

# Banco Sabadell obtained a bank licence in Mexico.

€ millions

	2014	2015	% 15/14
<b>Net interest income</b>	<b>148.08</b>	<b>216.10</b>	<b>45.9</b>
Fees and commissions (net)	25.72	26.46	2.9
Other income	3.18	2.21	(30.5)
<b>Gross income</b>	<b>176.98</b>	<b>244.77</b>	<b>38.3</b>
Operating expenses	(111.37)	(142.34)	27.8
<b>Operating profit/(loss)</b>	<b>65.61</b>	<b>102.43</b>	<b>56.1</b>
Provisioning expense (net)	3.49	2.94	(15.7)
Impairment losses	(23.00)	(29.15)	26.7
Other profit/(loss)	2.53	4.77	88.5
<b>Profit/(loss) before tax</b>	<b>48.63</b>	<b>80.99</b>	<b>66.5</b>
<b>Ratios (%)</b>			
ROE (profit/average shareholders' equity)	10.8	14.5	
Cost:income (general administrative expenses/gross income)	58.0	54.1	
Loan loss ratio	1.0	0.6	
Loan loss coverage ratio	89.5	142.6	
<b>Business volumes</b>			
Loans and advances	4,942	7,374	49.2
Customer funds	5,478	6,769	23.6
Securities	1,790	1,996	11.5
<b>Other information</b>			
Employees	692	764	10.4
Branches	28	28	—

T9 Sabadell America

The exchange rate used is USD 1.0887 in 2015 and 1.2141 USD in 2014.

## Overview

Banco Sabadell America comprises business units, two banks, an investment firm and several affiliates and representative offices which together provide corporate banking, private banking and commercial banking services. The business is managed from Miami, where Banco Sabadell has had a full international branch (SIB) operational since 1993. It also has a commercial bank, Sabadell United Bank (SUB), serving the south of Florida. In 2012, the Bank opened a representative office in New York, which handles a large part of the Sabadell America structured finance business, and in 2015 it opened representative offices in Colombia and Peru to develop the corporate banking and structured finance business there. In 2014, Sabadell Capital was established in Mexico to develop a portfolio of corporate loans and project finance deals; this business gained in strength in 2015 and it obtained a licence to operate as a bank in Mexico in August 2015.

The Bank works in tandem with the representative offices in Mexico, Colombia, Peru, the Dominican Republic and Venezuela to offer service and support to our customers.

## Key developments in 2015

Under the "Triple" plan's internationalisation thrust, a banking license was obtained in Mexico in August 2015, enabling the Bank to operate there as a commercial bank from early 2016 through Banco Sabadell S.A., Institución de Banca Múltiple. This bank and Sabadell Capital, the multi-purpose finance company (SOFOM) created in 2014, are expanding Sabadell's activities in Mexico. At 2015 year-end, it had arranged USD 1,000 million in funding for large companies and projects.

Representative offices were opened in Peru and Colombia in October 2015.

During 2015, the Bank continued to pursue its aim

of growing its domestic banking operation in the state of Florida through its subsidiary Sabadell United Bank, mainly by developing the associate network and improvements in operating efficiency.

In the United States, Banco Sabadell manages close to USD 17,000 million in business (loans, customer deposits and off-balance sheet customer assets) and has USD 9,400 million in total assets, making it Florida's fourth-largest local bank by total assets (Sabadell Miami branch and Sabadell United Bank combined).

With its current structure, Banco Sabadell is one of the few financial institutions in the area with the capability and experience to provide a full range of banking and financial services, from highly complex and sophisticated products for large corporate clients, including project finance, to products for individual customers and an extensive offering of products and services commonly required by business and professional people and by companies of any size (G4).

### Objectives for 2016

In keeping with the strategy laid down in the “Triple” business plan, the Bank's aim in 2016 is to continue growing in the region in all areas of its current operations and to introduce additional products and services to bring added value to customers.

Through Banco Sabadell Institución de Banco Múltiple, the Bank will enter the business banking business in January 2016 and subsequently address the segment of high net worth individuals, all based on personalised high quality services underpinned by a strong technology component. The bank's goal is to land 100 business banking customers in 2016 and lend over USD 100 million to companies and corporations.

Additionally, it plans to increase sales efforts in Colombia and Peru through the representative offices there.

### Banco Sabadell Miami Branch

At year-end, the Bank's operating branch in Miami had over USD 4,700 million in customer deposits and funds under administration, an increase of 7% over 2014. Lending increased by 59% to USD 3,400 million as the bank met the needs of international corporations by arranging medium- and long-term working capital facilities.

In 2015 Banco Sabadell Miami branch continued to provide finance for projects in the energy and tourism sectors, mainly in the US and Mexico. The Miami branch reported around USD 34 million in net profit.

### Sabadell United Bank

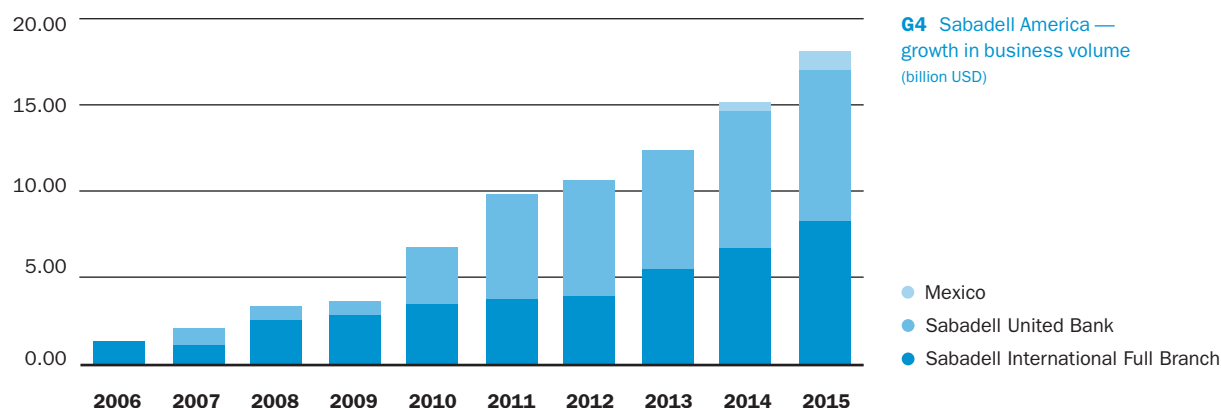
In 2015, Sabadell United Bank made further progress in implementing its operating and sales efficiency drive, with particular emphasis on promoting its mortgage plan to its customer base, boosting sales activity at branches and developing alternative sales and service channels.

At the time of writing, Sabadell United Bank had 27 branches offering services within the state of Florida, mainly in Miami-Dade, Broward and Palm Beach counties but also in the west coast counties of Tampa, Sarasota and Naples. It is the eighth-largest local bank by deposits.

During the year 2015, Sabadell United Bank continued its programme to promote brand awareness among the market segments it serves. The campaign was specifically targeted on professional people and entrepreneurs, as well as high net worth individuals, to whom it provides private banking and wealth management services through its Wealth Management division, Sabadell Bank & Trust.

It also continued to expand its Commercial Real Estate loan portfolio, selecting loans that will contribute to diversifying the loan book and create value for the Bank.

At the end of 2015, Sabadell United Bank had over USD 5,000 million in assets, approximately USD 4,200 million in deposits, and close to USD 3,900 million in loans. It had close to USD 700 million in portfolios under administration, and was serving over 36,000 customers. Sabadell United Bank contributed USD 35 million in net profit to the group in 2015.



## Sabadell Securities

Sabadell Securities USA Inc., an SEC-registered investment advisor, operates as a stockbroker and advisor to securities market investors. The business complements and enhances the Sabadell America strategy.

Sabadell Securities provides investment and wealth management services to commercial banking customers as well as to personal banking, corporate banking and private banking clients. Its business strategy is based on meeting the financial needs of customers by advising them on capital market investments.

Sabadell Securities is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). It uses the services of Pershing LLC, a Bank of New York Mellon subsidiary, for clearing, custodian and administrative services.

## Mexico

Sabadell Capital (a multi-purpose finance company, or SOFOM) gained in strength in 2015. The company's loan book is focused on the infrastructure, energy, industry and tourist sectors.

During the year, lending increased by over 125% to more than USD 1,000 million. In its first full year of operation, Sabadell Capital achieved over USD 5 million in pre-tax profit.

In August 2015, Banco Sabadell Institución de Banca Múltiple obtained a banking licence in Mexico with a view to commencing banking operations in 2016, first by attracting deposits and granting loans to customers who complement and diversify Sabadell Capital's existing business there.

## Asset Transformation

A substantial reduction in problematic assets.  
The reduction in non-performing loans  
is accelerating while assets on the balance  
sheet are improving.

### Overview

The Asset Transformation unit manages the Group's non-performing and real estate exposure across all its businesses, and it sets and implements the strategy with regard to real estate investees, including notably Solvia.

The approach to non-performing and real estate exposure is to develop an asset transformation strategy based on a comprehensive vision of the group's real estate portfolio with the goal of maximising its value.

### Key developments in 2015

The asset transformation strategy from prior years was deepened in 2015 with the main goal of optimizing value, either through management actions to enhance a property's appreciation potential, or divestment, where this is the optimal approach.