

Banco de Sabadell, S.A.
§165(d) Tailored Resolution Plan
(Public Section)

Dated: December 28, 2016

(I) Introduction

Banco de Sabadell, S.A. (“Sabadell” or “Head Office”) is pleased to present the public section of its plan for the rapid and orderly resolution of its U.S. operations (the “Resolution Plan”). Section 165(d) of the Dodd-Frank Act (“DFA”) and its implementing rules require, among other things, any company covered by Section 165(d) to produce a resolution plan to provide for such company’s rapid and orderly resolution in the event of material financial distress or failure. The implementing rules (collectively, the “Rule”) were jointly issued by the Board of Governors of the Federal Reserve System (the “FRB”), codified at 12 C.F.R. Part 243, and the Federal Deposit Insurance Corporation (the “FDIC” and, together with the FRB, the “Agencies”), codified at 12 C.F.R. Part 381, on November 1, 2011. Sabadell is considered a “Covered Company” under the Rule and must file a Resolution Plan with the Agencies. References to the Rule contained herein are to 12 C.F.R. Part 243 promulgated by the FRB.

Under the Rule, Covered Companies are required to assess their U.S. banking operations for the presence of Critical operations, Core business lines and Material entities. Sabadell performed this assessment and determined that it had no Critical operations. It was further determined that Sabadell’s U.S. banking operations, while strategic as a going concern, did not have a Core business line for resolution planning purposes. Finally, it was determined that Sabadell did not have any Material entities. Given the absence of Critical operations, Core business lines and Material entities, this Resolution Plan is focused on Sabadell’s U.S. operations, specifically the orderly resolution of Sabadell’s Florida state chartered, uninsured international branch located in Miami, Florida (the “Miami Branch”).

Description of Sabadell

Sabadell is Spain’s fourth largest private banking group. The group offers a full range of banking and financial services through its different financial institutions, brands, subsidiaries, and affiliates. Sabadell’s primary ordinary share listing and quotation is on the Madrid Stock Market (SAB) and forms a part of the IBEX 35 index. At December 31, 2015, Sabadell had total consolidated assets of approximately \$226.5 billion and total revenue of approximately \$5.9 billion. In 2015, Sabadell had an average 21,879 employees worldwide and 2,873 branches in Spain.

In the United States, Sabadell, both a Foreign Banking Organization (“FBO”) and a bank holding company, maintains the Miami Branch. The Miami Branch is an international branch of Sabadell duly licensed by the Florida Office of Financial Regulation (“FOFR”). Sabadell initially entered the United States when it established an international agency office in Miami, Florida in 1993, which it later converted into the Miami Branch in 2003 with the approval of the FOFR and the Federal Reserve Bank. The Miami Branch, as an uninsured branch, is not required to be and is not a member of the FDIC. The Miami Branch’s office is located at 1111 Brickell Avenue, Suite 3010, Miami, Florida. The Miami Branch has two main areas of business - Private Banking and Corporate Banking. Corporate Banking services are offered primarily to international companies in the U.S. market, while Private Banking services are offered primarily to high net worth individuals and families.

(II) Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources

Balance Sheet of Banco de Sabadell S.A. as of December 31, 2015

Thousand euro			
	2015 [▼]	2014	Change YoY (%)
Cash and balances with central banks	6,139,459	1,189,787	416.0
Assets held for trading, derivatives and other financial assets	3,097,952	3,253,356	(4.8)
Available-for-sale financial assets	23,460,356	21,095,619	11.2
Loans and receivables	154,754,303	117,895,179	31.3
Loans and advances to credit institutions	6,206,088	4,623,197	34.2
Loans and advances to customers (net)	146,815,737	110,835,723	32.5
Debt securities	1,732,478	2,436,259	(28.9)
Investments	340,996	513,227	(33.6)
Tangible assets	4,188,526	3,982,866	5.2
Intangible assets	2,080,570	1,591,296	30.7
Other assets	14,565,609	13,824,343	5.4
Total assets	208,627,771	163,345,673	27.7
Liabilities held for trading and derivatives	2,334,617	2,254,459	3.6
Financial liabilities at amortised cost	189,468,677	145,580,114	30.1
Deposits from central banks	11,566,070	7,201,546	60.6
Deposits from credit institutions	14,724,718	16,288,193	(9.6)
Customer deposits	132,876,312	98,208,370	35.3
Capital market	26,406,617	20,196,329	30.7
Subordinated liabilities	1,472,779	1,012,362	45.5
Other financial liabilities	2,422,181	2,673,314	(9.4)
Liabilities under insurance contracts	2,218,295	2,389,571	(7.2)
Provisions	346,225	395,215	(12.4)
Other liabilities	1,492,296	1,510,362	(1.2)
Total liabilities	195,860,110	152,129,721	28.7
Shareholders' funds	12,274,945	10,223,743	20.1
Valuation adjustments	455,606	937,416	(51.4)
Non-controlling interests	37,110	54,793	(32.3)
Total equity	12,767,661	11,215,952	13.8
Total liabilities and equity	208,627,771	163,345,673	27.7
Contingent risks	8,356,167	9,132,560	(8.5)
Contingent commitments	21,130,614	14,769,638	43.1
Total memorandum accounts	29,486,781	23,902,198	23.4

Source: Annual Report of the Banco Sabadell Group as at December 31, 2015.

(III) A description of derivative activities and hedging activities

The Miami Branch generally only enters into derivative contracts to accommodate its customers' specific needs. In order to eliminate any possible interest-rate risk exposure by such contracts, the Miami Branch simultaneously enters into offsetting derivative agreements with Head Office. The Miami Branch minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties that also are the Miami Branch's borrowers which were evaluated at the loan origination date and subsequently updated prior entering into the interest rate swap agreement.

(IV) A list of memberships in material payment, clearing and settlement systems

The Miami Branch is not a member of any material payment, clearing or settlement system.

(V) A description of foreign operations

The Miami Branch has no foreign operations (other than the Head Office) material to its resolution.

(VI) The identities of material supervisory authorities**U.S.:**

- (i) State of Florida – Office of Financial Regulation; and
- (ii) Federal Reserve Bank of Atlanta

Spain:

- (i) Banco de España

(VII) The identities of the principal officers (Miami Branch)

- (i) Fernando Perez – Hickman, Managing Director; and
- (ii) Jordi Torras, CFO

(VIII) A description of the corporate governance structure and processes related to resolution planning

The Sabadell Miami Branch has established a governance framework designed to ensure that resolution planning receives appropriate attention by Sabadell personnel. The EWG, which is comprised of senior management in the Risk, Finance and Legal departments, is responsible for overseeing the resolution planning project. The Sabadell Miami Branch established an internal core working group to focus on the resolution planning project and preparation of the Resolution Plan. This multidisciplinary working group includes senior manager representatives from each of the Treasury, Finance, Credit Risk, Information Technology, Compliance, Operations, Human Resources and Legal practice areas who are responsible for

gathering and developing information from their respective areas for inclusion in the Resolution Plan. The Sabadell Miami Branch also retained an outside consultant with significant relevant expertise and experience to work alongside the internal team in establishing a sustainable governance framework, initiating the information gathering process, and preparing the initial draft of the Resolution Plan. During the course of the resolution planning project, members of the EWG periodically presented the status of the resolution planning project to the Miami Branch Management Committee.

Subsequent Annual Plans

Responsibility for the preparation of subsequent annual plans will remain shared among the EWG. Sabadell anticipates following a similar process in preparing a resolution plan annually or upon the occurrence of a material event requiring an update or interim resolution plan.

(IX) A description of material management information systems

The Miami Branch uses a number of management information systems (“MIS”) to support risk, financial, management and regulatory reporting. The Miami Branch’s MIS have extensive reporting capabilities that allow for the generation and distribution of key internal reports used by senior management to monitor the financial health, risks and operations of the Miami Branch. The Miami Branch’s MIS provide sufficient capability to collect, maintain and timely report the information and data underlying this Resolution Plan to Sabadell’s management and to the EWG.

(X) A description, at a high level, of the Covered Company’s resolution strategy, covering such items as the range of potential purchasers of the Covered Company, its Material entities and Core business lines.

This Resolution Plan contemplates that the Miami Branch will be resolved under a relatively straight forward receivership whereby assets will be liquidated and distribution made to creditors. The liquidation process of the Miami Branch will be driven by the FOFR receivership procedures. The FOFR will appoint a receiver to liquidate assets of the Miami Branch within the U.S.