing the strength of capital ratios:

- Market sentiment towards higher capital levels
- Flexibility to enhance Sabadell market franchise

Capital impact

<table>
<thead>
<tr>
<th></th>
<th>Core Tier I</th>
<th>Tier I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 31st 2008</td>
<td>6.67%</td>
<td>7.28%</td>
</tr>
<tr>
<td>March 31st 2009</td>
<td>6.60%</td>
<td>7.94%</td>
</tr>
<tr>
<td>Proforma March 31st 2009 (1)</td>
<td>7.44%</td>
<td>8.78%</td>
</tr>
</tbody>
</table>

(1) Assuming € 500 M Mandatory subordinated convertible bond issue
Pro-active management of capital ratios (I)

**Financial impact**

- **September 2008**
  - Zurich acquires 50% of Sabadell insurance business
  - Capital gain ca. €512 M

- **February 2009**
  - Issuance of € 500 M preferred shares
  - + 58 bp additional Tier 1

- **May 2009**
  - Repurchase of preferred shares issued in 2006
    - ca. 152 M tendered
    - Capital gain: ca. €96 M
    - + 11 bp additional Core Tier 1

- **Next steps: July 2009**
  - Issuance of € 500 M mandatory subordinated convertible bond
  - + 84 bp additional Core Tier 1

(1) Pro forma 31 March 2009 (assuming € 500 M Mandatory subordinated convertible bond issue)
Pro-active management of capital ratios (II)

BIS ratio

Tier II
- 1Q09 (excl. Pref. Shares issue): 2.31
- 1Q09 (Reported): 7.94
- 1Q09 (Incl. Pref. Shares repurchase): 7.79
- 1Q09 (Incl. Pref. Shares repurchase and Convertibles €300M): 8.30
- 1Q09 (Incl. Pref. Shares repurchase and Convertibles €500M): 8.64

Tier I
- 1Q09 (excl. Pref. Shares issue): 6.60
- 1Q09 (Reported): 6.60
- 1Q09 (Incl. Pref. Shares repurchase): 6.71
- 1Q09 (Incl. Pref. Shares repurchase and Convertibles €300M): 7.22
- 1Q09 (Incl. Pref. Shares repurchase and Convertibles €500M): 7.55

Core Capital

1Q09 (excl. Pref. Shares issue)
1Q09 (Reported)
1Q09 (Incl. Pref. Shares repurchase)
1Q09 (Incl. Pref. Shares repurchase and Convertibles €300M)
1Q09 (Incl. Pref. Shares repurchase and Convertibles €500M)
Why a mandatory subordinated convertible bond?

- The Mandatory subordinated convertibles will qualify as Core Tier I

- New shares are issued at premium vs deep discount in a rights issue
  - Example of number of shares to be issued (1)
  - Mandatory with 110% premium: ca. 106 M new shares
  - Rights issue with 35-40% discount to TERP: ca. 200 M new shares

- In-house tailored product

- Sabadell Retail network main source of demand

- Coupon payments are tax deductible

(1) Assumes €500 M rights issue and a 35-40% discount to TERP. Data as of 23/06/2009
Why Sabadell?

Best capitalised: robust solvency position vs Spanish peers

### Core Tier I (1Q09)

- Sabadell post offering\(^{(1)}\): 7.4%
- Santander: 7.3%
- Popular: 7.2%
- Banesto: 7.2%
- Pastor: 6.9%
- Bankinter: 6.5%
- BBVA: 6.4%

### TIER I (1Q09)

- Santander: 8.9%
- Sabadell post offering\(^{(1)}\): 8.8%
- Popular: 8.5%
- Pastor: 8.1%
- Banesto: 7.7%
- BBVA: 7.7%
- Bankinter: 7.5%

**Average ex Sabadell: 6.9%**

**Average ex Sabadell: 8.1%**

Source: Companies quarterly reports

(1) Pro forma 31 March 2009 (assuming € 500 M Mandatory subordinated convertible bond issue)
**Why Sabadell?**

### Asset Quality Management

#### Strict risk management policies

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<thead>
<tr>
<th></th>
<th>Dec. 08</th>
<th>1Q09</th>
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</thead>
<tbody>
<tr>
<td>BS NPL ratio</td>
<td>2.35%</td>
<td>2.82%</td>
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<tr>
<td>System NPL ratio</td>
<td>3.37%</td>
<td>4.27%</td>
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<tr>
<td>GAP (bp)</td>
<td>102</td>
<td>145</td>
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#### Highest coverage ratio in Spain

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<tr>
<th></th>
<th>1Q09</th>
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<tbody>
<tr>
<td>BS coverage ratio</td>
<td>97%</td>
</tr>
<tr>
<td>System coverage ratio</td>
<td>60%</td>
</tr>
<tr>
<td>GAP</td>
<td>37%</td>
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</tbody>
</table>

**Highest coverage ratio in Spain**

- BS coverage ratio: 97%
- System coverage ratio: 60%
- GAP: 37%

**No consumption of generic fund: same as last year**

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<thead>
<tr>
<th></th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic fund</td>
<td>1,170.4</td>
<td>1,170.4</td>
</tr>
<tr>
<td>Specific fund</td>
<td>645.4</td>
<td>786.0</td>
</tr>
<tr>
<td>Total</td>
<td>1,815.8</td>
<td>1,956.4</td>
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</tbody>
</table>

**The quality of our revenues allows us to continue with extraordinary provisions**

Source: Bank of Spain and Banco Sabadell
Emisiones en mercados de capitales (no incluye las titulizaciones)

Network flexibility and speed of adaptation are clear competitive advantages for Banco Sabadell

Source: Banco Sabadell
The Value of Trust