

CAM Transaction



December 2011

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1. Transaction and strategic rationale

2. Financial considerations

3. Franchise overview

4. Additional data

1. Transaction and strategic rationale

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- ✓ €5.249 million up front injection in Banco CAM by the FGD*. €2.800 million committed on 22 July, 2011 and an additional €2.449 million before the closing of the transaction
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- ✓ €12.5 bn in liquidity support guarantees by the FROB
-
- ✓ Asset Protection Scheme (APS) provided by the FGD, ring-fencing €24.6 bn out of a total exposure of €60.8 bn

* *Fondo de Garantía de Depósitos* - Spanish equivalent to FDIC.

Strategic rationale

Initial approach to the transaction

A strong franchise in a wealthy area

A well-implemented franchise in a geographical area which has a sizable contribution to Spain's GDP

Existing risk required a neutralising scheme

CAM took excessive risks, most of them in real estate; But the underlying potential of the franchise can be fully developed by a new owner who identifies these risks well and has support schemes to neutralise them

Thorough due diligence process

Banco Sabadell has undertaken a most thorough due diligence process. A 170-strong team over a two month period has identified risks with granularity and precision

Protection scheme

The agreed protection scheme neutralises all the risks. Banco Sabadell focus now is to extract the value from the franchise

Strategic rationale

Market positioning perspective

Top 6 banking group

Combined group among the top six Spanish banking groups with total assets of €166 bn

Significant increase in market share

Loans and deposits market share of 6.2% reaching a total number of clients of 5 million

Cross selling potential

Significant potential to increase cross selling across segments, focused on SMEs and personal banking

In line with CREA targets

Increasing presence in the retail segment in line with CREA strategic business plan

Strong local franchise

Acquiring a commercial network with strong presence in Alicante, Murcia, Valencia and Balearic islands

Improving geographical balance

Despite its nation-wide presence pre-acquisition, Sabadell will improve its geographical balance in terms of business and distribution network

What the transaction brings to Banco Sabadell

Transformational

- ✓ A game changing deal which props up market share in loans and deposits and further balances the domestic franchise. The combined group will rank among the top six Spanish banking groups with total assets of €166 bn

Value enhancing

- ✓ EPS accretive
- ✓ Over €300M of annual synergies
- ✓ Significant reduction of cost of risk
- ✓ Enhanced strategic franchise

Further risk improvement

- ✓ APS covers up to €16.6 bn of additional losses*
- ✓ Scheme neutralises the impact of any loss amount up to 40% of total exposure and covers restructuring costs
- ✓ Allows for a pro-forma Core Tier 1 ratio of 9%, EBA definition

* €16.6 bn is the result of applying an 80% on the APS €24.6 bn perimeter excluding the €3.9 bn existing provisions $16.6 = 80\% * (24.6 - 3.9)$

What Banco Sabadell brings to the transaction

- ✓ Stabilising and strengthening the local franchise

- ✓ Consolidation and restructuring of the financial sector

- ✓ Contribution to the reduction of systemic risk

- ✓ Best practice in management and banking operating platform

- ✓ Outstanding integration capabilities and track record

2. Financial considerations

Capital build-up for the transaction

The new group can generate internally up to €2.1bn of new core capital*

Banco Sabadell will tap the markets with a rights issue of up to €1bn

Pro-forma Core Tier 1 for Banco Sabadell post acquisition will meet 9% EBA criteria

Capital ratios pro-forma as of September 2011:

Core Tier 1 EBA BS + CAM	9.0%
Core BS + CAM	10.2%
Capital principal BS + CAM	9.9%

* Assumes conversion of the group's combined preference shares with full take up.

Asset Protection Scheme structure

✓ Structure of Asset Protection Scheme of €24.6 bn:

€0 – 3.9 bn

100% covered by existing provisions (€3.9 bn)

€3.9 – 24.6 bn

80% of losses are covered by the FGD;
20% is assumed by Banco Sabadell

- ✓ APS perimeter ring-fences all problematic assets
- ✓ The scheme protects the losses to arise after recovery, sale or liquidation of assets within the APS. Settlement between buyer and scheme provider will take place once a year

Asset Protection Scheme breakdown by risk exposure

Assets covered by the Asset Protection Scheme:

Euros in million	Exposure	Provisions
Real Estate development and/or construction purposes (exposures above €100,000)	11,813	1,765
Individuals with mortgage guarantees classified as substandard risk	1,315	124
SMEs and self employed (exceeding €200,000)	4,196	191
Write-offs	360	360
Total credit	17,684	2,440
Real Estate assets and shareholdings in RE companies (1)	6,960	1,442
Total	24,644	3,882

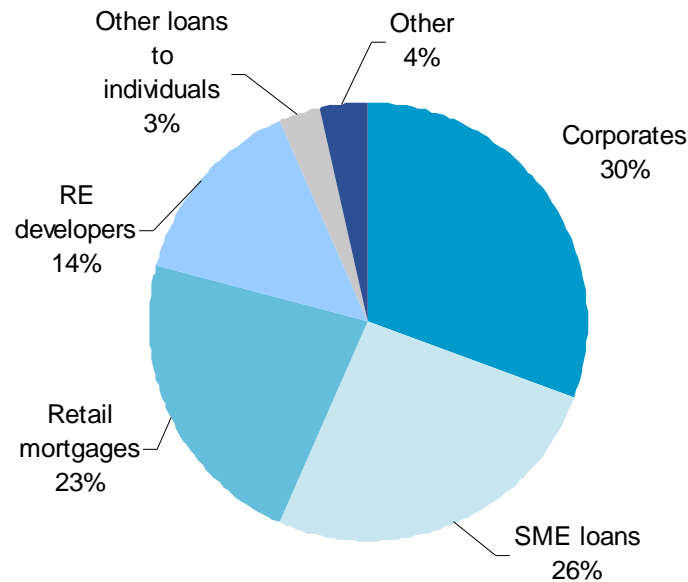
Existing provisions + APS + badwill neutralise the impact of any loss amount up to c.40% of total exposure

Based on exposure per client and not on a transaction basis. Includes all type of credits regardless of purpose or type of guarantee. The scheme protects the losses to arise after recovery, sale or liquidation of assets within the APS.

(1) Real Estate assets and shareholdings in RE companies include all debt and equity financing provided to subsidiaries. APS is defined on a non consolidated basis. Thus, certain assets are booked as credit or loan.

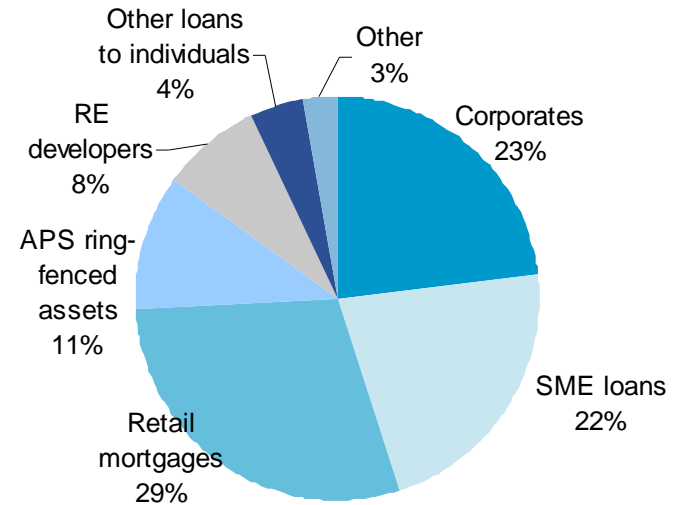
BS current loan book

(June 2011)



pro-forma loan book

(June 2011)



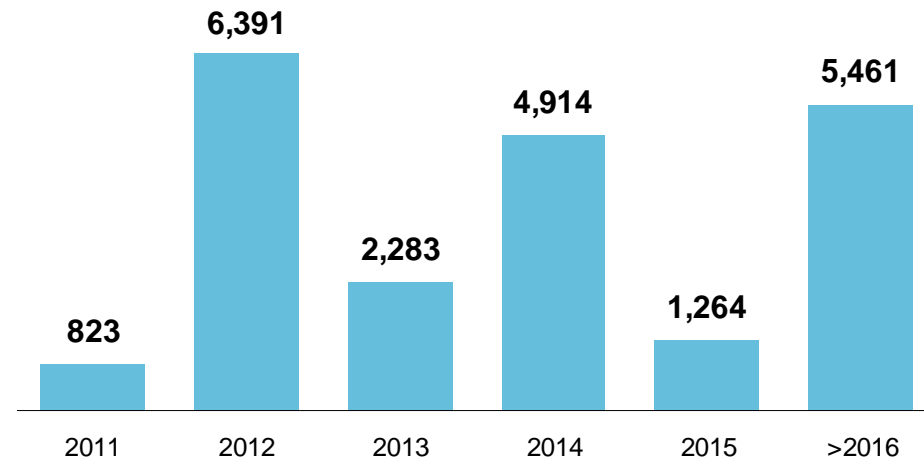
Pro-forma customer segment profile improves balance and contributes to de-risking

- ✓ €4.8 bn liquidity support for Government-guaranteed issues. Should there be no market¹, FROB will provide the loan
- ✓ €7.7 bn guarantee of existing ECB facility. Should existing assets become unpledgeable (due to downgrade or others), FROB would provide replacement assets at the same cost as the ECB
- ✓ The initial cash injection and the APS asset recovery flows will provide additional liquidity

**Total available
liquidity sources:
Up to €34.4 bn²**

**CAM existing
wholesale
funding: €28.8 bn³**

Wholesale funding calendar:



¹ Market is assumed to be open if at least three entities have issued in the last 2 months using government guarantees and at least one of the issues has been larger than the one contemplated by the issuer.

² Includes cash injections, liquidity support guarantees and APS.

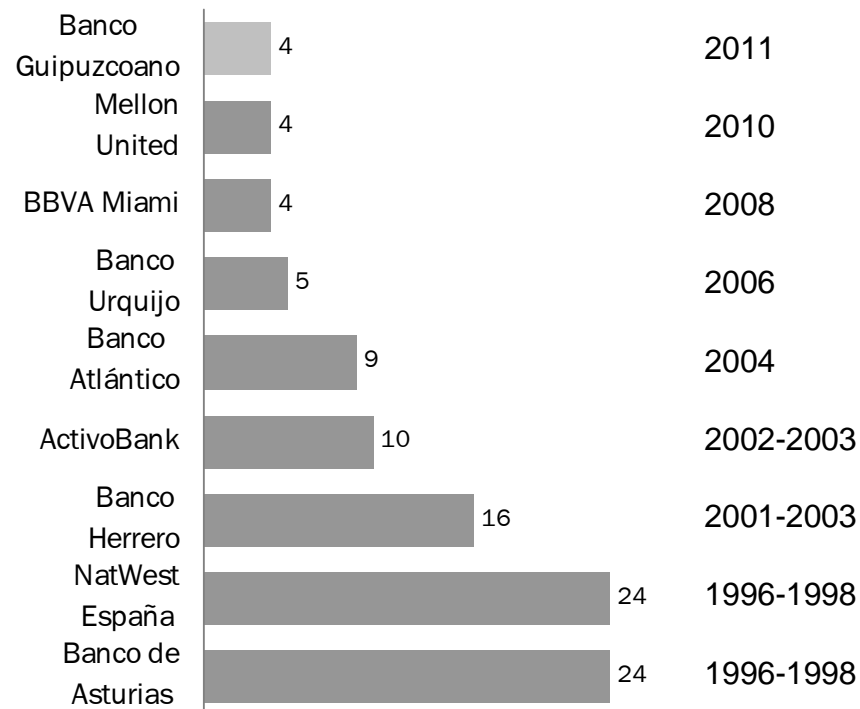
³ Includes € 21.1 bn of wholesale maturities + €7.7 bn of ECB facility.

	2012e	2013e	2014e
Costs synergies	97	184	247
<i>of which:</i>			
Personnel costs	54	102	138
Administrative costs	33	62	83
Amortisation	10	20	26
Revenues synergies	15	46	84
Total Synergies	112	230	331

Net of taxes. Euros in million

Banco Sabadell has a solid integration track-record ...

Number of months of integration



Banco Sabadell's "integration engine" is already set up and running for this transaction; implementation of industrial model has already started

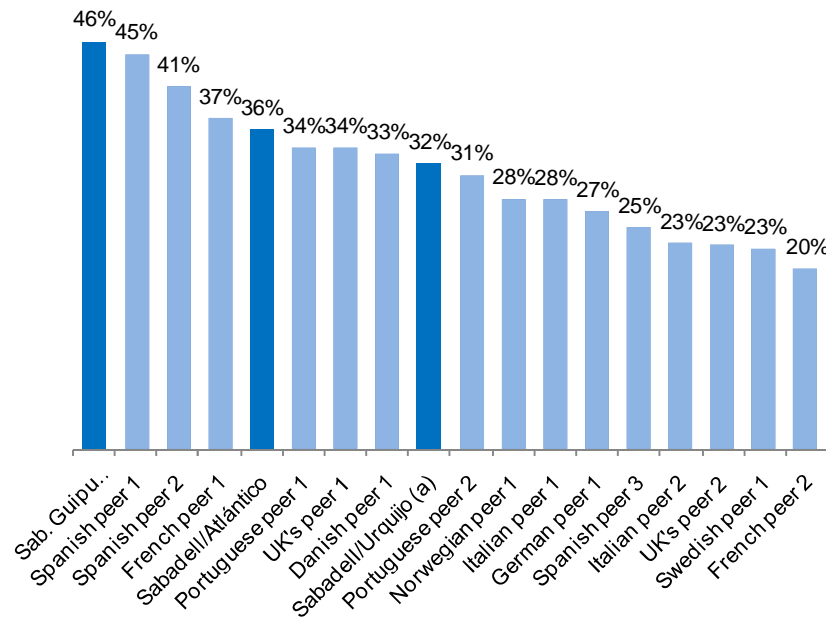
Scheduled integration date is 8th December 2012

"Practice makes perfect"

... delivering value for shareholders

Cost cutting capabilities of Banco Sabadell and its European peers in recent acquisitions / mergers

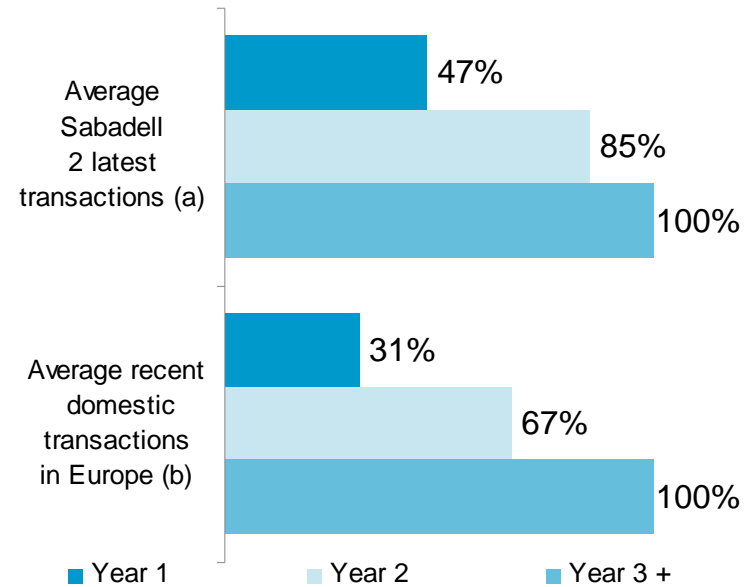
(cost synergies as % of target cost base)



(a) While Guipuzcoano and Atlántico were retail institutions (as is CAM), Banco Urquijo was a private banking entity.

Synergies achievement

(% of accumulated cost savings realisation per year)



(a) Includes acquisitions of Guipuzcoano and Urquijo

(b) Includes Bankia and Banca Cívica integrations, Commerzbank – Dresdner Credit Agricole – Credit Lyonnais, Hypo Real Estate Holding – Depfa Bank, Popular – Pastor, Santander - A&L, Unicredit – Capitalia

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- ✓ Synergies will be driven by the following actions:
 - ✓ Selected branch closures
 - ✓ Implementation of workforce efficiencies in line with Banco Sabadell's best practice
 - ✓ Creation of a new CAR (Regional Administrative Center) in Eastern Spain
 - ✓ Application of the operational model of Banco Sabadell in CAM's network (20% more efficient in the use of customer service resources)
 - ✓ Application of Banco Sabadell branch management workflow systems (c.45% time reduction per customer)

Banco Sabadell's expertise and track-record guarantees seamless execution and delivery

3. Franchise overview

Franchise & customer potential

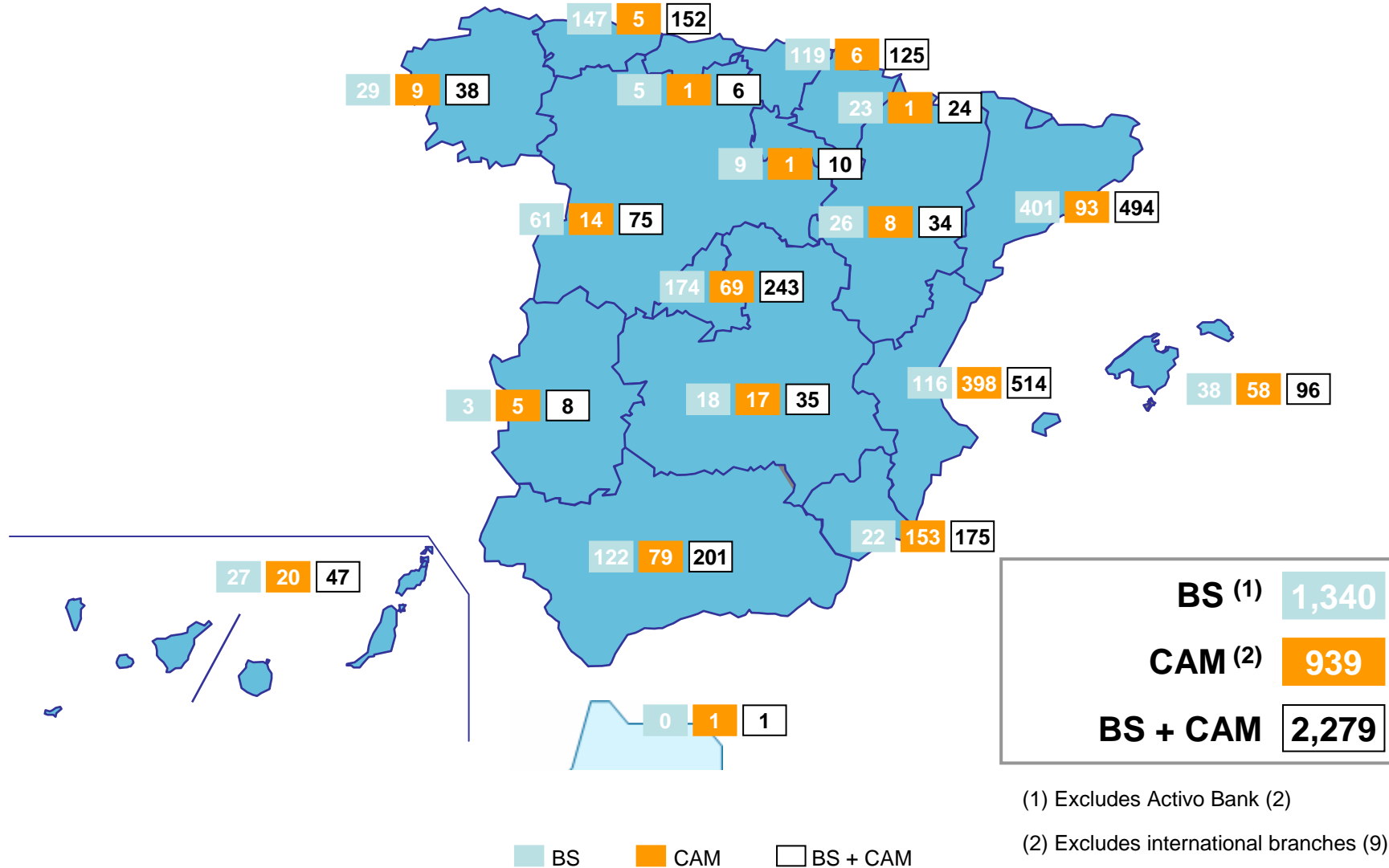
- ✓ Banco CAM has significant market penetration in individuals and companies in its original territory (Alicante, Murcia and Valencia)

	Individuals			SMEs and corporates		
	BS	CAM	BS + CAM	BS	CAM	BS + CAM
Alicante	3.1%	44.3%	46.0%	17.5%	50.6%	59.2%
Murcia	1.5%	45.4%	46.2%	10.3%	40.1%	46.3%
Valencia	2.5%	19.9%	21.9%	15.8%	19.5%	32.2%
Balearic / Canary Islands	2.0%	3.2%	5.1%	12.7%	6.5%	18.4%
Catalunya/Aragón	7.8%	1.4%	9.1%	34.9%	3.0%	36.9%
Centre/North	5.4%	0.7%	6.1%	16.7%	1.4%	17.9%
South-west	1.6%	0.4%	2.0%	10.1%	2.1%	12.0%
TOTAL	4.3%	5.2%	9.3%	19.1%	6.3%	24.2%

Numbers refer to % of client share. The total pro-forma number excludes customer overlap between BS and CAM and therefore does not coincide with addition of stand alones.

Source: FRS Inmark

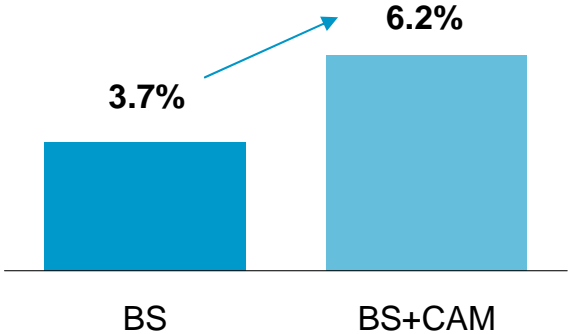
BS + CAM presence in Spain



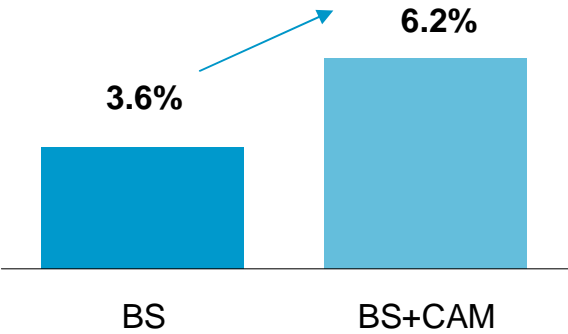
Data as of June 2011

Substantial increase in market share and footprint pro-forma

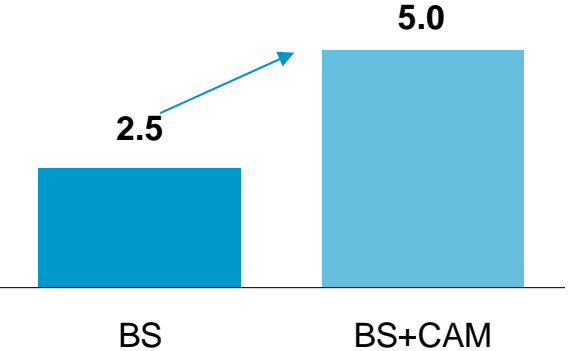
Market share in loans¹
(in %)



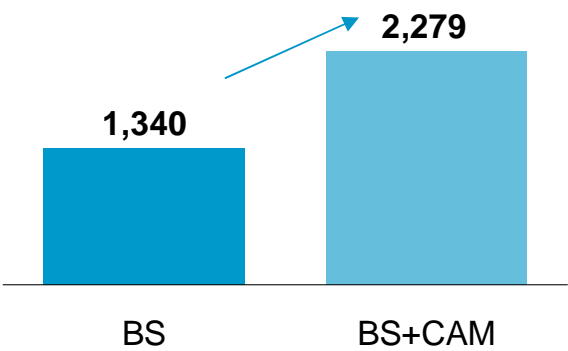
Market share in deposits²
(in %)



Number of clients
(million)



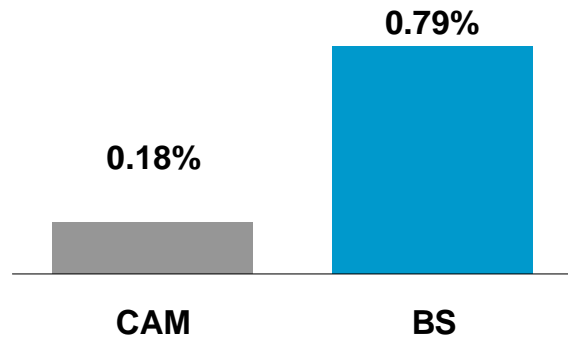
Domestic branches
(in number)



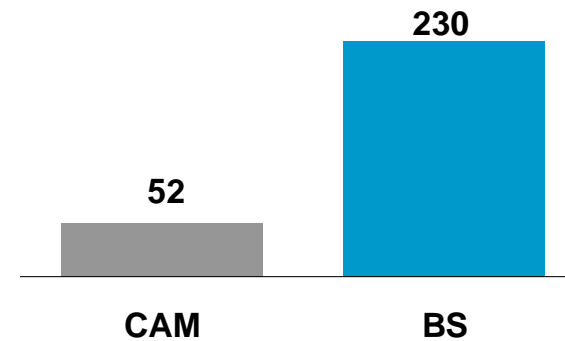
¹ Total Net Loans to Customers
² Deposits including repos
As of June 2011

Significant revenue upside potential for CAM vs BS

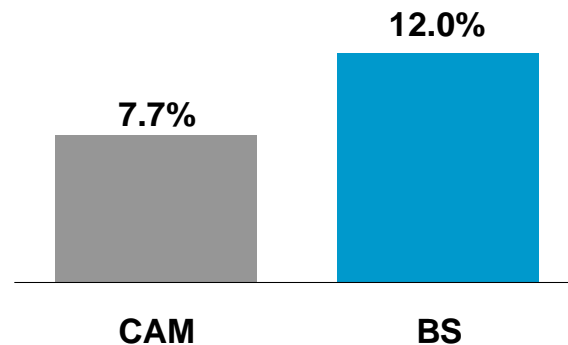
Net fee & commissions over ATA (in %)



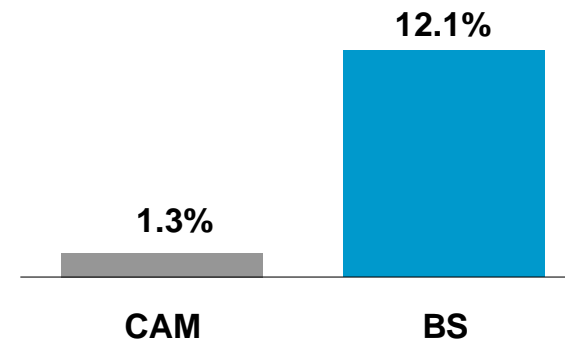
Net commissions/number of customers (€/customer)



Life & Pension AuM over total customer funds (in %)



Mutual funds AuM over total customer funds (in %)

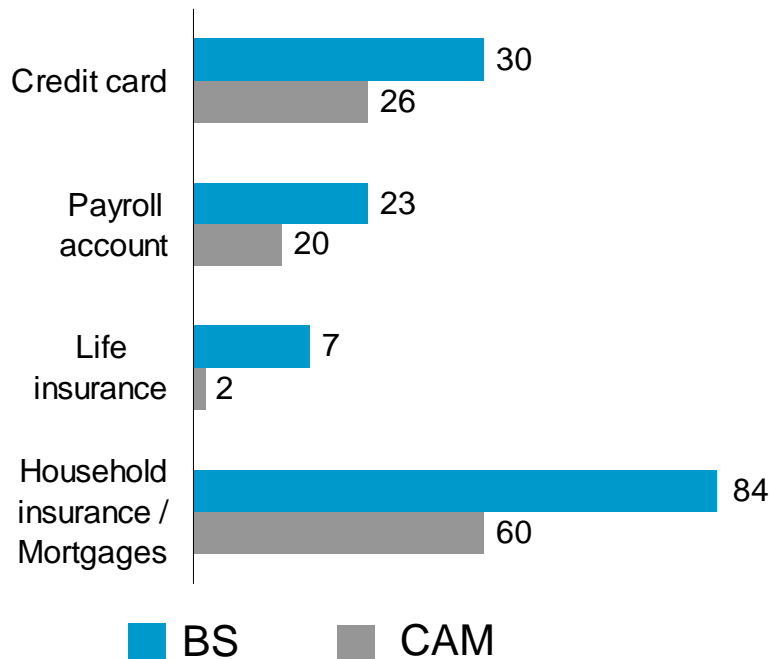


Customer potential

Retail segment

- ✓ Significant potential in order to increase customer cross selling: payroll account and insurance

Product penetration (in %)



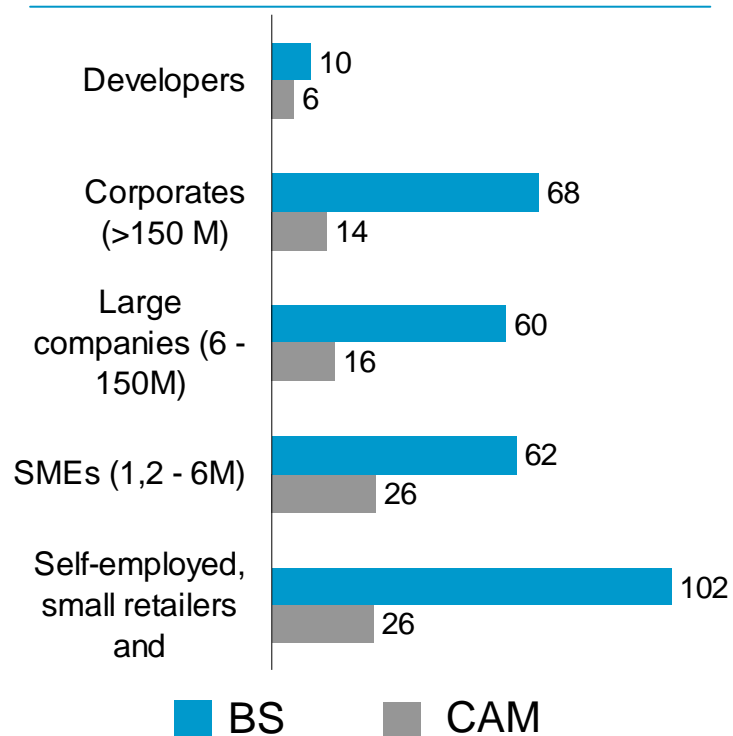
- ✓ Customer deposits per client at CAM is half the level of Banco Sabadell

- ✓ Banco Sabadell to boost its well-implemented payroll product

Customer potential SMEs and corporates

- ✓ Significant potential to increase business with SMEs and corporates of CAM through Banco Sabadell's specialised focus

Customer funds over total loans (in %)



- ✓ **Customer deposits per client are higher at Banco Sabadell**

- ✓ **Banco Sabadell brings a significantly better product offering to existing SME and corporate clients of CAM**

4. Additional data

B/S and P&L pro-forma

Volumes (as of June 2011)	Sabadell	CAM	Sabadell + CAM	% CAM
Total assets	95.049	71.297	166.346	42,9%
Gross loans to customers	72.435	52.350	124.785	42,0%
Customer deposits	50.057	30.010	80.067	37,5%
Off-balance sheet funds	18.563	3.400	21.963	15,5%
Domestic branches	1.340	939	2.279	41,2%
Employees	10.610	6.432	17.042	37,7%
Customer loans market share	3,7%	2,5%	6,2%	40,3%
Customer deposits market share	3,6%	2,6%	6,2%	41,9%

Results (2010 accumulated)	Sabadell	CAM	Sabadell + CAM	% CAM
Net Interest Income	1.459	811	2.270	35,7%
Gross Operating Income	2.331	1.394	3.725	37,4%
Pre-provisions Income	1.136	582	1.718	33,9%

Ratios pro-forma

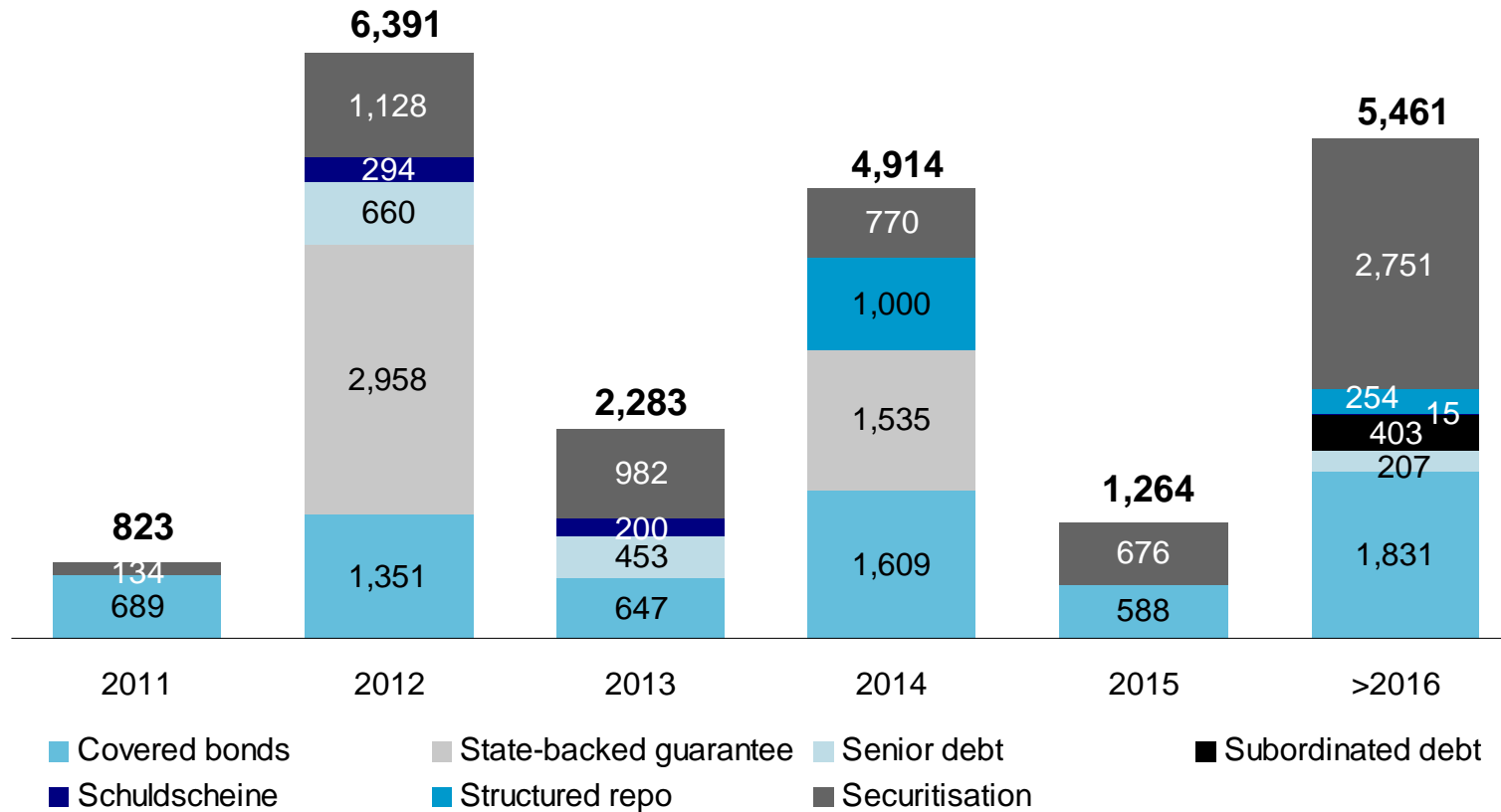
Ratios (as of June 2011)	Sabadell	CAM	Sabadell + CAM
NIM/ATM	1.6%	0.9%	1.3%
Cost-to-income ratio ¹	48.7%	87.6%	43.9%
Loan-to-deposits ²	136.3%	174.4%	149.8%
RE assets / assets ³	3.8%	6.6%	2.3%
NPL ratio	5.5%	19.0%	10.9%
Coverage ratio	45.0%	38.3%	>100.0%

¹ Includes D&A. Sabadell+CAM data reflects post synergies 2014e.

² Gross loans to customers / Customers deposits.

³ RE assets for Sabadell+CAM deducts the amount covered by the APS.

Liquidity CAM wholesale funding maturities



Euros in million

Liquidity and transaction APS structure provides up to €34.4 bn* support for wholesale funding

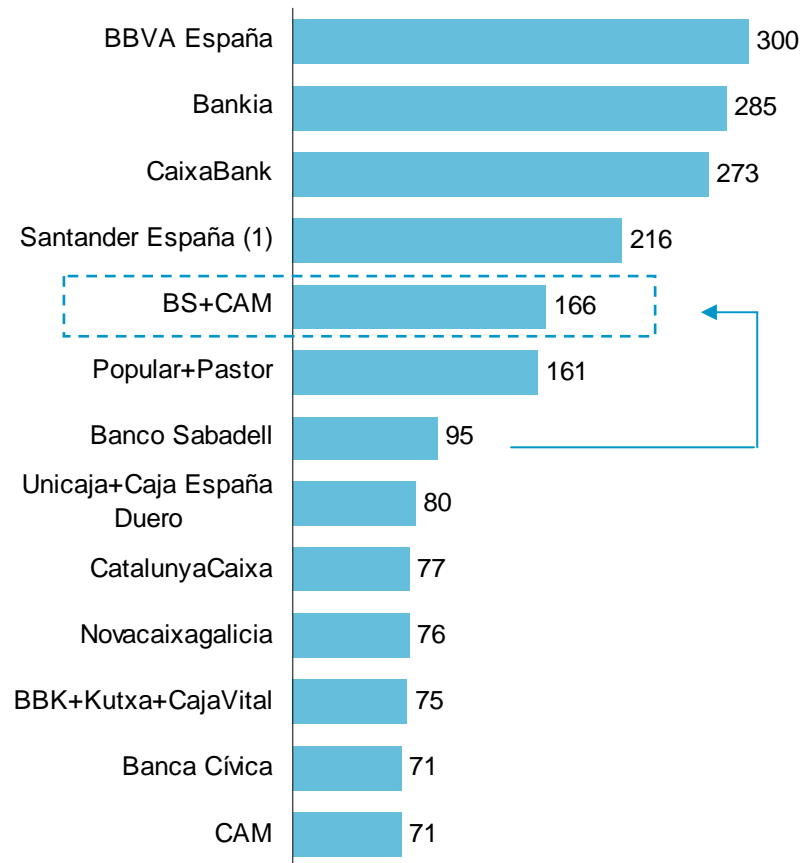
* Includes cash injections, liquidity support guarantees and APS.

Market position

Assets and loans

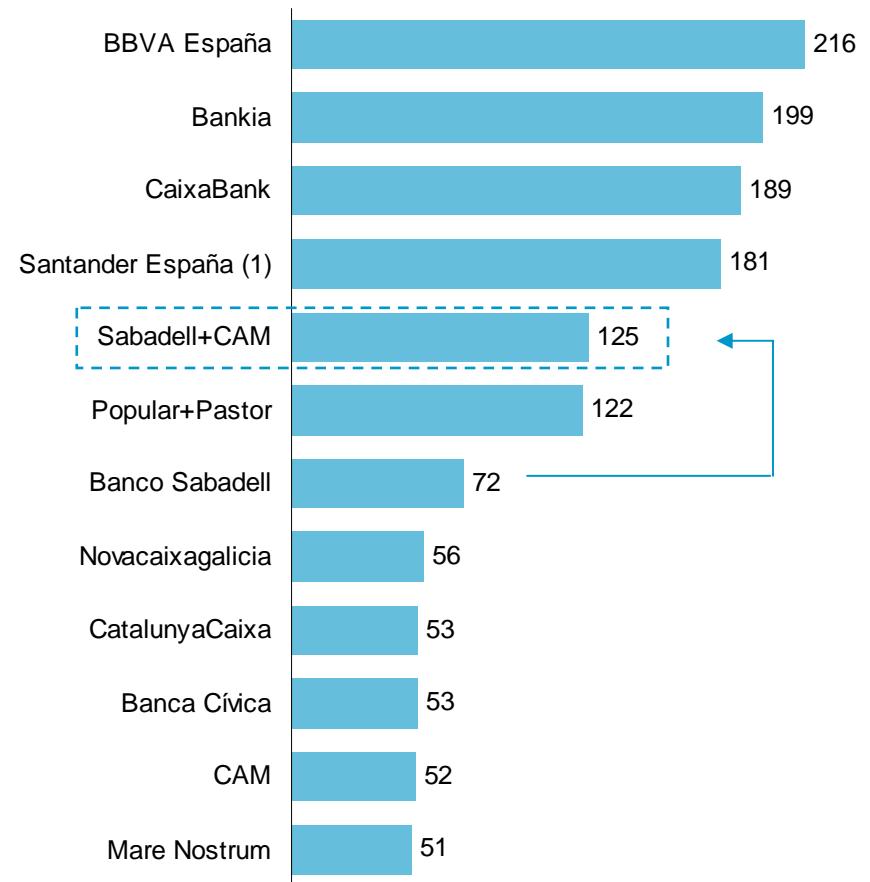
Total assets in Spain

(June 2011)



Gross loans to customer in Spain

(June 2011)



Euros in billion

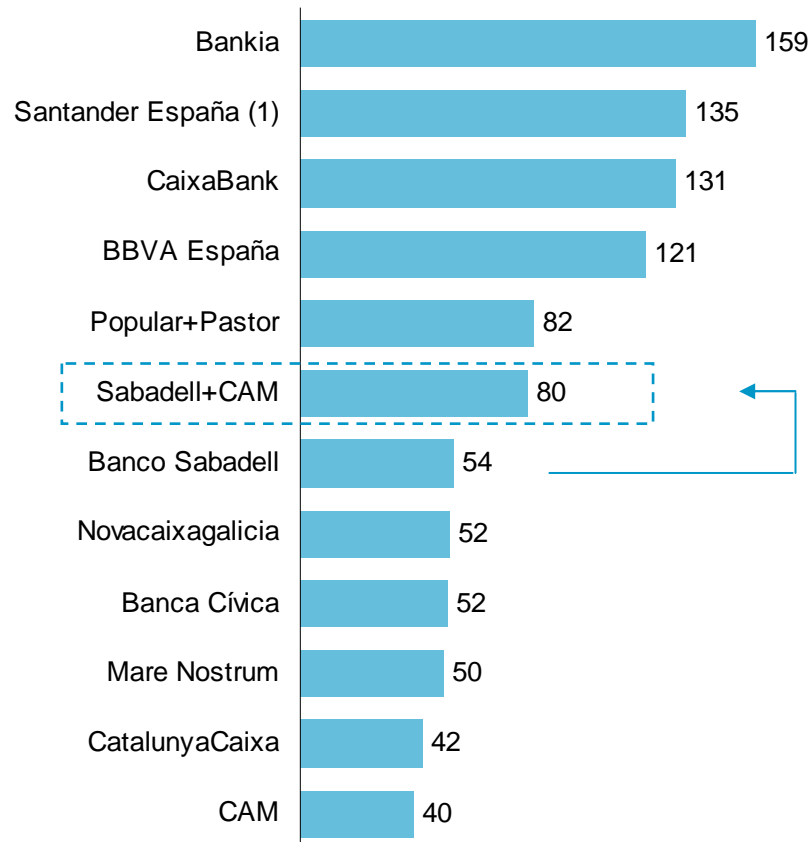
(1) Includes Red Santander + Banesto
BBK+Vital+Kutxa as of December 2010

Market position

Deposits and AuM

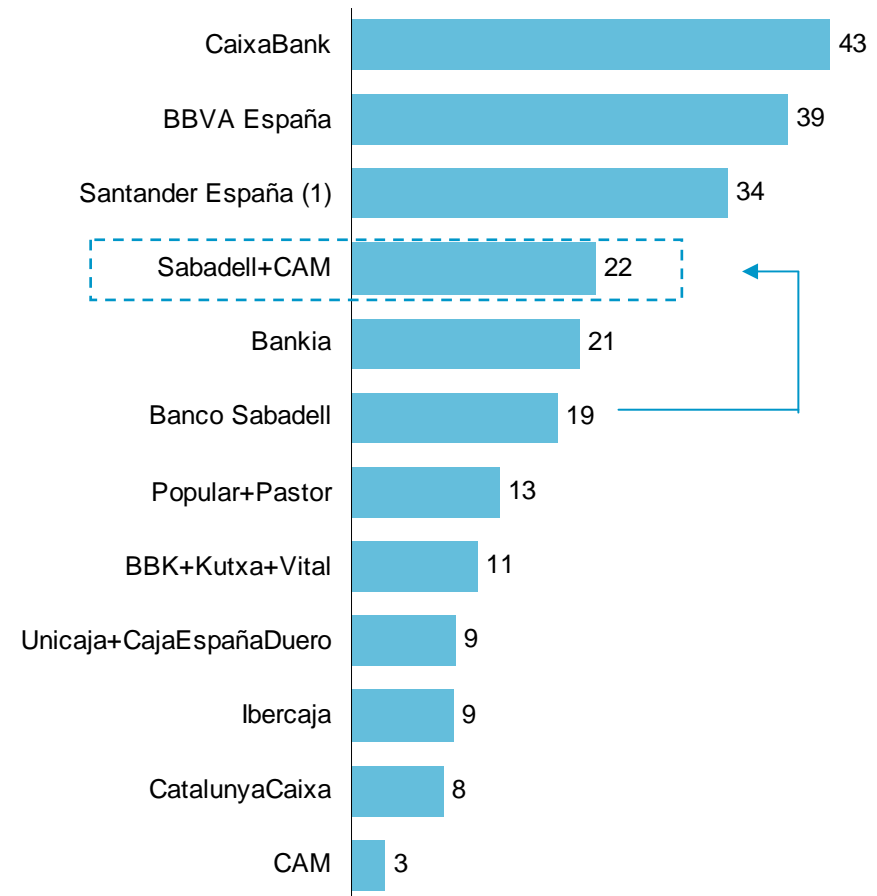
Total customer deposits in Spain

(June 2011)



Assets under Management

(June 2011)



Euros in billion

(1) Includes Red Santander + Banesto

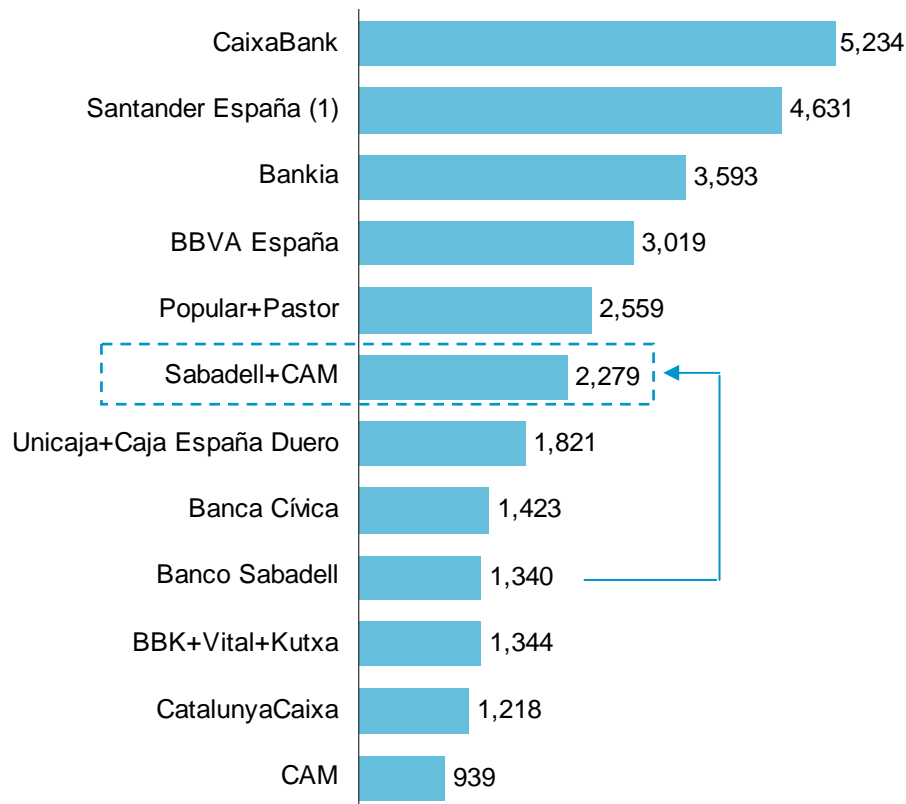
Unicaja+Caja España Duero and BBK+Vital+Kutxa as of December 2010

Market position

Domestic branches

Number of domestic branches

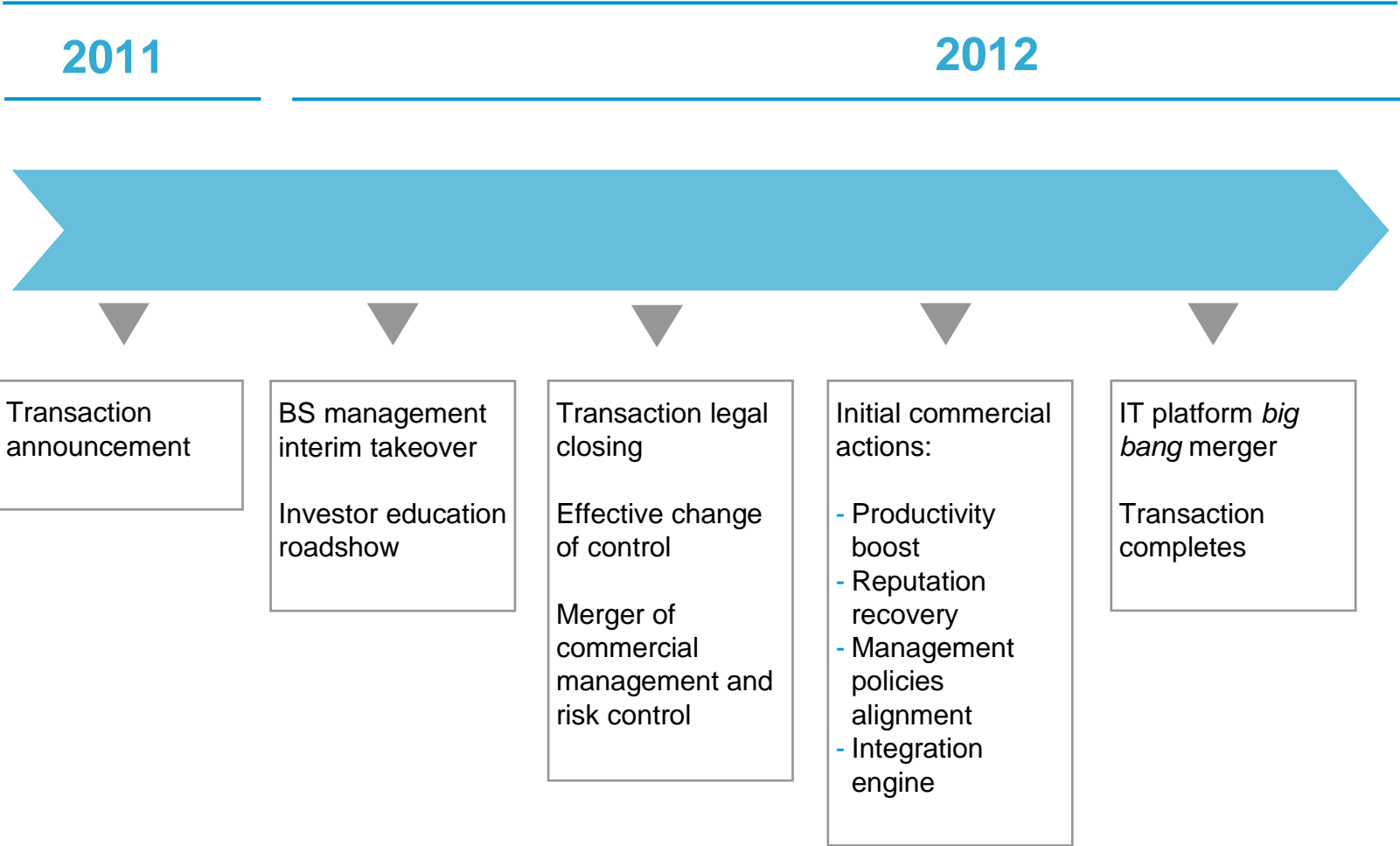
(June 2011)



The new group will significantly increase its branch capillarity in the domestic market*

(1) Includes Red Santander + Banesto.
Unicaja+Caja España Duero and BBK+Vital+Kutxa as of December 2010.
* pro-forma figures; excludes streamlining.

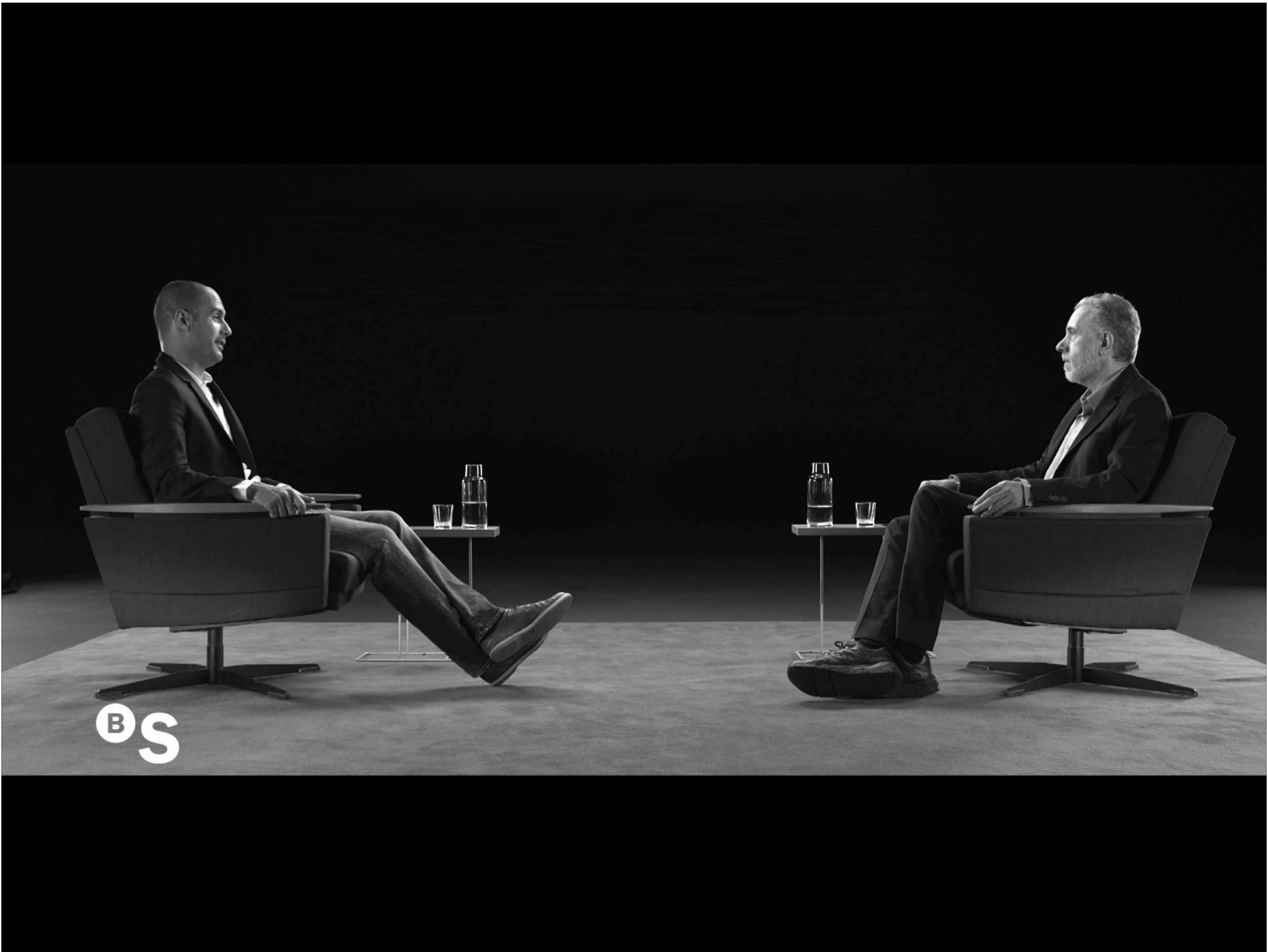
Transaction timeline structure



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- ✓ A transformational strategic deal for Banco Sabadell

 - ✓ A value-enhancing transaction that improves risk profile

 - ✓ Limited integration risk given Banco Sabadell's integration track record and extensive due diligence



BS