

Triple Plan



G3 Cornerstones
of the "Triple" Plan

Transformation

Sales
Balance Sheet
Production model

Profitability

Leveraging greater
scale into profit

Internationalisation

Preparing for the group's
international expansion
Entering new markets

In 2014, Banco Sabadell launched its new business plan for 2014-2016, the "Triple" plan, whose aim is to leverage the sound balance sheet and strong sales platform, with a nationwide footprint, to lead the recovery in lending in the medium and long-term (G3).

The first priority of the business plan is to improve profitability. Having taken a huge leap in scale, Banco Sabadell's focus is now on consolidating its domestic business and increasing the profitability of its newly acquired businesses. To do this the Bank has set out two strategies for different regions according to its market position in each one. In the Catalonia and South-east (Valencia and Murcia) regions, the Bank has now reached a suitable scale and its business focus will therefore be on profitability and closing the performance gap in the newly-acquired businesses.

In the rest of the country, the focus is on increasing customer numbers and market share. The Bank also intends to continue improving customer relationships so as to become the customers' banker of choice and to grow its market shares in mutual funds and insurance.

The second key action area for Banco Sabadell has to do with transformation. To this end, it has designed and begun to implement a Transformation Plan with the goal of stepping up our commitment to a long-term relationship with our customers. This involves modifying our current customer-bank relationship model by increasing productivity and efficiency in order to enhance the customer experience.

As for transforming the balance sheet, which consists of reducing NPLs and divesting real estate, the Bank has designed new management programmes which combine early warnings (to avoid loans becoming non-performing) and recovery (accelerating the pace of recoveries). To reduce its real estate holdings, the Bank will continue to leverage the expertise of its asset transformation division and Solvia's leading position, while benefiting from an improving real estate market.

The transformation of the production model includes boosting productivity without impairing the Bank's hallmark quality of service.

The third main focus of the business plan is internationalization, entering new markets. Internationalization

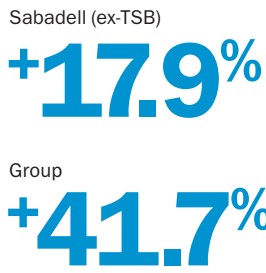
enables Banco Sabadell to leverage its strength and experience in integrating mergers and acquisitions and its information technology know-how. The entry into the UK market through the acquisition of TSB is part of this thrust (more details below).

Triple in 2015

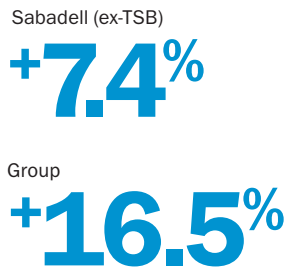
Profitability

Strong net interest margins; we are the bank with the best customer spread performance in Spain. Growth in fees and commissions driven by asset management, reflecting stepped-up commercial activity. Product market shares in Spain are rising while a high level of service quality is being maintained. And the Bank has a sound capital and liquidity position (G4).

Net interest income



Fees and Commissions



ROTE



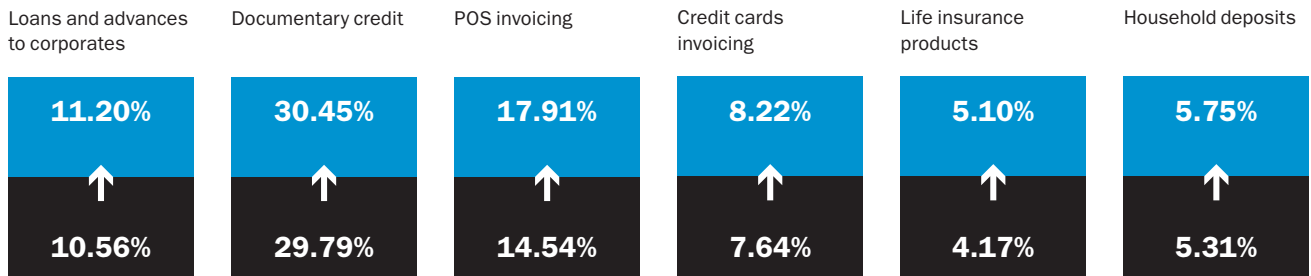
G4

Market shares in Spain

● 2015
● Dec. 2014

Corporate customers

Individual customers



Transformation

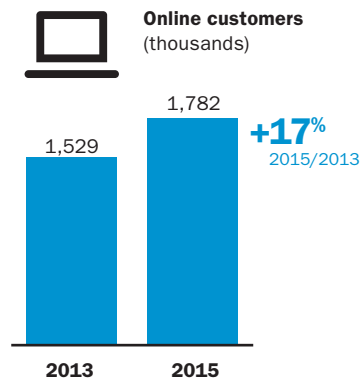
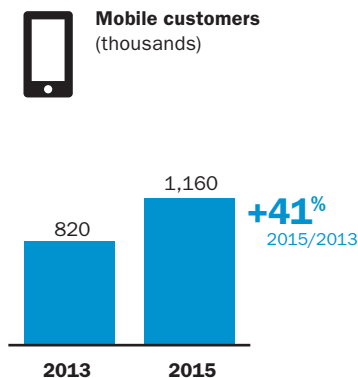
As part of the Sales Transformation, we spearheaded the digital transformation by creating new capabilities and enhancing the customer experience (trust, service delivery, transparency and convenience).

As for the Transformation of the balance sheet, the volume of doubtful assets is falling faster than expected (resulting in an increase in our guidance for 2016), the NPL ratio is down to single digits, and real estate sales are rising.

In the transformation of the production model, efficiency is improving in like-for-like terms.

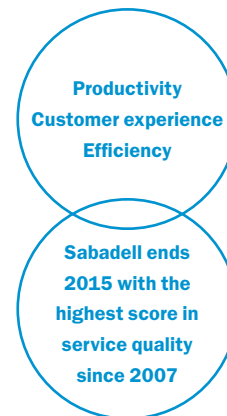
Sales transformation

We have led the digital transformation and improved customers' experience (trust, delivery of service, transparency and convenience).



Transformation Plan

There, wherever you are



The Bank has decided to focus on customer experience as a lever to gain a competitive edge.

Transformation of the balance sheet

Reduction in balance of doubtful assets
(Dec. 2013 – Dec. 2015)

5,500M€
-22.4%

Reduction of problem assets
(Dec. 2013 – Dec. 2015)

4,500M€
-12.8%

Sale of real estate assets
16% more than in the previous year
and with lower discounts

1,902 units

Funds (ex-TSB)
Deposits

+1.9%

MMF

+36.4%

Credit activities
Loans and advances
(ex. non-performing loans and TSB)

+2.1%

Mortgages (new loans ex-TSB)

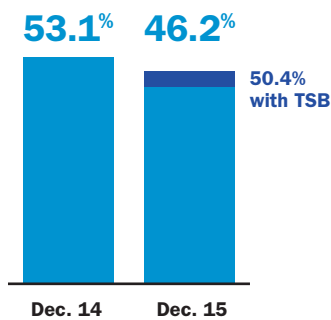
+39%

Reduction in NPL ratio

-4.95%

Transformation of production model

Evolution of cost / income ratio



The Group's cost/income ratio (ex-TSB) stands at 46.2%

The customer changes.
We change.

The world is changing... society, technology and, in particular, customers are changing. The bank therefore has to update its current business model. This involves adjusting the model for our customer relationships by introducing new digital alternatives, improving the sales approach and adapting the branch network to their needs.



Transformation towards the bank of the future

The Banco Sabadell Transformation Plan is an ambitious project, a challenge driving our commitment to maintain a long-term relationship with our customers.

To this end, the existing customer-bank relationship model is being changed by improving productivity and efficiency in order to enhance the customer experience.

7 pillars of transformation

1

Closeness

Our customers should always feel that we are friendly, attentive and, most importantly, available and able to respond to their needs.

Active management and appointments, together with convenient opening hours and easy access to our managers, allow us to advise our customers. By using new tools, the manager can now carry out operations that are normally carried out at a branch wherever the customer wants.

2

Transparency

It is important for us to communicate with our customers in a clear and straightforward way in order to gain their trust.

We are constantly improving and simplifying our contract and procurement documents and creating new documentation sections on the online banking part of our website (such as e-documents), in which documents can be signed and the status of certain transactions can be checked.

3

Flexibility

We must adapt to changing environments and our customers' needs whilst building long-term relationships.

With our proven capacity of integrating different working cultures (sixteen in fourteen years), we are working to make our protocols for the closure of operations more flexible in order to reduce the approval time of mortgage loan requests. We have introduced a Digital signature, adapting the process used in online transactions, which allows customers to operate securely, quickly and easily using the internet.

4

Excellence

A willingness to provide the highest quality of service at all times, through proactiveness and a commitment to exceed customers' expectations, is what will set us apart.

By the Sales Development Plan (which unify the sales approach), the Companies Commitment Plan – *Plan Compromiso Empresas* – (ability to establish, in writing, the financial needs of a company and the commitment to respond to any request for loans or credit within seven working days) and Sabadell Móvil (our newly created mobile app, which has been rated as the best mobile app on the market for the fourth consecutive year, according to Apple Store and Google Play).

5

Simplicity

Products that are easy to understand and to contract. The process for registering new customers has been simplified, with umbrella contracts that allow various products to be activated at the same time (Expansión Account Pack) and that allow customers to maintain the same account, even if they change branches.

6

Trust

The basis of our customer relationships is long-term relationships based on mutual trust and on our ability to foresee their needs and requirements at all times.

New distribution models have been developed in the bank's branch network in order to bring us closer to our customers, creating a stronger bond and consolidating the relationship. The relationship manager will assist the customer and improve their experience, and there will be more specialised managers in Personal Banking to offer a service that is tailored to each customer.

7

Convenience

We want to get to know our customers, understand their needs and how they think in order to give them the best possible answers and become a bank that is truly convenient for them.

The number of customers using remote channels due to their convenience has increased: over 50% of services and products are contracted through Banco Sabadell Online; Sabadell Móvil, our mobile banking app, has a million users.

Internationalisation

The TSB acquisition was a milestone in 2015, enabling Banco Sabadell to improve its risk profile. 32% of performing loans are outside Spain (27% of United Kingdom and 5% in America) (G5).

TSB acquisition

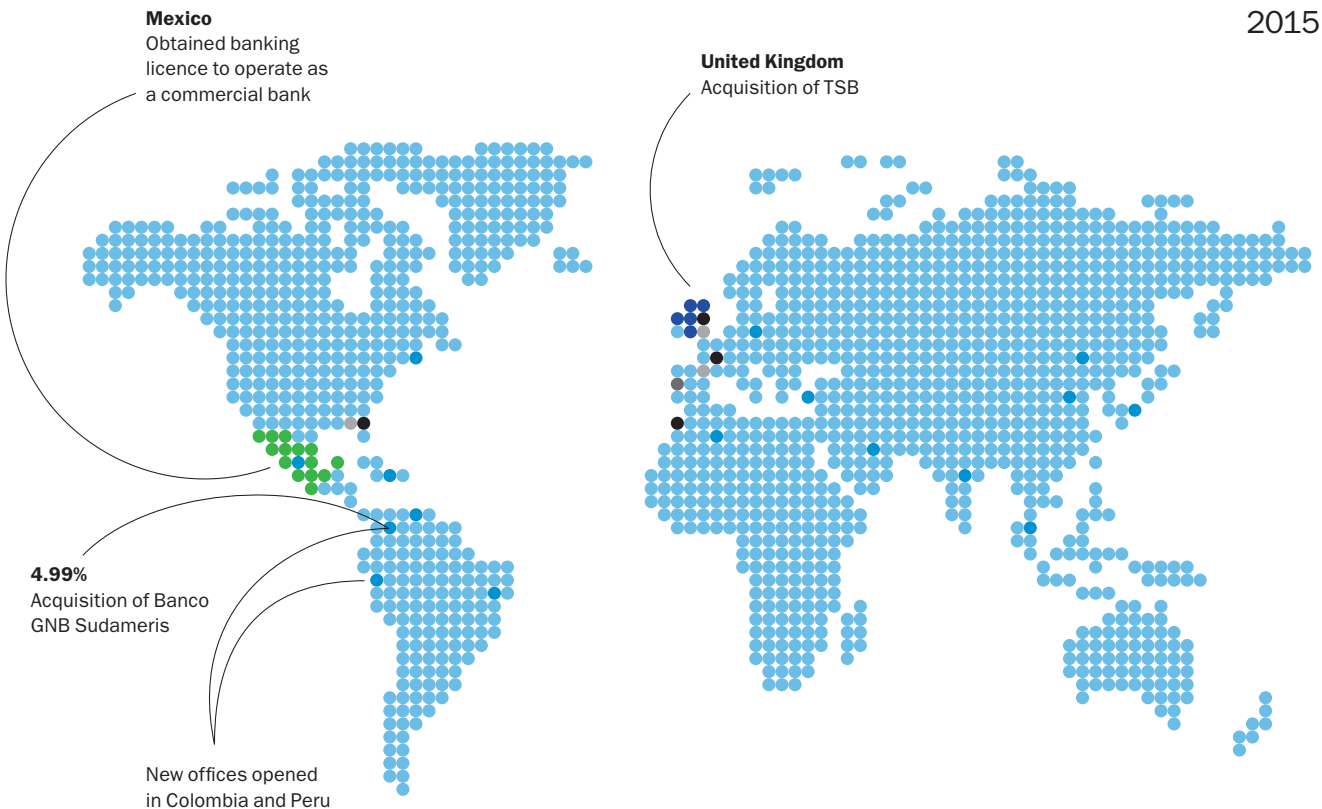
TSB (TSB Banking Group PLC) was acquired by the Banco Sabadell group in June 2015 following a takeover bid. TSB was created to bring more competition to the UK banking market, with a strategy to meet as many of its customers' needs as possible and improve their banking experience.

TSB is focused clearly on retailers and small businesses through a nationwide multi-channel distribution model based on a branch network in England, Scotland and Wales and digital (Internet and mobile) and phone channels.

TSB's broad range of products includes personal current accounts, savings products, mortgages, personal loans, credit cards, loans to companies and insurance products.



G5



TSB is a sound challenger bank and has placed Sabadell in a position for future growth in the UK market.

Key figures in 2015

Contribution to the net interest income of the group in 6 months

540M€

Common Equity TIER 1

17.8%

Net loans and receivables

35,970M€

Millions of customers

4.8

Customer deposits

35,249M€

Rationale of the TSB transaction

International expansion:

In order to continue expanding successfully, where internationalization is a key part of the strategic plan, the acquisition of TSB provides Banco Sabadell with a significant footprint in the United Kingdom, a country outside the Euro area which is at a different stage of the macroeconomic cycle and has interest rates at a different level.

Entrance into the United Kingdom:

An attractive banking market with a stable, well-defined regulatory framework, stable returns and good growth prospects.

The retail and SME segments in the United Kingdom offer attractive growth potential and the management of Banco Sabadell believe this will create opportunities to increase TSB's market share.

TSB franchise:

TSB has a well-defined banking strategy as a retail bank, which is perfectly in line with that of Banco Sabadell. TSB's branch structure is appropriate and offers clear opportunities for organic growth. Additionally, TSB has a strong franchise, a respected brand and a good team of managers and staff.

The Banco Sabadell management team's experience:

May accelerate TSB's strategic and financial development. There is significant scope for revenue synergy by applying our extensive experience and leading position in customer service. Banco Sabadell's high market share among SMEs in Spain, coupled with its international experience, represent a solid source of added value for developing efficient services for SMEs in United Kingdom.

TSB and Banco Sabadell:

We believe that the combination of TSB with Banco Sabadell will create substantial shareholder value. The acquisition is neutral in terms of capital but will be strongly accretive in terms of earnings per share in the medium term.

For more details of the TSB acquisition, see the consolidated financial statements (note 2); for more details of its results, see the section on the United Kingdom in the Group Businesses chapter.