

Banco Sabadell



# Mandatory subordinated convertible bond issue



26<sup>th</sup> June 2009

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# Key offering terms



Amount	<ul style="list-style-type: none"> <li>€ 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</li> </ul>
Terms and conditions	
Timetable	<ul style="list-style-type: none"> <li>Subscription period: 29<sup>th</sup> June 09 – 17<sup>th</sup> July 09</li> </ul>
Settlement date	<ul style="list-style-type: none"> <li>21<sup>st</sup> July 2009</li> </ul>
Financial impact	<ul style="list-style-type: none"> <li>Core Tier 1 impact: + 84 bp<sup>(3)</sup></li> </ul>

(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)



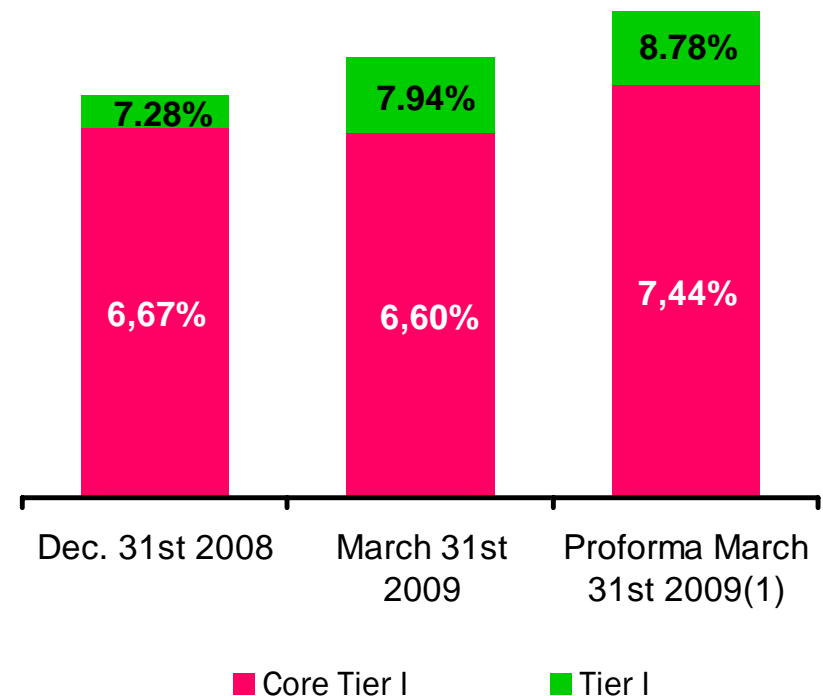
## Further strengthening of our balance sheet

### Key Considerations

Reinforcing the strength of capital ratios:

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

### Capital impact



(1) Assuming € 500 M Mandatory subordinated convertible bond issue

# Pro-active management of capital ratios (I)

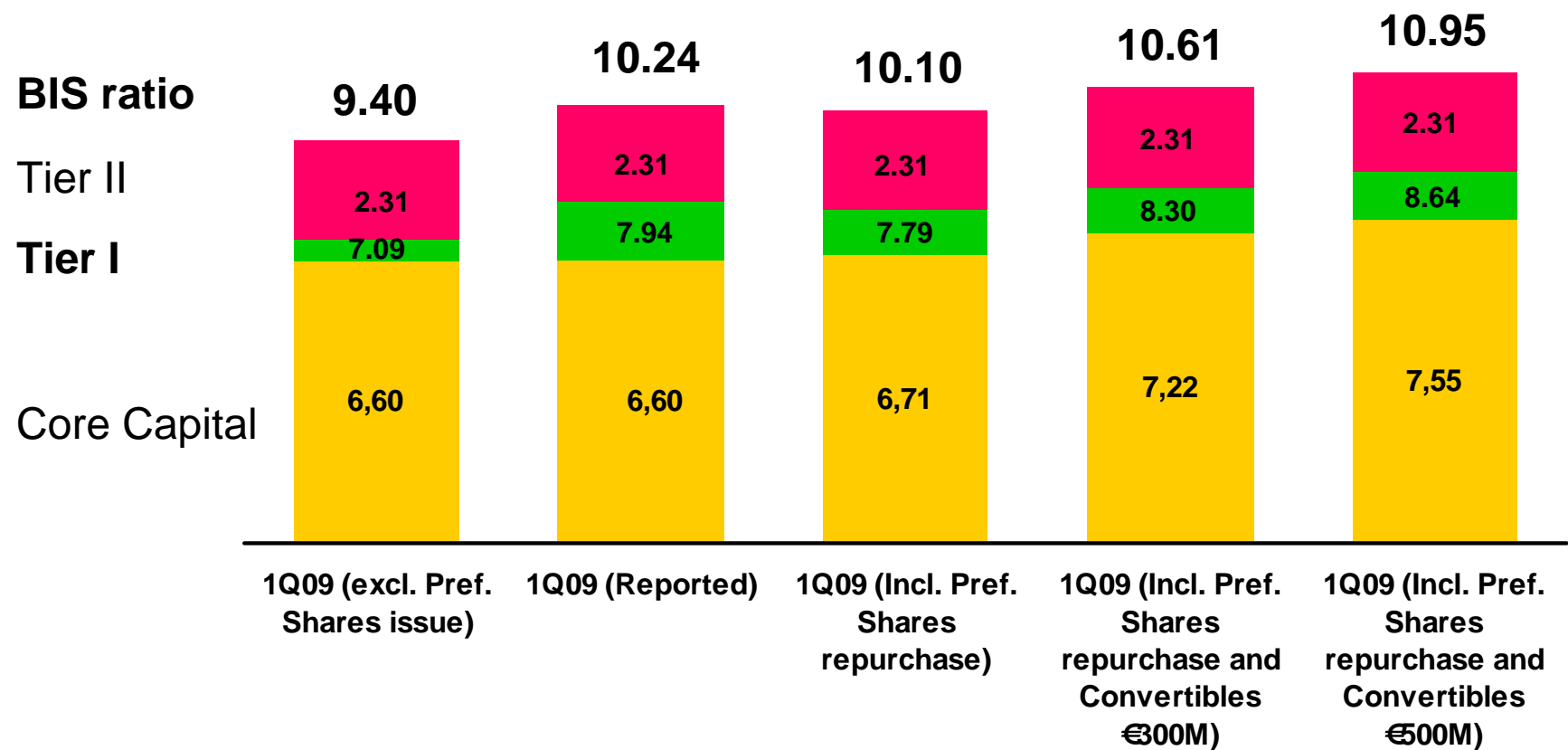


## Financial impact

September 2008	<ul style="list-style-type: none"><li>Zurich acquires 50% of Sabadell insurance business</li></ul>	▶	Capital gain ca. €512 M
February 2009	<ul style="list-style-type: none"><li>Issuance of € 500 M preferred shares</li></ul>	▶	+ 58 bp additional Tier 1
May 2009	<ul style="list-style-type: none"><li>Repurchase of preferred shares issued in 2006<ul style="list-style-type: none"><li>✓ ca. 152 M tendered</li></ul></li></ul>	▶	Capital gain: ca. €96 M + 11 bp additional Core Tier 1
Next steps: July 2009	<ul style="list-style-type: none"><li>Issuance of € 500 M mandatory subordinated convertible bond</li></ul>	▶	+ 84 bp additional Core Tier 1 <sup>(1)</sup>

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

# Pro-active management of capital ratios (II)



# Why a mandatory subordinated convertible bond?



Boost core capital

- The Mandatory subordinated convertibles will qualify as Core Tier I

Minimize dilution

- New shares are issued at premium vs deep discount in a rights issue

Example of number of shares to be issued <sup>(1)</sup>

Mandatory with 110% premium

ca. 106 M new shares

Rights issue with 35-40% discount to TERP

ca. 200 M new shares

Lower execution risk

- In-house tailored product
- Sabadell Retail network main source of demand

Tax efficient

- Coupon payments are tax deductible

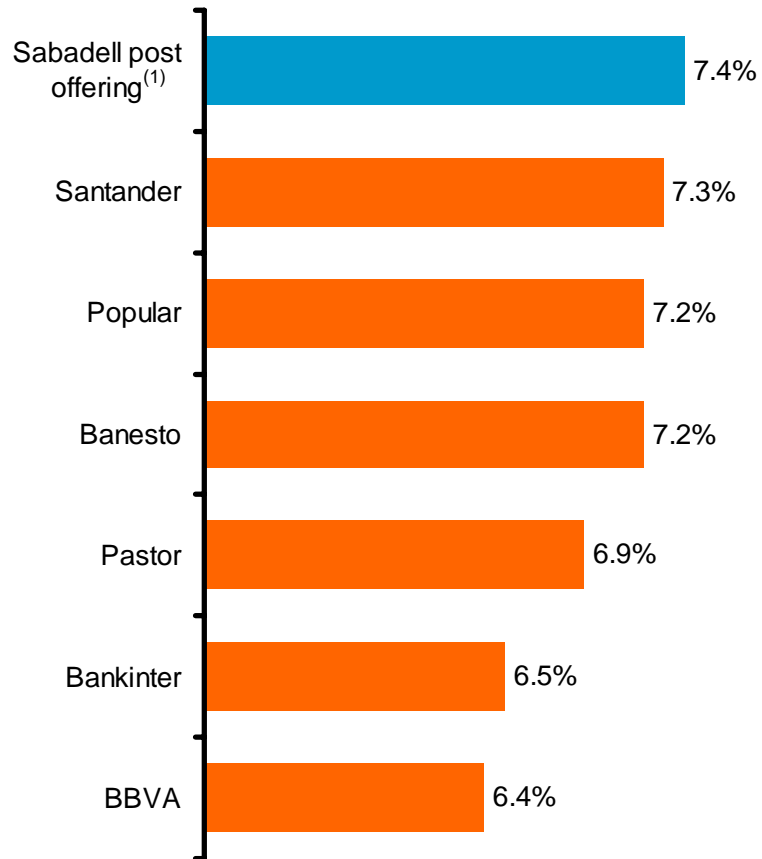
(1) Assumes €500 M rights issue and a 35-40% discount to TERP. Data as of 23/06/2009

# Why Sabadell?



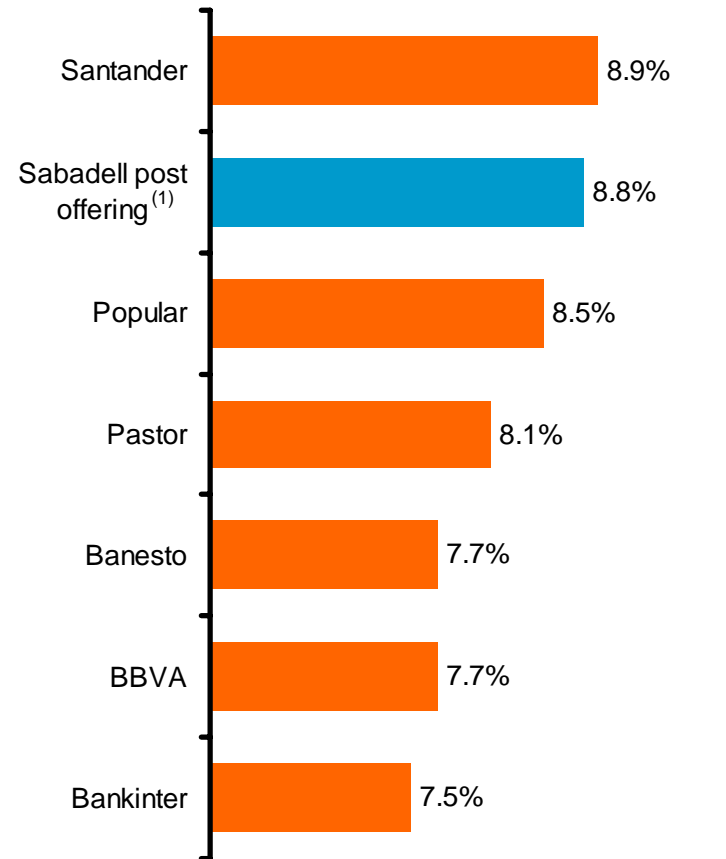
Best capitalised: robust solvency position vs Spanish peers

## Core Tier I (1Q09)



**Average ex Sabadell: 6.9%**

## TIER I (1Q09)



**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

	Dec. 08	1Q09
<b>BS NPL ratio</b>	<b>2.35%</b>	<b>2.82%</b>
<b>System NPL ratio</b>	<b>3.37%</b>	<b>4.27%</b>
<b>GAP (bp)</b>	<b>102</b>	<b>145</b>

### Highest coverage ratio in Spain

	1Q09
<b>BS coverage ratio</b>	<b>97%</b>
<b>System coverage ratio</b>	<b>60%</b>
<b>GAP</b>	<b>37%</b>

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

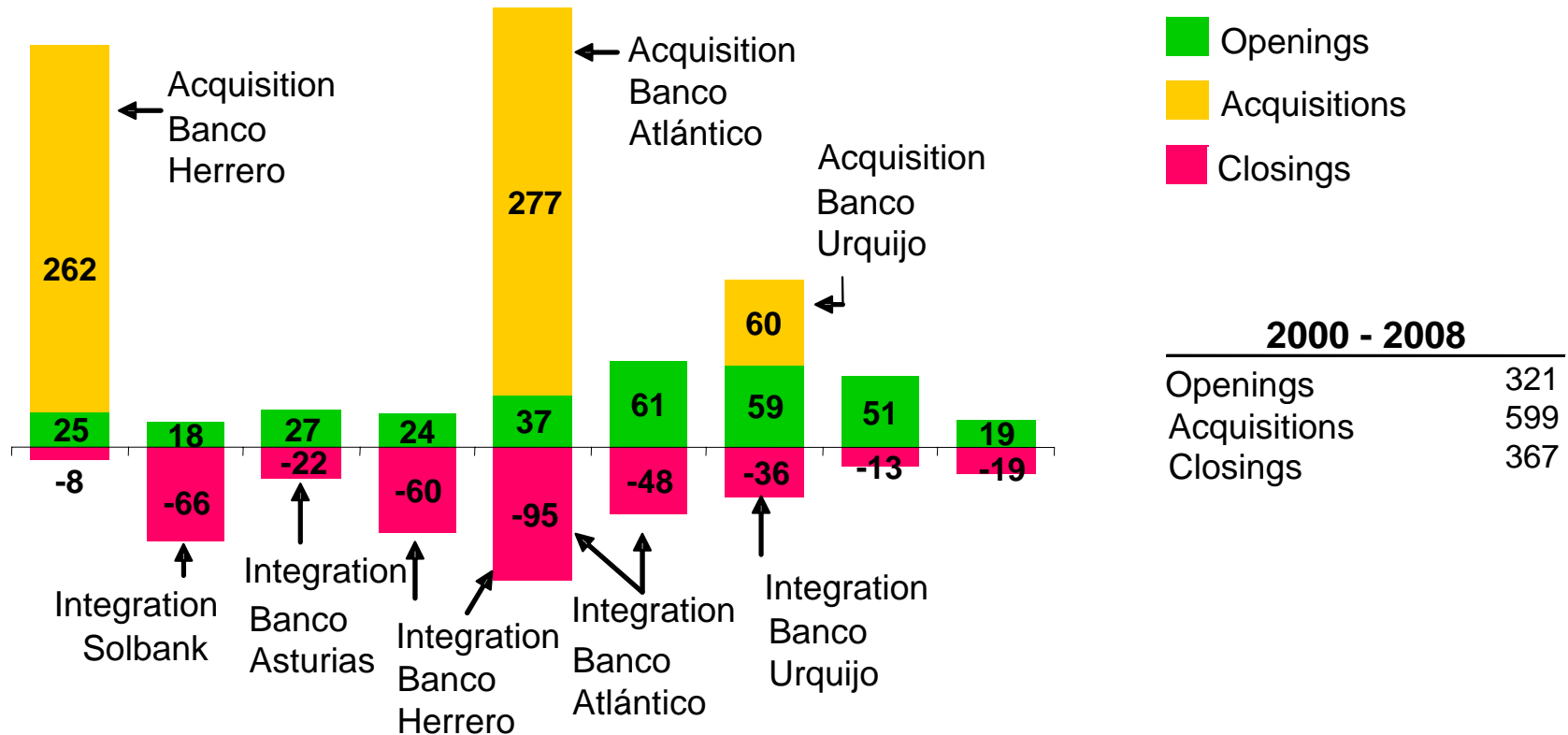
	4Q08	1Q09
<b>Generic fund</b>	<b>1,170.4</b>	<b>1,170.4</b>
<b>Specific fund</b>	<b>645.4</b>	<b>786.0</b>
<b>Total</b>	<b>1,815.8</b>	<b>1,956.4</b>

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

# Why Sabadell?



## BS is a seasoned streamliner



2000 - 2008	
Openings	321
Acquisitions	599
Closings	367

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



# BancoSabadell

The Value of Trust