Banco Sabadell

The Value of Trust

4th June 2009
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Between 1995 and 2007, the economy grew on average at 3.6% annually.

Favourable financing conditions and strong migratory flows contributed to a good behaviour in the economy.
Contraction is expected in 2009, although at a lower rate than the Eurozone

**Expected GDP growth in 2009** (Annual variation rate in %)

- Italy: -4.4
- Germany: -5.6
- France: -3.0
- UK: -4.1
- Eurozone: -4.2
- Spain: -3.0

Source: IMF
The credit downturn and the adjustment on the real state sector started before the current financial situation.

Source: Bank of Spain

Source: Housing Ministry
Investment has not only been focused on housing.

**GDP without construction** (real terms, annual variation rate in %)

**Investment in equipment** (real terms, annual variation rate in %)

Investment in equipment experienced a favourable evolution during the growth period of the Spanish Economy, and rose at a higher rate than GDP.

Source: AMECO
Spanish economy

Resilient financial system

Retail business: stability and results visibility

Financial system with NO toxic assets

Strong regulation and supervision system: anticyclical provisions

Strong sector in terms of efficiency, profitability and solvency

Efficiency of the European financial institutions (%)

A higher value means lower efficiency

Source: Bank of Spain.
Spanish financial system: Banks

31 banks

43.7% market share

Total assets as of December 2008. Source: AEB.
Spanish financial system: Savings banks

45 savings banks

47.3% market share

Total assets as of December 2008. Source: CECA.
Savings banks have increased market share aggressively over the last few years.

Source: Bank of Spain Statistical Bulletin and Banco Sabadell
Savings banks have increased their retail network by 30%; banks are flat.

Source: Bank of Spain Statistical Bulletin
Network flexibility and speed of adaptation are clear competitive advantages for Banco Sabadell

Source: Banco Sabadell
Banc Sabadell’s proven flexibility provides credible value added in the current environment
Banco Sabadell acts promptly and consistently according to the setting

*Positive commercial gap quarter after quarter
Gross loans to customers breakdown

**Breakdown by type of product**

- Mortgage loans & credits: 50%
- Overdrafts and sundry accounts: 2%
- Commercial loans: 4%
- Other secured loans & credits: 7%
- Other loans: 15%
- Other credits: 13%
- Factoring and confirming: 4%
- Leasing: 5%

**Breakdown by sectors**

- Services & other: 38%
- Industry: 20%
- Construction: 4%
- Real estate development: 12%
- Agriculture & fisheries: 1%
- Mortgage loans to individuals: 21%
- Other credit to individuals: 4%
Successful price transfer across the entire product range and floors will be activated

<table>
<thead>
<tr>
<th></th>
<th>Dec 07 (bp)</th>
<th>Dec 08 (bp)</th>
<th>YoY. (bp)</th>
<th>Production (€m)</th>
<th>Balance (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>80</td>
<td>86</td>
<td>+6</td>
<td>11,936</td>
<td>1,374</td>
</tr>
<tr>
<td>Credits to companies</td>
<td>71</td>
<td>174</td>
<td>+103</td>
<td>4,081</td>
<td>9,138</td>
</tr>
<tr>
<td>Loans to companies</td>
<td>132</td>
<td>192</td>
<td>+60</td>
<td>1,179</td>
<td>3,064</td>
</tr>
<tr>
<td>Mortgages to companies</td>
<td>80</td>
<td>182</td>
<td>+100</td>
<td>1,268</td>
<td>6,253</td>
</tr>
<tr>
<td>Mortgages to individuals</td>
<td>52</td>
<td>136</td>
<td>+84</td>
<td>1,548</td>
<td>12,680</td>
</tr>
<tr>
<td>Credits to developers</td>
<td>68</td>
<td>167</td>
<td>+99</td>
<td>835</td>
<td>8,037</td>
</tr>
</tbody>
</table>
Mortgage book breakdown

Breakdown by LTV

- <= 30%: 19.3%
- > 30% y <= 60%: 31.5%
- > 60% y <= 80%: 45.1%
- > 80%: 7.6%

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to income ratio</td>
<td>25.6%</td>
</tr>
<tr>
<td>LTV</td>
<td>53.3%</td>
</tr>
<tr>
<td>Average maturity</td>
<td>17.5</td>
</tr>
</tbody>
</table>
Strict risk management policies

<table>
<thead>
<tr>
<th>BS NPL ratio</th>
<th>Mar-08</th>
<th>Jun-08</th>
<th>Sep-08</th>
<th>Dec-08</th>
<th>Mar-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>System NPL ratio</td>
<td>1.20%</td>
<td>1.70%</td>
<td>2.63%</td>
<td>3.37%</td>
<td>4.27%</td>
</tr>
<tr>
<td>GAP (b.p.)</td>
<td>58</td>
<td>85</td>
<td>104</td>
<td>102</td>
<td>145</td>
</tr>
</tbody>
</table>

Source: Bank of Spain
### NPLs: new entry and recoveries by segments

#### NPL new entry
- **Individuals**: 14%
- **Companies**: 38%
- **Real Estate Development**: 39%
- **Self-employed**: 6%
- **Other**: 4%

#### Recoveries
- **Individuals**: 10%
- **Companies**: 27%
- **Real Estate Development**: 56%
- **Self-employed**: 4%
- **Other**: 3%

#### NPL new entry and recoveries by segments

<table>
<thead>
<tr>
<th></th>
<th>1Q08</th>
<th>2Q08</th>
<th>3Q08</th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entries</strong></td>
<td>213.2</td>
<td>244.0</td>
<td>625.4</td>
<td>748.5</td>
<td>806.7</td>
</tr>
<tr>
<td><strong>Recoveries</strong></td>
<td>-59.9</td>
<td>-42.2</td>
<td>-35.1</td>
<td>-223.1</td>
<td>-480.1</td>
</tr>
<tr>
<td><strong>Write-offs</strong></td>
<td>-39.4</td>
<td>-24.5</td>
<td>-40.9</td>
<td>0.5</td>
<td>-1.7</td>
</tr>
<tr>
<td><strong>Quarterly change of NPLs</strong></td>
<td>113.9</td>
<td>177.3</td>
<td>549.5</td>
<td>525.8</td>
<td>324.8</td>
</tr>
</tbody>
</table>
## NPL ratios by segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Mar-08</th>
<th>Jun-08</th>
<th>Sep-08</th>
<th>Dec-08</th>
<th>Mar-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>0.35%</td>
<td>0.52%</td>
<td>1.28%</td>
<td>2.02%</td>
<td>2.54%</td>
</tr>
<tr>
<td>SME</td>
<td>0.84%</td>
<td>1.07%</td>
<td>1.37%</td>
<td>2.17%</td>
<td>2.18%</td>
</tr>
<tr>
<td>Small retailers and self-employed</td>
<td>1.04%</td>
<td>1.10%</td>
<td>1.37%</td>
<td>1.68%</td>
<td>2.42%</td>
</tr>
<tr>
<td>Real estate activity</td>
<td>0.42%</td>
<td>0.95%</td>
<td>2.99%</td>
<td>5.35%</td>
<td>7.34%</td>
</tr>
<tr>
<td>Mortgages to individuals</td>
<td>0.47%</td>
<td>0.57%</td>
<td>0.75%</td>
<td>1.12%</td>
<td>1.48%</td>
</tr>
<tr>
<td>Individual others</td>
<td>1.88%</td>
<td>1.98%</td>
<td>2.44%</td>
<td>3.21%</td>
<td>4.24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.62%</strong></td>
<td><strong>0.85%</strong></td>
<td><strong>1.59%</strong></td>
<td><strong>2.35%</strong></td>
<td><strong>2.82%</strong></td>
</tr>
</tbody>
</table>
### A quarter with significant adjustments to maintain the overcoverage

- **Adjusted Mar-09**: €240.7m, +10.8%
- **Adjustments**: €78.6m, -25.4%
- **Mar-09**: €162.1m

<table>
<thead>
<tr>
<th>Coverage (%)</th>
<th>€m</th>
<th>09/08 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>72%</td>
<td>493</td>
<td>+126%</td>
</tr>
<tr>
<td>85%</td>
<td>310</td>
<td>+43%</td>
</tr>
<tr>
<td>90%</td>
<td>241</td>
<td>+11%</td>
</tr>
<tr>
<td>97%</td>
<td>162</td>
<td>-25%</td>
</tr>
</tbody>
</table>

The most meaningful adjustments are the no consumption of generic fund and the substandard provision.