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# Index

1. **Triple**: the new business plan
2. Domestic business delivery
3. Balance sheet normalisation
4. Developing new productivity drivers
5. International footprint
6. Talent and HR
7. Financials
8. Closing remarks
1. **Triple**: the new business plan
In February 2011 the CREA plan was launched.
The CREA plan was mainly based on growth and opportunity ...

Leveraging existing franchise and target new clients within our current footprint

Gain market share and attract 1 million new clients. Growing our retail market share by more than one percentage point

Operational streamlining

Number of customers per branch
- 2010: 1,800
- 2013: 2,340

Number of customers
- 2010: 2.1m
- 2013: 3.1m

Number of operations / FTE*
- 2009: 56
- 2010: 60
- 2011e: 60
- 2012e: 60
- 2013e: 87

*Full Time Equivalent
... as well as commercial levers

Improve brand recognition

New incentive model

Winning commercial attitude

Profitability

Note: Full Time Equivalent
What did B Crea deliver?
**Delivery of CREA targets**

**Attract new customers**
1 million new customers, growing our market share in retail banking

**Efficiency**
Leveraging existing platform and customer franchise value

**Number of customers**

<table>
<thead>
<tr>
<th></th>
<th>Millions</th>
<th>2010</th>
<th>CREA plan target</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2.1</td>
<td></td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>Org. growth</td>
<td></td>
<td></td>
<td>6.5</td>
</tr>
</tbody>
</table>

**Customers per branch**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2010</th>
<th>CREA plan target</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,800</td>
<td></td>
<td>2,340</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,340</td>
<td></td>
<td>2,909</td>
</tr>
</tbody>
</table>

\[
\text{Org. growth} = \frac{6.5}{3.1} = 2.1
\]

\[
\text{Customers per branch} = \frac{2,909}{2,340} = 1.2
\]
Delivery of CREA targets

**Improve brand recognition**
Emphasis on retail banking segment

**Profitability**

**Brand recognition**

<table>
<thead>
<tr>
<th></th>
<th>Catalonia</th>
<th>Madrid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Obj.CREA</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>2013</td>
<td>28.9%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

* Among the first five mentioned entities. Source FRS Inmark

**Gross margin per employee**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>CREA target</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>100</td>
<td>129</td>
<td>105</td>
</tr>
</tbody>
</table>

2010 = 100 x 0.8
Delivery of CREA targets

CREA estimates

- Customers
- Branches\(^1\)
- Employees\(^2\)

Actual outcome

Actual vs. estimated

<table>
<thead>
<tr>
<th>Year</th>
<th>Customers</th>
<th>Branches</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>100</td>
<td>112</td>
<td>108</td>
</tr>
<tr>
<td>2011</td>
<td>147</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>2012</td>
<td>147</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>2013</td>
<td>284(^x1,9)</td>
<td>185(^x1,7)</td>
<td>180(^x1,7)</td>
</tr>
</tbody>
</table>

1. Spanish branches
2. excluding US operations
3. Excluding B.Guipuzcoano
4. Excluding Lloyds Spain and B. Gallego
What were Crea’s exogenous challenges?
A challenging macro environment …

In 2010 there were signs of an economic recovery in Spain but with downside risks:

- Sovereign debt crisis in the euro zone
- Capital outflows from the European periphery
- Credit crunch

Spanish GDP evolution (YoY change in percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>-3.8%</td>
<td>0.1%</td>
<td>1.3%</td>
<td>-1.6%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>CREA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CREA estimates

Actual evolution
... which prompted a change in revenue structure

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CREA</td>
<td>Actual</td>
</tr>
<tr>
<td>Net interest income</td>
<td>1,459</td>
<td>1,861</td>
<td>1,815</td>
</tr>
<tr>
<td>Commissions</td>
<td>516</td>
<td>693</td>
<td>760</td>
</tr>
<tr>
<td>Trading income &amp; Forex</td>
<td>204</td>
<td>216</td>
<td>1,547</td>
</tr>
<tr>
<td>Other Operating Results</td>
<td>152</td>
<td>103</td>
<td>-163</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>2,331</td>
<td>2,873</td>
<td>3,977</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-1,036</td>
<td>-1,152</td>
<td>-1,686</td>
</tr>
<tr>
<td>Depreciations</td>
<td>-159</td>
<td>-150</td>
<td>-228</td>
</tr>
<tr>
<td>Pre-provision Income</td>
<td>1,136</td>
<td>1,571</td>
<td>2,062</td>
</tr>
<tr>
<td>Total provisions &amp; Impairments</td>
<td>-968</td>
<td>-452</td>
<td>-1,764</td>
</tr>
<tr>
<td>Gains on sale of assets</td>
<td>296</td>
<td>-1</td>
<td>44</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>464</td>
<td>1,118</td>
<td>343</td>
</tr>
<tr>
<td>Attributable Net Profit</td>
<td>380</td>
<td>840</td>
<td>248</td>
</tr>
</tbody>
</table>
The Spanish financial map has changed

<table>
<thead>
<tr>
<th>Bank</th>
<th>Total Assets (Euros in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CaixaBank</td>
<td>340</td>
</tr>
<tr>
<td>BBVA</td>
<td>336</td>
</tr>
<tr>
<td>Santander</td>
<td>292</td>
</tr>
<tr>
<td>Bankia</td>
<td>251</td>
</tr>
<tr>
<td>Sabadell</td>
<td>163</td>
</tr>
<tr>
<td>Popular</td>
<td>148</td>
</tr>
<tr>
<td>Unicaja</td>
<td>79</td>
</tr>
<tr>
<td>CatalunyaCaja</td>
<td>69</td>
</tr>
<tr>
<td>BMN</td>
<td>64</td>
</tr>
<tr>
<td>Novagalicia</td>
<td>64</td>
</tr>
<tr>
<td>Bankinter</td>
<td>60</td>
</tr>
<tr>
<td>Liberbank</td>
<td>58</td>
</tr>
<tr>
<td>LiberCaja</td>
<td>51</td>
</tr>
<tr>
<td>IberCaja</td>
<td>46</td>
</tr>
</tbody>
</table>

Restructuring of the savings banks: from 45 to 11 entities

Note: Refers to latest available financial disclosures by entity
The bank managed to doubled in size during the financial crisis …

(Euros in million) | 2007 | 2010 | 2013 | 2013/07
--- | --- | --- | --- | ---
Assets | 76,776 | 97,099 | 163,441 | x 2.1
Loans\(^1\) | 63,165 | 73,058 | 124,615 | x 2.0
Deposits\(^2\) | 34,717 | 49,374 | 94,497 | x 2.7
Branches | 1,225 | 1,428 | 2,247\(^3\) | x 1.8
Employees | 10,234 | 10,777 | 16,900\(^4\) | x 1.6

… improving liquidity and solvency ratios

| Core Capital | 6.0% | 8.2% | 12.0% | x 2.0
| Loan to deposit | 197% | 135% | 107% | x 0.5

1. Gross loans to customers excluding repos. 2. On-balance sheet customer funds. 3. 2014 forecast. 4. 2015 forecast
Note: Loan to deposit ratios is net of provisions and intermediary funding.
Taking advantage of inorganic growth opportunities

<table>
<thead>
<tr>
<th>Recent integrations</th>
<th>Total assets (Euros in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 BBVA Miami</td>
<td>80</td>
</tr>
<tr>
<td>2009 BNY MELLON</td>
<td>83</td>
</tr>
<tr>
<td>2010 banco Guipuzcoano</td>
<td>97</td>
</tr>
<tr>
<td>2011 LYDIA</td>
<td>100</td>
</tr>
<tr>
<td>2012 CAM</td>
<td>162</td>
</tr>
<tr>
<td>2013</td>
<td>163</td>
</tr>
</tbody>
</table>
Creating a national franchise with exposure to the regions with higher economic activity

Market share by region

2001
- Total number of branches: 636
- 4%

2006
- Total number of branches: 1,187
- 13%
- 5%

2012
- Total number of branches: 1,853
- 13%
- 6%
- 7%
- 4%
- 10%
- 6%

2013
- Total number of branches: 2,370
- 7%
- 13%
- 6%
- 12%
- 5%
- 14%
- 10%
- 6%

Note: The region of León is included in Asturias and not in Castilla y León.
Progressively strengthening our footprint abroad

International footprint

- Footprint in strategic markets
- Agreements with international trade promoters
- Specialised services

Recent openings:
- New York
- Warsaw
- Morocco

Branches
- 5

Representative offices
- 13

Associated banks
- 1

Banking subsidiaries
- 2

Awaiting licence approval
- 1

Footprint in strategic markets

Agreements with international trade promoters

Recent openings:
- New York
- Warsaw
- Morocco
Achieving critical mass in all segments of the market

### Market shares by product

<table>
<thead>
<tr>
<th></th>
<th>Nov-13</th>
<th>Nov-13</th>
<th>Nov-13</th>
<th>Dec-13</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deposits</strong></td>
<td>7.0%</td>
<td>6.3%</td>
<td>6.0%</td>
<td>8.0%</td>
<td>11.4%</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll accounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transactionality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sight deposits</strong></td>
<td>11.4%</td>
<td>10.6%</td>
<td>10.5%</td>
<td>14.0%</td>
<td>30.5%</td>
</tr>
<tr>
<td><strong>Corporate credit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Volume at BS card PoS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Customer share

- **Individuals**: 11.4%
- **Companies and SMEs**: 30.5%

Note: pro-forma including Penedés, Gallego and Lloyds Spain.

1 Including term and sight deposits and repos
2 Including cheques, transfers, SEPA transfers, receivables and promissory notes
Positioned to take advantage of the Spanish banking industry going forward

Medium term outlook for the Spanish domestic banking sector

✓ Improving NII margins
✓ ROE in the mid-teens
✓ Further consolidation

Weight of the 6 largest financial institutions in assets*

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>58%</td>
<td>75%</td>
</tr>
</tbody>
</table>

The Spanish retail banking model is efficient and continues to be a sustainably profitable business through the cycle

* Excluding foreign banks and “Cajas rurales”
The main focus of **Triple**:

### Profit delivery

**Domestic business delivery**
- Increasing customer profitability
- Customer growth
- SME’s focus leveraging on international franchise
- Improving value proposal in Private Banking

**Balance sheet normalisation**
- Implementation of new recovery processes and reducing NPLs
- Reduction of Real Estate assets

### Additional focus points

**International footprint**
- Sowing the seeds for future growth

**Talent and HR**
- Investing in future talent

**Developing new productivity drivers**
- Instant Banking
- Transformation of the production model
2. Domestic business delivery
Sabadell has staged an unprecedented leap in size …

Household deposits

<table>
<thead>
<tr>
<th></th>
<th>DEC 08</th>
<th>NOV 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC 08</td>
<td>2.32%</td>
<td></td>
</tr>
<tr>
<td>NOV 13</td>
<td>0.77%</td>
<td>3.82%</td>
</tr>
</tbody>
</table>

Household loans

<table>
<thead>
<tr>
<th></th>
<th>DEC 08</th>
<th>NOV 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC 08</td>
<td>1.81%</td>
<td></td>
</tr>
<tr>
<td>NOV 13</td>
<td>0.21%</td>
<td>1.29%</td>
</tr>
</tbody>
</table>

Transactionality

<table>
<thead>
<tr>
<th></th>
<th>JAN 09</th>
<th>DES 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN 09</td>
<td></td>
<td>4.10%</td>
</tr>
<tr>
<td>DES 13</td>
<td>2.25%</td>
<td>2.81%</td>
</tr>
</tbody>
</table>

Corporate credit

<table>
<thead>
<tr>
<th></th>
<th>DEC 08</th>
<th>NOV 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC 08</td>
<td>4.72%</td>
<td></td>
</tr>
<tr>
<td>NOV 13</td>
<td>2.03%</td>
<td>3.82%</td>
</tr>
</tbody>
</table>

Sight deposit companies

<table>
<thead>
<tr>
<th></th>
<th>DEC 08</th>
<th>NOV 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC 08</td>
<td>5.73%</td>
<td></td>
</tr>
<tr>
<td>NOV 13</td>
<td>1.35%</td>
<td>1.34%</td>
</tr>
</tbody>
</table>

Volume at BS card PoS

<table>
<thead>
<tr>
<th></th>
<th>4Q08</th>
<th>3Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q08</td>
<td>4.53%</td>
<td></td>
</tr>
<tr>
<td>3Q13</td>
<td>6.83%</td>
<td>2.80%</td>
</tr>
</tbody>
</table>

- **+469 bps**
- **+450 bps**
- **+386 bps**
- **+591 bps**
- **+569 bps**
- **+943 bps**

1 Including term and sight deposits and repos.
2 Including cheques, transfers, SEPA transfers, receivables and promissory notes.

Organic growth

Contribution B.Guipuzcoano, B.CAM, Penedés, Lloyds and Gallego.
... and following years of perimeter growth, the upside now is through delivery

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2013</th>
<th>2010/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic branches</td>
<td>1,428</td>
<td>2,370</td>
<td>x 1.7</td>
</tr>
<tr>
<td>Business volume¹</td>
<td>122,432</td>
<td>219,112</td>
<td>x 1.8</td>
</tr>
<tr>
<td>NII + Fees</td>
<td>1,976</td>
<td>2,574</td>
<td>x 1.3</td>
</tr>
<tr>
<td>Loans to companies (ex-real state)</td>
<td>42,829</td>
<td>49,651</td>
<td>x 1.2</td>
</tr>
<tr>
<td>Market share in mutual funds² vs. market share in deposits</td>
<td>1.00</td>
<td>0.57</td>
<td>---</td>
</tr>
</tbody>
</table>

1. Gross loans to customers excluding repos + on-balance sheet customer funds
2. Ex Real Estate fund
Different approaches for different regions: Profitability and new customers

Focus on customer acquisition

- Northwest: 10.1%, 7.4%
- North: 4.2%, 4.0%
- Centre: 3.5%, 3.4%
- South: 2.4%, 3.1%

Focus on profitability

- Catalonia: 12.8%, 14.5%
- East: 11.1%, 13.6%
In Catalonia and Eastern region the focus is on extracting value from existing customers

Sabadell has 2/3rds of its business volume in Catalonia and the East ... ... characterised by a a more positive economic outlook

Employed people (% var 4Q13/4Q12)

<table>
<thead>
<tr>
<th>Region</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalonia</td>
<td>1.0%</td>
</tr>
<tr>
<td>East</td>
<td>11.1%</td>
</tr>
<tr>
<td>Rest of Spain</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Spain average</td>
<td>-1.2%</td>
</tr>
</tbody>
</table>

Focus on profitability

Catalonia
- Business Volume share: 14.5%
- Branches share: 12.8%

East
- Business Volume share: 13.6%
- Branches share: 11.1%

Recent integrations

- Eastern Spain
  B.CAM – December 2012
- Catalonia (Northeast)
  BMN Penedes – October 2013

Greater market share in business volumes vs. market share in number of branches

1. Operational integration
Closing the income gap with the newly integrated businesses in the Eastern region …

### Eastern region

(€ Million)

<table>
<thead>
<tr>
<th></th>
<th>Sabadell stand alone</th>
<th>B. CAM</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(date: acquisition B.CAM)</td>
<td>172</td>
<td>591</td>
<td>x 3.4</td>
</tr>
<tr>
<td>Business volume</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(date: post-integration B.CAM)</td>
<td>11,481</td>
<td>36,264</td>
<td>x 3.2</td>
</tr>
<tr>
<td>NII + Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(date: post-integration B.CAM)</td>
<td>232</td>
<td>552</td>
<td>x 2.4</td>
</tr>
</tbody>
</table>

- Current number of branches: 608 (December 2013)
- Branch closures: 155 (20%)

Closing the NII + Fee income gap per customer

<table>
<thead>
<tr>
<th></th>
<th>Retail (gap BS/ B. CAM)</th>
<th>SMEs (gap BS/ B. CAM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 12</td>
<td>20 €</td>
<td>31 €</td>
</tr>
<tr>
<td>Dec 13</td>
<td>20 €</td>
<td>2,203 €</td>
</tr>
</tbody>
</table>

- 1,340,734 customers exclusively from B. CAM in 2013
- Challenge in SME’s
... as well as in Catalonia

<table>
<thead>
<tr>
<th></th>
<th>Sabadell stand alone</th>
<th>BMN Penedés</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>418</td>
<td>447</td>
</tr>
<tr>
<td>(date: acquisition Penedés)</td>
<td>x 1.1</td>
<td></td>
</tr>
<tr>
<td>Business volume</td>
<td>41,020</td>
<td>15,698</td>
</tr>
<tr>
<td>(date: post-integration Penedés)</td>
<td>x 0.4</td>
<td></td>
</tr>
<tr>
<td>NII + Fees</td>
<td>817</td>
<td>241</td>
</tr>
<tr>
<td>(date: post-integration Penedés)</td>
<td>x 0.3</td>
<td></td>
</tr>
</tbody>
</table>

Closing the NII + Fee income gap per customer

- Currently number of branches: 743 (December 2013)
- Branch closures: 122 (14%)

- c. 494,000 customers exclusively from Penedés in 2013

In 2014 the gap has started to close with Penedés
In the rest of Spain the focus is on “filling” the branches with customers

Recent integrations

- **North**
  B. Guipuzcoano – April 2011
  Branches market share 2011: 4.1%
  Business volume market share 2011: 3.3%

- **Northwest**
  B. Gallego – November 2013
  Operational integration expected in March 2014

Larger branch market share than business volume market share

1. Operational integration
2. Closing (Operational integration expected in March 2014)
And the trend of customers per branch is already improving

### North region

<table>
<thead>
<tr>
<th></th>
<th>2011(^1)</th>
<th>2013</th>
<th>2011/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of customers per branch</td>
<td>1,257</td>
<td>1,606</td>
<td>x 1.3</td>
</tr>
<tr>
<td>Ratio of business volume per customer (euros)</td>
<td>69,797</td>
<td>61,310</td>
<td>x 0.9</td>
</tr>
</tbody>
</table>

1. Post integration B. Guipuzcoano

### Northwest/Galicia

<table>
<thead>
<tr>
<th></th>
<th>Sabadell stand alone</th>
<th>B.Gallego</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches (date: acquisition B.Gallego)</td>
<td>28</td>
<td>117</td>
<td>x 4.2</td>
</tr>
<tr>
<td>Business volume (date: acquisition B.Gallego)</td>
<td>2,652</td>
<td>2,483</td>
<td>x 0.9</td>
</tr>
</tbody>
</table>

Since Guipuzcoano we have done well, but …

… we still have work to do. Target: Customers per branch of c. 2,900

Similar to Northwest experience we will need to “fill” the branches with customers (currently 1,325 customers per branch)
With a different approach for the centre of Spain, with emphasis on Madrid

Why focus on Madrid?

1. High GDP

- GDP per capita (2012 - euros)
  - Madrid: 28,906
  - Other regions: 22,291

2. Highly dynamic economy

- 1st region in foreign direct investment
- 1st region in R&D
- 2nd region in export volumes

3. Weak footprint

Branches market share (December 2012)

- Peer 1: 18.6%
- Peer 2: 17.6%
- Peer 3: 14.5%
- Peer 4: 10.5%
- Peer 5: 6.2%
- Peer 6: 4.8%
- BS*: 1.8%

* Including Gallego and Lloyds

How?

Levers

- ✓ Increase brand awareness
- ✓ Commercial strength
- ✓ Instant Banking
Furthermore we are going to improve customer relationship to become the preferred bank …

Loyalty among individual customers by bank

- Peer 1: 82.6% (63.8%) Exclusive banking partner of the customer
- Peer 2: 80.1% (63.3%) Preferred banking partner of the customer
- Peer 3: 75.9% (52.9%)
- Peer 4: 73.1% (49.7%)
- Peer 5: 71.4% (51.1%)
- Peer 6: 68.4% (48.5%)

Loyalty among company and SME customers by bank

- Peer 1: 34.0% (30.5%)
- Peer 2: 30.2% (27.7%)
- Peer 3: 29.5% (25.9%)
- Peer 4: 27.7% (25.3%)
- Peer 5: 24.4% (20.4%)
- Peer 6: 20.4% (19.3%)

Increase customer loyalty among retail customers
To become the preferred banking partner for more companies

Peers include Bankia, Bankinter, BBVA, Caixabank, Popular and Santander

Source: “Comportamiento financiero de los particulares en España-2013”, based on 12,000 respondents in all of Spain and “Comportamiento financiero de las empresas en España-2012”, based on answers from 876 Spanish companies, with an annual turnover of 6-100 million euros.
… with room to improve insurance fees and off-balance sheet funds

Individual customers with insurance
In percentage

<table>
<thead>
<tr>
<th></th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>20.9%</td>
<td>19.1%</td>
<td>18.2%</td>
<td>15.3%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Focus on diversifying customers’ funds, increasing off-balance sheet savings products

Customer funds structure
3Q2013 (Euros in billion)

<table>
<thead>
<tr>
<th></th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>247</td>
<td>21%</td>
<td>68%</td>
<td>25%</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>238</td>
<td>79%</td>
<td>32%</td>
<td>75%</td>
<td>82%</td>
<td>85%</td>
</tr>
<tr>
<td>209</td>
<td>75%</td>
<td>25%</td>
<td></td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>115</td>
<td>15%</td>
<td></td>
<td>82%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>96</td>
<td></td>
<td>15%</td>
<td></td>
<td>85%</td>
<td>78%</td>
</tr>
<tr>
<td>34</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Peers include Bankinter, BBVA, CaixaBank, Popular and Santander
Source: Quarterly company reports

90% of the market has an insurance with banks and insurance companies

Source: FRS Inmark: “Comportamiento financiero de los particulares en España-2013”, (12,000 polls)
In short, the aim is to extract value from the domestic business: profitability and growth

1. **Increasing customer profitability**

   **NII + Fees**

   - Existing customers: $x1.28$
   - New customers: $x1.38 \times x1.10$

   - Existing customers: $\times 20$
   - New customers: $\times 15$

2. **Customer growth**

   **BS overall market share**

   - 2013: 7.6%
   - 2016e: 9.3%

   - **Weighted market share**

     | Weighted market share          | Weight |
     |--------------------------------|--------|
     | Lending ex-NPL’s               | 20     |
     | Productive Activities\(^1\)   | 15     |
     | Households                     | 5      |
     | Liabilities                    | 20     |
     | Deposits\(^2\)                 | 5      |
     | Mutual Funds\(^3\)             | 10     |
     | Pension Funds + Life-savings   | 5      |
     | insurances                     |        |
     | Customer Relationship          | 35     |
     | Sight dep.\(^4\)              | 15     |
     | Purchases with BS cards        | 5      |
     | Volume at BS card PoS          | 5      |
     | Transactionality banking       | 10     |
     | International                  | 15     |
     | Total Export\(^5\)             | 15     |
     | Insurances                     | 10     |
     | Life + Home                    | 10     |

---

1. Non-financial Corporations + Individual entrepreneurs excluding Real State activities
2. Sight + term + repos (Households + Non-financial Corporations)
3. National Financial Funds
4. Households + Non-financial Corporations
5. Excluding warrants
The internationalisation is and will be a key factor to the growth of the economy …

Significant increase in the number of Spanish exporting companies during the crisis (c. 46,200)

Exporting companies (in thousands)

... and more than 40% of the exporting companies are from our core regions (Catalonia and East)

BS market shares

Export letter of credit

<table>
<thead>
<tr>
<th>Month</th>
<th>Share</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN 11</td>
<td>22.59%</td>
<td>+214 p.b.</td>
</tr>
<tr>
<td>DEC 13</td>
<td>24.73%</td>
<td></td>
</tr>
</tbody>
</table>

Exports (without guarantees)

<table>
<thead>
<tr>
<th>Month</th>
<th>Share</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN 11</td>
<td>7.13%</td>
<td>+299 p.b.</td>
</tr>
<tr>
<td>DEC 13</td>
<td>10.12%</td>
<td></td>
</tr>
</tbody>
</table>
... so strengthening the international business is a priority for us ...

Our aim is to strengthen our leadership and deepen our customer relationships beyond the scope of exporting

Evolution of the customer needs in its internationalisation process

- Optimising the customer base of exporters
- Managing the customers according to their needs
- Adapting the products and services offer to the customer stage of internationalisation and to the type of company
- Always increasing the range of transactionality products

Target: International business commercial margin Total Group (BS + International Financial Institutions)

x 1.26
... as well as improving the value proposal in private banking

Strengthened by across the board initiatives

- Multiproduct strategy by segment
- Investment orientation model
- On-line transactionality
- Sabadell Markets
- Portfolio Advice according to the MIFID profile
- Investment advice model

Private Banking Plan.
- Customer funds: x 1.2
- SICAV’s Market share: x 1.2
- NII + Fees: x 1.4

Focus on Mutual Funds.
- AuM: x 2.15
- Market share: x 2.3
- Fees: x 1.9

Increase in security trading business
- Security trading revenues: x 1.6
**Summarising the commercial banking plans**

**NII + FEES:** Increasing the revenues per client, brand and manager

<table>
<thead>
<tr>
<th>CUSTOMER</th>
<th>PRODUCT</th>
<th>REGION</th>
<th>SKILLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing the profitability of the customer base:</td>
<td>• Fee products:</td>
<td>• Tailor-made plans for different regions</td>
<td>• Focus on:</td>
</tr>
<tr>
<td>➢ Increasing the links with the customers: be their main bank</td>
<td>➢ Insurance</td>
<td>➢ Extracting revenue synergies from the integrated businesses</td>
<td>➢ Increasing sales per manager</td>
</tr>
<tr>
<td>➢ Improve the saving profile of the personal banking customers</td>
<td>➢ Off-balance sheet funds</td>
<td>➢ Focusing growth vs. profitability depending on the region</td>
<td>➢ Increasing sales per channel</td>
</tr>
<tr>
<td>➢ Increase market share in companies</td>
<td>➢ International business</td>
<td></td>
<td>➢ Increasing profitability of the brands</td>
</tr>
<tr>
<td>➢ Tailored-made management</td>
<td>• Loans to customers and consumer finance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Positioning based in:**
- Confidence and quality
- Publicity
- Customer experience in the different channels

**Customer relationship model**

**Commercial development program**

**Centralised management Multichannel**

**Simplifying the mass markets management**

**Execution plans**

**SIMPLIFICATION**
3. Balance sheet normalisation
Balance sheet normalisation:
NPLs and real estate assets

2013: end of Crea
• Inflection point in non-performing assets
• Solid real estate commercial platform

Economic recovery
• Customers’ cash flows
• Real estate assets’ liquidity and value

Triple
• NPL reduction
• Disposal of real estate assets
Several initiatives launched or tested in 2013…

... with positive results, and improving with economic recovery

**NPL reduction:**
New model to attack non-performing loans

<table>
<thead>
<tr>
<th>Reduction of entries</th>
<th>Accelerate recoveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>New repayment and workout model for individuals</td>
<td>Distressed credit specialists for companies</td>
</tr>
<tr>
<td>Real estate sale support to our debtors through Solvia</td>
<td>Industrialization of mortgage resolution model</td>
</tr>
</tbody>
</table>

NPL recoveries exceed entries already in 2014
Example: Individuals’ workout and recovery model

<table>
<thead>
<tr>
<th>Overdue loans &amp; alerts</th>
<th>NPLs &amp; Litigious</th>
</tr>
</thead>
<tbody>
<tr>
<td>D+0 or alerts</td>
<td>D+90</td>
</tr>
<tr>
<td>Workout specialists</td>
<td>Recovery unit</td>
</tr>
<tr>
<td>• Repayment specialists</td>
<td>• Specialized recovery unit</td>
</tr>
<tr>
<td>• Decentralized units</td>
<td>• Centralized</td>
</tr>
<tr>
<td>• Objectives &amp; incentives to the network</td>
<td>• New processes:</td>
</tr>
<tr>
<td>• Defined processes</td>
<td>– Friendly negotiation (even if litigation has started)</td>
</tr>
<tr>
<td></td>
<td>– New payment channels</td>
</tr>
</tbody>
</table>

Anticipation Accelerate recovery

New structure is configured and running since 4Q13
NPL reduction: New workout model for individuals: prevention

Prevention: *Anticipa-T* (overdue or with alerts)

*Examples of individual and small businesses campaigns*¹
(15,000 to 18,000 customers per campaign)

| % of clients with positive results |
| Nov 13 | 83% |
| Dec 13 | 86% |
| Jan 14 | 84% |

Positive result means:
- Regularisation (full or partial)
- Payment plans

¹ Customers with overdue balances or alerts
NPL reduction: New recovery model for individuals: resolution

Resolution: *Recupera-T* (litigious NPLs)

*Campaign example (individuals)*
(≈11,000 customers per campaign)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% customers contacted</td>
<td>27%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Of litigious customers contacted, ~80% show willingness and ability to pay

- Ability to contact clients is key: initiatives in place to improve contact
- Good receptivity from customers contacted:
  - Willingness and ability to make payments
  - We have enabled new payment channels (web, etc.)

---

1) Customers with overdue balances or alerts
2) Of those customers contacted
NPL reduction: What will Triple deliver

NPL reduction starts in 2014

$\downarrow$ €10bn in NPLs throughout the plan
Real Estate
Real Estate market at a turning point

Transaction level stabilised

Prices moving towards stabilisation

Source: Ministerio de Fomento

• Slight recovery in 2012, due to fiscal changes
• Geographic differences

• Accumulated house price correction 30% – 40%
• Price hikes in some geographies
Real Estate
Above market performance

Solvia’s sales
In units

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6,903</td>
</tr>
<tr>
<td>2012</td>
<td>13,777</td>
</tr>
<tr>
<td>2013</td>
<td>18,501</td>
</tr>
</tbody>
</table>

Significant differences among real estate players

BS portfolio well positioned

>86% of our finished properties along the Mediterranean and in Madrid

# homes over total

- < 1%
- ≥1% - <2%
- ≥2% - <5%
- ≥5% - <10%
- ≥10%
# Real Estate

**B. Sabadell has anticipated the market**

<table>
<thead>
<tr>
<th>Market</th>
<th>B. Sabadell</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Moderation in house price fall</td>
<td>• Prices hikes in more than 450 properties in 2013</td>
</tr>
<tr>
<td>- Change in price expectations</td>
<td>- Property auctions: average price increase of 16% (selling price vs published price)</td>
</tr>
<tr>
<td>- Price hikes in some regions</td>
<td></td>
</tr>
<tr>
<td>• Stock reduction and transaction recovery in some regions</td>
<td>• Programs to develop assets with high commercial potential</td>
</tr>
<tr>
<td></td>
<td>- Land sales</td>
</tr>
<tr>
<td></td>
<td>• &gt;€90M sales of land in 2013</td>
</tr>
<tr>
<td></td>
<td>• 48 promotions under development</td>
</tr>
</tbody>
</table>

**B. Sabadell: preemptive move in a changing market**
Real Estate
Creation of a top performing real estate company

Solvia Imobiliaria

- Leading real estate web
- Local servicing:
  - Own network
  - Top performing realtors
- Superior commercial processes
- Advanced pricing models
- International channel

Home transactions market share

% of BS sales over market transactions by banks and developers

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4.5%</td>
</tr>
<tr>
<td>2012</td>
<td>9.0%</td>
</tr>
<tr>
<td>3Q13</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

Sales (units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>(full year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6,903</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>13,777</td>
<td></td>
</tr>
<tr>
<td>3Q13</td>
<td>10,457</td>
<td>18,501</td>
</tr>
</tbody>
</table>

1) Estimate. Sabadell sales over total dwelling transactions in Spain, excluding sales between individuals and purchases by banks
2) Includes B. CAM sales for full/ year
Source: Ministerio de Fomento

Market share x 2.7
Real Estate
Development capabilities

- Development capabilities
  - Land planning
  - Architecture
  - Project management
  - Construction manager

- Currently 1,429 residential units under development

- €123.5 M investment expected through Plan Triple

- In 2013 examples
  - Playa San Juan
    - 80 apartments
    - Prices between €120,000 - €190,000
    - Foreign and domestic demand
    - Occupation expected in 1H2014
    - 100% sold under construction
  - Polop (Alicante)
    - 58 townhouses
    - Prices between €95,000 - €180,000
    - In 2 months, 95% sold under construction

In 2013, we have started to sell under construction where demand is picking-up
Real Estate

Triple new initiatives

Leveraging…

• Real estate market inflection

• Our own capabilities
  – Asset management division
  – Top real estate company

New initiatives

Sales

• Real estate as an investment product for individuals

• Solvia: real estate servicer

• Increase institutional sales

Transformation and value

• Land transformation:
  – For investors
  – For retail sales

• Properties to rent

▼€5bn problematic assets
Balance sheet normalisation:
Key targets

Triple

NPL reduction
• NPLs reduction starts in 2014
• ▼€10bn in NPLs

Disposal of real estate assets
• ▼€5bn problematic assets
4. Developing new productivity drivers
Optima and Crea: improvements in productivity

Efficient platform for growth...

...and better performance than competitors

Base 100 = 2006

1) Peer Group includes: Santander Spain, BBVA Spain, Popular, Bankinter and Caixabank
2) Credit, deposits and off-balance sheet customer resources
3) Includes Personal and Administration expenses. For BS estimate for 2013 including full year acquisitions. Excluding restructuring costs for Caixabank
4) Employees post-synergies

Source: Annual reports
Technological superiority and innovation

- **Fully virtualised platform in private cloud**
- **Top service ATMs network**
- **Customer service: 24 x 7** (combining digital & human touch)
- **~48% of individuals access through mobile terminals**

**Pioneers in innovation**

- **Top 5 in financial applications downloads in Spain**
- **Instant Money** Sending money to mobile phone (single use PIN code)
- **Best Ibex 35 company¹ in Social Networks**

¹ Study made by Alianzo Consulting – October 2013
Productivity challenge of Triple

- Efficient platform for growth

**Triple**

- Extract more value from our customer base
  - Without increasing resources
  - Maintaining quality

- NII + fees \( \times 1.6 \)
- Expenses \( \times 1.1 \)
- Employees and branches \( \times <1 \)
Need to transform our model

In the past

- Extracted tasks from branches
- Moved transactions to channels and to factories
- More capacity to sell

Our challenge

- Multiply sales opportunities
- Select opportunities with higher sales effectiveness
- Customer knowledge

Instant Banking
Customised, accessible, simple, functional and ultraconvenient bank keeping human touch
New Instant Banking Model

- **Relationship Manager**
  - Customer insight
  - Propositive commercial systems (increase touch points)
  - Automated management of sales opportunities

- **Customer**
  - 100% digital
  - Customised
  - Simple
  - Speed/responsiveness
  - Improved experience

**Operations**
- Fully automated processes
- Operational control
- Real time data management

**Consistent space for digital or physical relationship**

- Branch
  - Support Center
  - Telephone assistance
  - Videoconference

- Other channels
  - Electronic/mobile Banking
  - Other channels
# Instant banking model features

<table>
<thead>
<tr>
<th>Monochannel relationship model</th>
<th>100% digital and customised</th>
<th>Less intensive footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationship Manager:</strong></td>
<td><strong>Use of superior customer</strong></td>
<td><strong>Fewer branches,</strong> different types. Examples:</td>
</tr>
<tr>
<td>access through any channel</td>
<td>knowledge** for instant customisation and higher commercial effectiveness</td>
<td>– <strong>Flagship branches:</strong> customer experience</td>
</tr>
<tr>
<td>– Accessibility</td>
<td>– Real time data gathering and processing</td>
<td>– <strong>Service points</strong> (express branches)</td>
</tr>
<tr>
<td>– Convenience</td>
<td>– Commercial tools</td>
<td></td>
</tr>
<tr>
<td>– <strong>Human touch</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Diagram:**
- Customer
  - Physical branches
  - Telephone banking
  - Online channels
  - Relationship Manager
Instant Banking will be deployed initially in key growth areas

Plan Madrid

- Multiply commercial activity and increase sales effectiveness
- Some key elements:
  - **New branch formats**: flagship branches
  - **Remote Relationship Managers**
  - **Centralised customer management** (business intelligence)
  - **100% digital** sales and service
Developing new productivity drivers: "Triple Aspiration"

- **Model transformation**
  - Income growth
  - Without increase in resources
  - Maintaining high level of quality

- **NII + Fees per employee:**

  ▲50% In three years

**Graph:**
- **NII + Fees**
- **Employees**
- **Branches**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
<th>Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>100</td>
<td>Base 100</td>
</tr>
<tr>
<td>2014</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>90</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>90</td>
<td>158</td>
</tr>
</tbody>
</table>
5. International footprint
Sowing the seeds of future growth

Internationalisation

Developing the multinational platform of corporate management

- Multinational corporate governance and structure
- International operating model

Entering new markets

- Mexico project
Growing opportunities outside of Spain

- **New banking concept**
  - In relationships
  - More digital and less capillary

- In a market with room to grow and capacity to gain scale

- Leveraging the advantages of our abilities and platform

We are gaining the opportunity to grow in more countries, organically and inorganically
6. Talent and HR
Investing in future talent

- Planning, identification and management of the talent
- **Professional development**: internal selection, career and succession

- Working together with the employees in the process of transformation of his functions
- **Culture, change and principles**

- **Personnel management** by segment
- Managing model of **professional development**
- **Working flexibility** and extension of working life
7. Financials
Room for improvement following the integration of recent acquisitions

Gross loans and advances ex repos
Euros in million

M&A activity complicates comparison
Improving trend in NII in an environment with a flattened yield curve

2013 Net interest income evolution
Euros in million

<table>
<thead>
<tr>
<th>Dec 2012</th>
<th>Avg Deposit Cost Increase</th>
<th>-465</th>
<th>-2.9% YoY</th>
<th>Eur 3M &amp; Eur 12M decrease</th>
<th>-320</th>
<th>+210</th>
<th>ALCO Portfolio increase</th>
<th>-320</th>
<th>+522</th>
<th>NII troughed in 2Q13</th>
<th>Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,868</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,815</td>
</tr>
</tbody>
</table>

Euribor 3 Month Evolution
In %

Euribor 12 Month Evolution
In %
SMEs have upside potential as a result of their improved operational leverage

Internal transfer price evolution
Loans and Working Capital (in %)

Euribor 3M and 12M Evolution
In %

Adjusting asset prices by increasing spreads while maintaining the customer’s financial burden

Following a process of cost reduction, companies and SME’s have strengthened their operational leverage
### Better macro environment

<table>
<thead>
<tr>
<th>Year end data</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP (annual variation in %)</strong></td>
<td>-1.6</td>
<td>-1.2</td>
<td>1.0</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Unemployment rate (%)</strong></td>
<td>25.0</td>
<td>26.4</td>
<td>25.4</td>
<td>24.3</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>HICP (annual variation in %)</strong></td>
<td>2.4</td>
<td>1.5</td>
<td>1.1</td>
<td>1.7</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>General Government Balance (% GDP)</strong></td>
<td>-6.8</td>
<td>-6.5*</td>
<td>-5.8</td>
<td>-4.2</td>
<td>-2.8</td>
</tr>
<tr>
<td><strong>Public Debt (%)</strong></td>
<td>86.0</td>
<td>94.9*</td>
<td>99.9</td>
<td>102.3</td>
<td>102.1</td>
</tr>
<tr>
<td><strong>Current Account Balance (% GDP)</strong></td>
<td>-1.1</td>
<td>1.3*</td>
<td>1.7</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Gross loans excluding NPLs (yoy %)</strong></td>
<td>-7.9</td>
<td>-15.2*</td>
<td>-4.5</td>
<td>0.0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Household and non-financial companies (yoy %)</strong></td>
<td>-0.2</td>
<td>4.5</td>
<td>3.5</td>
<td>3.5</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>ECB rates (%)</strong></td>
<td>0.75</td>
<td>0.25</td>
<td>0.25</td>
<td>0.50</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Euribor 3 months (average)</strong></td>
<td>0.57</td>
<td>0.22</td>
<td>0.34</td>
<td>0.55</td>
<td>1.27</td>
</tr>
<tr>
<td><strong>Euribor 12 months (average)</strong></td>
<td>1.11</td>
<td>0.54</td>
<td>0.64</td>
<td>0.87</td>
<td>1.61</td>
</tr>
<tr>
<td><strong>Spain 10 year risk premium (bps.)</strong></td>
<td>395</td>
<td>222</td>
<td>150</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td><strong>EUR/USD exchange rate</strong></td>
<td>1.32</td>
<td>1.37</td>
<td>1.30</td>
<td>1.25</td>
<td>1.25</td>
</tr>
</tbody>
</table>

*BS estimates
Source: INE, Bank of Spain, Bloomberg and Banco Sabadell
We are facing a more favourable market situation

- Closing a vicious circle and starting a virtuous circle
- The change in trend is slow but clear

Higher investing interest

Financial Sector
- Higher coverage ratio
- Improved capital levels
- Lower NPLs
- More liquidity
- Peaked regulatory pressure

Spanish economy
- External sector improvements
- Softening EU Deficit targets
- Economic Growth
  (GDP 2014e: +1%)
- End of employment destruction
- RE sector stabilisation
Focus and capabilities within Banco Sabadell

- **Strong capital level** (taking advantage of economic recovery)
- Need to turn acquired businesses **into profitable**
- Capacity adjustments to improve efficiency levels
- Maintaining service quality leadership
- Capacity to integrate entities

Macro Environment

- Though economy remains relatively **vulnerable to potential shocks** ...
- ... **external sector** is a basic support for the Spanish economy

New Business Plan 2014 - 2016

- Transformation
- Profitability
- Internationalisation

Financial System

- Sector **restructuring** is in an advanced phase
- A new **cost/income relationship** model

Banking model evolution

- Increase number of customers through channel preference, opening hours and different relationship model than the current one
- In an environment where banking trust has deteriorated, **personal relationship is still key**
The new Business Plan will focus in selective growth, increasing profitability, reducing at the same time problematic assets and improving efficiency levels.

<table>
<thead>
<tr>
<th>Key data</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Profit</td>
<td>€1bn</td>
</tr>
<tr>
<td>ROTE 2016</td>
<td>12%</td>
</tr>
<tr>
<td>Efficiency ratio 2016</td>
<td>40%</td>
</tr>
<tr>
<td>Loan-to-deposits 2016</td>
<td>100%</td>
</tr>
<tr>
<td>Credit Growth (CAGR ‘13-’16)</td>
<td>1%</td>
</tr>
</tbody>
</table>
Capital level compares well with other Spanish banks

**Basel 3 fully loaded capital ratios comparison**
2013 reported data, in percentage

<table>
<thead>
<tr>
<th>Bank</th>
<th>Phase-in Fully Loaded</th>
<th>Phased-in</th>
<th>Fully Loaded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sabadell</td>
<td>10.1%</td>
<td></td>
<td>11.9%</td>
</tr>
<tr>
<td>Santander</td>
<td>9.0%</td>
<td></td>
<td>11.2%</td>
</tr>
<tr>
<td>BBVA</td>
<td>9.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Popular</td>
<td>10.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CaixaBank</td>
<td>11.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sabadell 2016e Basel III CRDIV capital ratios**
Main prospects for assets and liabilities

- **Outstanding loans**: deleverage trend continues in 2014. In 2015 increases slightly, and grows ~4% in 2016. Cagr > +1%
- **Customer deposits**: growth higher than €10bn between 2013 and 2016 (cagr ~ 4%)
- **Loan-to-deposits**: declining to 100% in 2016
- **Commercial GAP**: positive through next three years. c.+€15,000M
- **Off balance sheet**: increase of c.€8bn (cagr ~ 10%)
### Lending by business units and products

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail and Corporate Banking</strong></td>
<td>83.6</td>
<td>82.8</td>
<td>82.9</td>
<td>85.5</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td>49.7</td>
<td>47.2</td>
<td>44.8</td>
<td>42.9</td>
</tr>
<tr>
<td>Loans and Credits</td>
<td>25.1</td>
<td>26.0</td>
<td>27.2</td>
<td>29.5</td>
</tr>
<tr>
<td>Leasing &amp; Renting</td>
<td>2.3</td>
<td>2.3</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Working Capital</td>
<td>6.5</td>
<td>7.2</td>
<td>8.5</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Asset Management Division</strong></td>
<td>7.6</td>
<td>6.6</td>
<td>6.3</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Subsidiaries and other</strong></td>
<td>9.2</td>
<td>10.0</td>
<td>10.7</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Total Gross Loans ex NPLs</strong></td>
<td>100.3</td>
<td>99.4</td>
<td>99.9</td>
<td>103.3</td>
</tr>
<tr>
<td><strong>NPLs</strong></td>
<td>24.4</td>
<td>21.6</td>
<td>18.3</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Total Gross Loans</strong></td>
<td>124.7</td>
<td>121.0</td>
<td>118.2</td>
<td>117.7</td>
</tr>
</tbody>
</table>

Focus on growth in SMEs and companies, offsetting mortgage book deleverage.
## Customer funds by business units and products

<table>
<thead>
<tr>
<th>Euros in billion</th>
<th>2013</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet funds</strong></td>
<td>94.5</td>
<td>97.0</td>
<td>99.2</td>
<td>103.8</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sight Deposits</td>
<td>30.8</td>
<td>33.8</td>
<td>35.6</td>
<td>38.3</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>51.3</td>
<td>52.9</td>
<td>53.7</td>
<td>55.5</td>
</tr>
<tr>
<td>Subsidiaries and others</td>
<td>12.4</td>
<td>10.4</td>
<td>9.9</td>
<td>10.1</td>
</tr>
<tr>
<td><strong>Off Balance Sheet funds</strong></td>
<td>25.4</td>
<td>27.6</td>
<td>30.1</td>
<td>33.5</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>8.6</td>
<td>11.4</td>
<td>13.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Pension funds</td>
<td>3.7</td>
<td>3.5</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Third party insurance</td>
<td>7.3</td>
<td>6.3</td>
<td>6.0</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td>119.9</td>
<td>124.6</td>
<td>129.3</td>
<td>137.3</td>
</tr>
</tbody>
</table>

Commercial effort in gathering resources will involve all business units mainly recent acquired businesses.

New trend in gathering higher margin products will complement increase in deposits.
## Yields on loans and deposits

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgages</strong></td>
<td>2.9</td>
<td>2.5</td>
<td>2.5</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>3.7</td>
<td>3.5</td>
<td>3.9</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Credits</strong></td>
<td>4.7</td>
<td>4.6</td>
<td>4.9</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Leasing</strong></td>
<td>3.1</td>
<td>2.9</td>
<td>3.4</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Renting</strong></td>
<td>6.7</td>
<td>7.6</td>
<td>8.3</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Confirming</strong></td>
<td>4.5</td>
<td>4.0</td>
<td>4.3</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Gross Loans Yield</strong></td>
<td>3.6</td>
<td>3.4</td>
<td>3.7</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Sight Deposits</strong></td>
<td>-0.5</td>
<td>-0.4</td>
<td>-0.4</td>
<td>-0.4</td>
</tr>
<tr>
<td><strong>Term Deposits</strong></td>
<td>-3.0</td>
<td>-2.0</td>
<td>-1.7</td>
<td>-1.8</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>-1.3</td>
<td>-1.7</td>
<td>-1.8</td>
<td>-2.0</td>
</tr>
<tr>
<td><strong>Customer Funds Yield</strong></td>
<td>-1.9</td>
<td>-1.4</td>
<td>-1.2</td>
<td>-1.3</td>
</tr>
<tr>
<td><strong>Customer Spread</strong></td>
<td>1.7</td>
<td>2.0</td>
<td>2.4</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Net Interest Margin</strong></td>
<td>1.2</td>
<td>1.3</td>
<td>1.6</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**Volume growth will be accompanied by pricing management**
Quality of revenues improvement is sustainable throughout the plan

2014 Expected Net interest income evolution
Euros in million

The ALCO portfolio decrease is more than offset by the term deposit repricing.

This deposit repricing will be followed by higher asset yields in the coming years
Credit portfolio rotation

Repriced loans quarterly evolution
Euros in million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>11,568</td>
<td>10,117</td>
<td>8,717</td>
<td>11,066</td>
</tr>
</tbody>
</table>

Working capital
Quarterly new entries. Euros in million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>4,919</td>
<td>5,652</td>
<td>5,345</td>
<td>6,091</td>
</tr>
</tbody>
</table>

Funding
Quarterly renewals and new entries. Euros in million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>5,057</td>
<td>3,255</td>
<td>2,451</td>
<td>3,847</td>
</tr>
</tbody>
</table>

Credits
Quarterly renewals and new entries. Euros in million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1,582</td>
<td>1,271</td>
<td>920</td>
<td>1,128</td>
</tr>
</tbody>
</table>
Banco Sabadell targets

**Net interest margin**
In %

- 2012: 1.21%
- 2013: 1.17%
- 2016 target: 1.76%

**Efficiency ratio**
In %

- 2012: 51.1%
- 2013: 47.6%
- 2016 target: 40.0%

**Commissions**
Euros in million

- 2012: 629
- 2013: 760
- 2016 target: 1,000

**Net profit**
Euros in million

- 2012: 82
- 2013: 248
- 2016 target: 1,000
8. Closing remarks
Banco Sabadell market cap evolution

Euros in million

The chart shows the evolution of Banco Sabadell's market capitalization from 2001 to 2014, with peaks and troughs indicating changes in market sentiment and economic conditions.
Shareholder’s structure

2001  
50,573 shareholders  
- 28.0% Institutional Investors  
- 72.0% Retail Shareholders

2012  
236,774 shareholders  
- 29.0% Institutional Investors  
- 71.0% Retail Shareholders

2013  
262,589 shareholders  
- 38.5% Institutional Investors  
- 61.5% Retail Shareholders

- In 2012 Banco Sabadell increased its shareholders base with the successfully exchange of Banco CAM preference shares.
- In 2013 the institutional investors base significantly increased.
Launch of the new business plan 2014-2016

The new business plan is based on:

- An existing strong commercial platform with a national footprint
- Robust balance sheet with a high coverage ratio and comfortable liquidity position
- Systemic entity prepared to take advantage of any organic growth opportunities
- Good visibility on regulatory requirements on capital
A business plan focused on profitability

**Triple B**

**Transformation**
- Commercial transformation
- Production model transformation
- Balance Sheet transformation

**Profitability**
- Turn into profitable acquired businesses

**Internacionalization**
- Setting the grounds for the Group internacionalization (structure, workforce, etc.)
- Entry in new markets
2014 – 2016 Business Plan Presentation