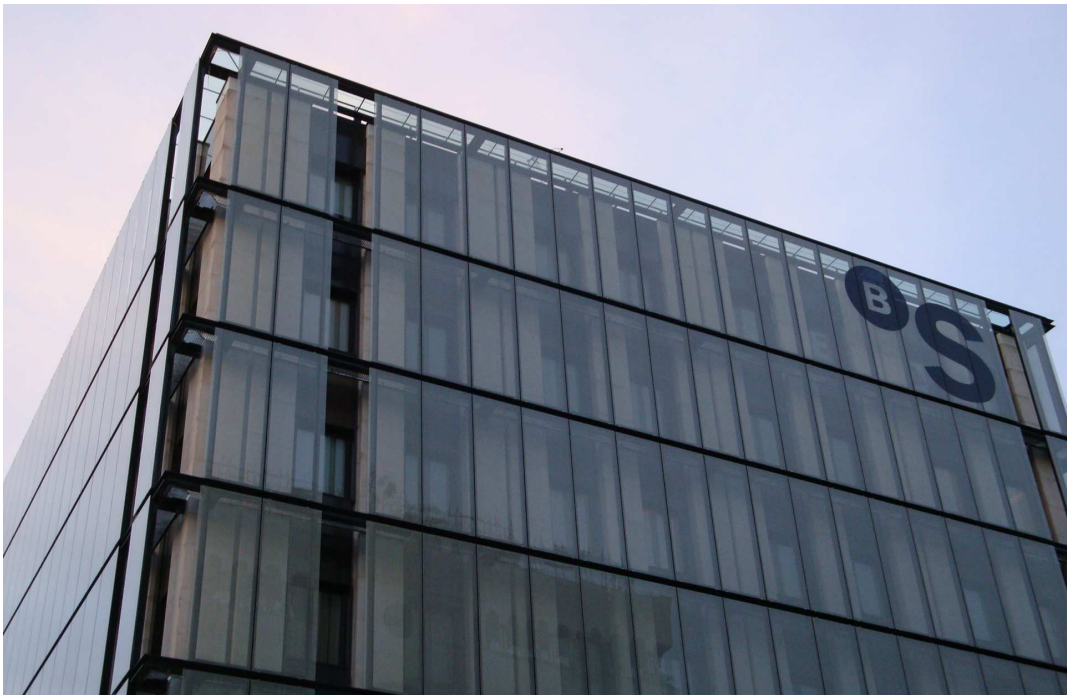


Quarterly financial report

Second quarter, 2011



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Disclaimer

Banco Sabadell cautions that this presentation may contain forward-looking statements or estimates relating to the business performance and results of the Banco Sabadell Group. While these forward-looking statements or estimates represent our judgment and future expectations concerning the development of our business, a certain number of risks, uncertainties and other important factors may cause actual results to materially differ from our expectations or estimates. This document may contain unaudited or summarized information; accordingly, recipients are invited to consult the public information held with the Spanish Securities and Exchange Commission (CNMV).

Introduction

Key developments in 2Q11

- Net interest income: amounted to Euros 764.6 million (Euros 379.2 million in 1Q11 and Euros 385.4 million in 2Q11), i.e. -0.1% year-on-year. Including Banco Guipuzcoano figures in 2010, the year-on-year change would have been -10.2% in view of the negative performance of the curve, since the cost of funding increased faster than the average yield on investment (loans are repriced at longer intervals). This negative effect was partially offset by good management of spreads.
- Net fees and commissions: this item totalled Euros 288.4 million, an increase of Euros 35.1 million (+13.9%) with respect to 1H10. Including Banco Guipuzcoano in 2010, the year-on-year change would have been +4.6%.
- Results from financial transactions: includes gains of Euros 87.1 million from the debt-for-equity transaction in February (issue and placement of 126 million BS shares to tender for preference shares and subordinated debt at a discount), Euros 57.1 million from the trading portfolio and Euros 18.4 million from sales of fixed-income securities in portfolio. In the first half of 2010, the bank obtained Euros 89.0 million from preference share and subordinated debt swaps, Euros 53.3 million from the sale of fixed-income securities in portfolio and Euros 18.3 million in gains on the trading portfolio.
- Administrative expenses (personnel and general): recurrent administrative expenses declined by -0.2% year-on-year (specifically, personnel expenses declined by -0.3% and general expenses by -0.1%) in like-for-like terms, i.e. excluding the impact of integrating Banco Guipuzcoano and the sale and leaseback transaction arranged in April 2010.

Non-recurrent personnel expenses totalled Euros -15.9 million (Euros -3.9 million in 2010) and non-recurrent general expenses (restructuring costs related to the Banco Guipuzcoano acquisition) amounted to Euros -6.2 million.
- Provisions for NPLs and other impairments: provisions for NPLs and other impairments (primarily real estate and financial assets) totalled Euros -545.5 million in the quarter. A significant portion of those provisions (Euros -186 million) were booked using extraordinary revenues from the debt-for-equity transaction in February 2011 and from the gross impact of the tax deductibility of goodwill (further details below).
- On 30 June 2011, the NPL ratio was 5.55% and the NPL coverage ratio was 45.03% (114.36% including mortgage collateral).
- Income tax includes a Euros 69.4 million credit due to a decision by the Spanish tax authorities on the deductibility of goodwill. The first quarter of 2010 also included a Euros 16 million credit since the conditions were met to apply part of the tax credit for reinvesting the capital gains on the sale in 2008 of 50% of the insurance and pension business.
- The core capital ratio is 9.27% (compared with 7.70% at 30 June 2010).
- Lending and customer funds: customer funds on the balance sheet increased by +23.9% year-on-year (+10.7% including Banco Guipuzcoano figures from 2010) while gross loans and advances to customers, excluding repos, increased by +10.6% (-0.8% including Banco Guipuzcoano in 2010).

Macroeconomic environment

Global economic and financial background

Global growth has deteriorated, impacted by the consequences of the natural disaster in Japan, adverse weather conditions and the effects of higher commodities prices. Inflation continued to rise in the US and continued to exceed central bank targets in the Euro area and the UK. Financial markets have been focused on Greece's fiscal and political problems, which have spread to other peripheral Euro area economies.

Fixed income markets

The main central banks maintained an accommodative monetary policy, although the European Central Bank (ECB) commenced a cycle of benchmark rate increases after having kept them unchanged since the middle of 2009. The ECB increased its base rate by 25 basis points at its April meeting and prepared the market for an additional increase in July (which was finally set at 25 basis points). It also decided to extend non-conventional monetary policies until at least the end of the third quarter. The US Federal Reserve maintained the base rate between 0% and 0.25%, insisting that it would keep interest rates exceptionally low for an extended period. It also concluded its government bond purchase programme in June, but it will continue to buy Treasuries with proceeds from maturing debt. The Bank of England maintained its

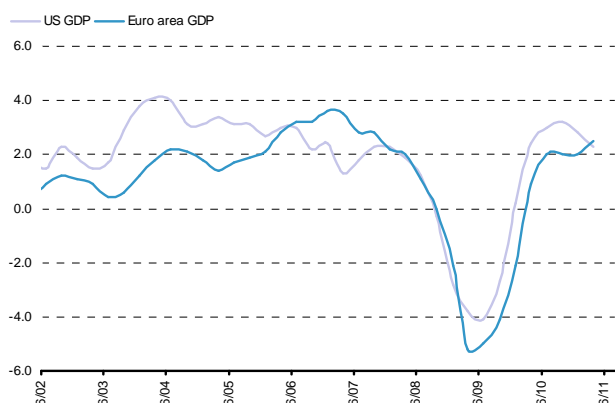
monetary policy unchanged, while the Bank of Japan has extended its lending programmes in view of the recent natural disaster.

Yields on German and US long-term debt declined to end the quarter to 3.03% and 3.16%, respectively, due to increased uncertainty about Greece's fiscal and social situation and signs of a decline in growth worldwide. Country-risk premiums in the Euro area peripheral countries reached their highest level since the area was created. In this context, rating agencies continued downgrading these countries' sovereign debt ratings.

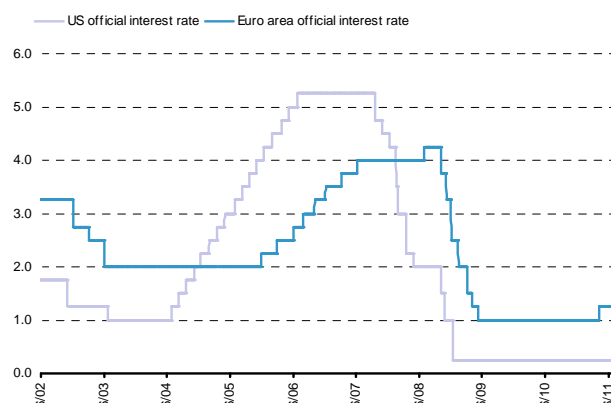
Equity markets

The second quarter commenced with strong gains in the main equity indices, driven by the good earnings season. However, the sovereign debt crisis in Europe and the global economic slowdown led the markets to correct sharply in May and June. Net losses in the period were less severe due to disbursement of the next aid tranche to Greece, which boosted demand in the last two sessions in June. The Ibx 35 lost 2.1% in the quarter, on par with the Euro Stoxx 50. Germany's DAX performed positively, gaining 4.8%. In the US, the S&P 500 shed 2.6% in euro terms.

GDP – USA vs. Euro area (y/y change, %)



Official interest rate – USA vs. Euro area (%)



Financial review

Basis of presentation

The consolidated profit and loss account and balance sheet as of 30 June 2011 and 2010, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated financial statements as of 31 December 2010.

The financial statements as of 30 June 2011 include the balances corresponding to Banco Guipuzcoano since the acquisition of that bank was completed in November 2010.

Balance sheet and bottom line

Balance sheet

At 30 June 2011, the total assets of Banco Sabadell and its Group amounted to Euros 95,049.0 million, having increased by 10.2% year-on-year.

Gross loans and advances to customers, excluding repos, amounted to Euros 72,308.5 million, a 10.6% increase over the figure registered at the end of June 2011 (-0.8% including Banco Guipuzcoano in 2010). Loans with mortgage collateral expanded year-on-year by Euros 2,120.8 million and other loans by Euros 2,701.8 million.

The ratio of non-performing loans (NPLs) to total computable loans was 5.55%, i.e. still below the Spanish financial sector average. Coverage of doubtful assets was 45.03%. The coverage ratio including mortgage collateral is 114.36%.

At 30 June 2011, customer funds on the balance sheet amounted to Euros 51,055.1 million (Euros 41,211.9 million at 30 June 2009, i.e. +23.9%). Time deposits totalled Euros 31,456.4 million, having increased by 30.0%. Demand deposits amounted to Euros 18,600.3 million, up 16.1% in the last twelve months. Including the funds from Banco Guipuzcoano in 2010, customer funds on the balance sheet increased considerably, by 10.7%, due particularly to the increase in term deposits.

Liabilities in the form of tradeable securities amounted to Euros 19,366.1 million in the first half of the year, very similar to the figure one year ago (Euros 19,405.9 million). As for wholesale funding, subordinated liabilities declined by 8.7% year-on-year as a result of the debt-for-equity transaction in February 2011 (issue and placement of 126 million BS shares to tender for preference shares and subordinated debt at a discount). This transaction increased own funds by Euros 411 million, and the proceeds were used to redeem preference shares and subordinated obligations at a discount.

Assets in collective investment vehicles totalled Euros 8,612.8 million at 30 June 2011, i.e. a year-on-year increase of 0.9%.

Assets in pension funds marketed by the Group increased by 4.6% year-on-year to Euros 2,903.4 million at 30 June 2011.

Insurance sales increased by 4.7%. The balance was Euros 5,690.9 million at 30 June 2011.

Total funds under management amounted to Euros 93,796.6 million at 30 June 2011, compared with Euros 81,952.8 million at 30 June 2010 (+14.5%). Including the balances from Banco Guipuzcoano in 2010, funds under management increased by 4.1% year-on-year.

Income and profit performance

Net income attributed to Banco Sabadell and its group amounted to Euros 164.3 million in the first half of 2011, compared with Euros 233.6 million in the first half of 2010.

In the first six months of 2011, net interest income totalled Euros 764.6 million (-0.1% year-on-year). Including the balances from Banco Guipuzcoano in 2010, net interest income declined by -10.2% year-on-year, given the negative performance of the curve, since the cost of funding increased faster than the average yield on investment (loans are repriced at longer intervals). The negative effect was partially offset by good management of spreads.

Income from equity-accounted affiliates amounted to Euros 32.2 million, including a significant contribution from Dexia Sabadell (Euros 10.5 million), the investee banks in Latin America (Euros 10.3 million, from Centro Financiero BHD and Banco del Bajío), and insurance and pension affiliates (Euros 8.8 million).

Net fees and commissions amounted to Euros 288.4 million, an increase of 13.9% year-on-year (4.6% including Banco Guipuzcoano in 2010). Fees and commissions on securities, syndicated loans, risk transactions and customer services performed particularly well.

Income from financial transactions amounted to Euros 163.2 million, including extraordinary gains of Euros 87.1 million on the debt-for-equity transaction performed in February 2011, and was applied in full to reserves for loan losses and other impairments. Income from financial transactions in the first six months of 2011 included Euros 57.1 million from transactions in the trading portfolio and Euros 18.4 million on the sale of available-for-sale fixed-income financial assets.

Operating expenses in the first half of 2011 amounted to Euros 561.9 million, of which Euros 22.1 correspond to non-recurrent expenses (personnel indemnities and restructuring costs related to the Banco Guipuzcoano integration). In like-for-like terms (i.e. excluding the impact of integrating Banco Guipuzcoano and the sale and leaseback transaction in April 2010), operating expenses remained stable with respect to the first half of 2010. The cost/income ratio, excluding non-recurrent expenses, was 45.11%.

As a result, net income before provisions amounted to Euros 659.1 million at 30 June 2011 (-3.0% year-on-year).

Provisions for loan losses and other impairments (primarily real estate and financial assets) amounted to Euros 545.5 million (Euros 693.8 million at 30 June 2010). A significant portion of those provisions (Euros 186 million) came from extraordinary revenues obtained from the debt-for-equity transaction in February 2011, and from the gross impact of

the decision by the tax authorities to allow goodwill as deductible. The latter is reflected in the section on income tax and represents, in net terms, a Euros 69.4 million credit.

Capital gains on asset sales in 1H10 included Euros 250.0 million from a sale and leaseback transaction on 378 properties in April 2010 and Euros 29.0 million on the sale of a property in Barcelona (Paseo de Gracia). After deducting income tax and minority interests, net income attributed to the group amounted to Euros 164.3 million in the first six months of 2011.

The core capital ratio is 9.27% (7.70% at 30 June 2010).

Other key developments in 2Q11

Operational integration of Banco Guipuzcoano in Banco Sabadell

Banco Guipuzcoano officially became part of Banco Sabadell's operating structure on 11 April, having completed the operational integration process.

In June 2010, Banco Sabadell made a takeover bid for 100% of Banco Guipuzcoano, which was accepted by 95% of the shareholders five months later (Nov. 2010); this was followed by a period of operational integration which concluded successfully in April 2011. The process included implementing a new commercial organization in the North Territory (Jan. 2011), which expanded from 68 to 181 branches, and aligning Banco Guipuzcoano employees' working conditions with those of Banco Sabadell (Feb. 2011).

Key figures

	30.06.10	31.12.10	30.06.11	Change (%) YoY
Balance sheet (€ '000)				
Total assets	86.243.282	97.099.209	95.049.007	10,2
Gross loans and advances to customers, excluding repos	65.355.975	73.057.928	72.308.533	10,6
Gross loans and advances to customers	65.355.975	76.190.720	72.434.975	10,8
On-balance sheet funds	64.044.358	77.164.193	75.234.110	17,5
Of which: Customer-based funding on balance sheet (1)	41.211.946	49.374.406	51.055.104	23,9
Mutual funds	8.532.106	8.852.797	8.612.794	0,9
Pension funds and third-party insurance products	8.210.495	8.742.691	8.594.306	4,7
Funds under management	81.952.807	95.998.199	93.796.636	14,5
Shareholders' equity	5.380.233	5.978.412	6.316.787	17,4
Profit and loss account (€ '000)				
Net interest income	765.180	1.459.116	764.560	-0,1
Gross operating income	1.247.359	2.331.339	1.283.641	2,9
Net income before provisions	679.290	1.136.304	659.138	-3,0
Attributable net profit	233.620	380.040	164.265	-29,7
Ratios (%)				
ROA	0,55	0,44	0,35	
ROE	9,52	7,32	5,83	
Cost / income (ex amortisation) (2)	42,25	46,20	46,96	
Cost / income ratio excluding non-recurrent expenses (2)	41,91	45,20	45,11	
Core capital	7,70	8,20	9,27	
Adjusted core capital (3)	8,17	8,56	9,80	
Tier I	8,60	9,36	9,81	
BIS ratio	10,38	11,08	10,47	
Risk management				
Non-performing loans (€ '000)	3.190.213	4.073.951	4.471.878	
Provisions for NPLs (€ '000)	2.028.479	2.305.393	2.013.682	
NPLs / Gross loans (%)	4,38	5,01	5,55	
NPL coverage ratio (%)	63,58	56,59	45,03	
NPL coverage ratio with mortgage collateral (%)	121,55	112,47	114,36	
Share data (period end)				
Number of shareholders	101.225	126.263	129.864	
Number of shares	1.200.000.000	1.263.630.834	1.389.993.916	
Share price (€)	3,720	2,950	2,850	
Market capitalisation (€ '000)	4.464.000	3.727.711	3.961.483	
Earnings per share (EPS) (€)	0,40	0,32	0,24	
Book value per share (€)	4,48	4,73	4,54	
Price /Book value (times)	0,83	0,62	0,63	
Price /earnings ratio (P/E) (times)	9,22	9,15	11,70	
Including conversion of convertible bond:				
Fully diluted number of shares including conversion of convertible bond	1.300.341.160	1.457.245.725	1.583.608.807	
Earnings per share (EPS) (€)	0,37	0,28	0,21	
Book value per share (€)	4,14	4,10	3,99	
Price /Book value (times)	0,90	0,72	0,71	
Other data				
Domestic branches	1.184	1.428	1.339	
Employees (4)	9.746	10.777	10.610	
ATMs	1.449	1.703	1.607	

(1) Includes customer deposits (ex-repos), preference shares placed by the branch network and mandatory convertible bonds.

(2) Personnel and other general administrative expenses / gross operating income. Figures for 2011 and 2010 do not include income obtained from swaps or redemptions of preference shares and subordinated bonds. Excluding the impact of the sale and leaseback transaction in April 2010, the cost/income ratio at 30 June 2011, excluding non-recurrent expenses, would be 44.23%.

(3) Adjusted for generic provisions net of taxes.

(4) The Banco Guipuzcoano workforce (1,153 employees) was integrated effective December 2010. At the end of June 2011, Banco Guipuzcoano had 1,014 employees.

Profit & loss account

Profit & loss account

(€'000)	1H10	1H11	Change (%) YoY
Interest and related income	1.286.583	1.625.983	26,4
Interest and related charges	-521.403	-861.423	65,2
Net interest income	765.180	764.560	-0,1
Dividend income	10.459	6.970	-33,4
Income from equity method	37.348	32.194	-13,8
Net fees and commissions	253.284	288.365	13,9
Results from financial transactions (net)	152.142	163.216	7,3
Foreign exchange (net)	23.583	25.160	6,7
Other operating income/expense	5.363	3.176	-40,8
Gross operating income	1.247.359	1.283.641	2,9
Personnel expenses	-325.971	-370.864	13,8
Recurrent (1)	-322.078	-354.996	10,2
Non-recurrent	-3.893	-15.868	307,6
Other general expenses	-163.446	-191.007	16,9
Recurrent (2)	-163.446	-184.807	13,1
Non-recurrent	0	-6.200	--
Amortization & depreciation	-78.652	-62.632	-20,4
Net income before provisions	679.290	659.138	-3,0
Provisions for NPLs and other impairments	-693.763	-545.542	-21,4
Gains on sale of assets	292.139	2.611	-99,1
Net result from discontinued transactions	0	0	--
Income tax	-42.442	50.977	--
Consolidated net profit	235.224	167.184	-28,9
Minority interest	1.604	2.919	82,0
Attributable net profit	233.620	164.265	-29,7
Pro memoria:			
Average total assets	85.948.141	95.696.663	
Earnings per share (€) (3)	0,20	0,12	

(1) Assuming the same consolidation scope, the year-on-year change was -0.3%.

(2) Assuming no change in consolidation scope and excluding the April 2010 *sale and leaseback* operation, the year-on-year change is -0.1%.

(3) Not annualised.

Profit & loss account – quarterly

(€'000)	2Q10	3Q10	4Q10	1Q11	2Q11	Change (%) YoY
Interest and related income	650.622	651.427	706.777	794.485	831.498	27,8
Interest and related charges	-259.546	-290.245	-374.023	-415.336	-446.087	71,9
Net interest income	391.076	361.182	332.754	379.149	385.411	-1,4
Dividend income	10.269	2.089	3.734	1.323	5.647	-45,0
Income from equity method	17.433	17.402	16.117	16.799	15.395	-11,7
Net fees and commissions	124.005	123.669	139.509	135.729	152.636	23,1
Results from financial transactions (net)	127.217	27.225	24.698	124.518	38.698	-69,6
Foreign exchange (net)	12.492	23.248	11.824	12.162	12.998	4,1
Other operating income/expense	2.717	325	204	1.881	1.295	-52,3
Gross operating income	685.209	555.140	528.840	671.561	612.080	-10,7
Personnel expenses	-165.092	-165.694	-188.056	-192.129	-178.735	8,3
Recurrent	-162.150	-162.507	-172.561	-179.016	-175.980	8,5
Non-recurrent	-2.942	-3.187	-15.495	-13.113	-2.755	-6,4
Other general expenses	-87.492	-91.858	-101.030	-98.516	-92.491	5,7
Recurrent	-87.492	-91.858	-101.030	-92.316	-92.491	5,7
Non-recurrent	0	0	0	-6.200	0	--
Amortization & depreciation	-40.212	-39.850	-40.478	-32.423	-30.209	-24,9
Net income before provisions	392.413	257.738	199.276	348.493	310.645	-20,8
Provisions for NPLs and other impairments	-526.318	-120.118	-154.193	-330.060	-215.482	-59,1
Gains on sale of assets	288.078	1.228	2.744	1.101	1.510	-99,5
Net result from discontinued transactions (after taxes)	0	0	0	0	0	--
Income tax	-27.737	-31.613	-7.364	66.601	-15.624	-43,7
Consolidated net profit	126.436	107.235	40.463	86.135	81.049	-35,9
Minority interest	1.196	544	734	1.887	1.032	-13,7
Attributable net profit	125.240	106.691	39.729	84.248	80.017	-36,1
Pro memoria:						
Average total assets	86.831.006	86.636.986	89.943.395	96.005.281	95.391.438	
Earnings per share (€) (1)	0,11	0,08	0,04	0,06	0,06	

(1) Not annualised.

Net interest income

Average yield

2010 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2.077.052	0,93	4.738	2.072.682	0,98	5.042	1.778.632	1,04	4.670	2.022.605	1,60	8.178
Loans to customers (net)	63.556.130	3,53	552.552	63.230.098	3,49	550.119	62.991.994	3,50	555.101	65.257.064	3,65	599.370
Fixed-income securities	10.062.814	2,76	68.592	11.840.308	2,72	80.440	11.978.378	2,60	78.637	12.390.143	2,79	87.069
Subtotal	75.695.996	3,35	625.882	77.143.088	3,30	635.601	76.749.004	3,30	638.408	79.669.812	3,46	694.617
Equity securities	1.979.925	--	--	2.038.809	--	--	2.050.937	--	--	2.158.429	--	--
Tang. & intang. assets	1.705.582	--	--	1.604.608	--	--	1.549.445	--	--	1.711.945	--	--
Other assets	5.673.964	0,72	10.079	6.044.501	1,00	15.021	6.287.600	0,82	13.019	6.403.209	0,75	12.160
Total	85.055.467	3,03	635.961	86.831.006	3,01	650.622	86.636.986	2,98	651.427	89.943.395	3,12	706.777

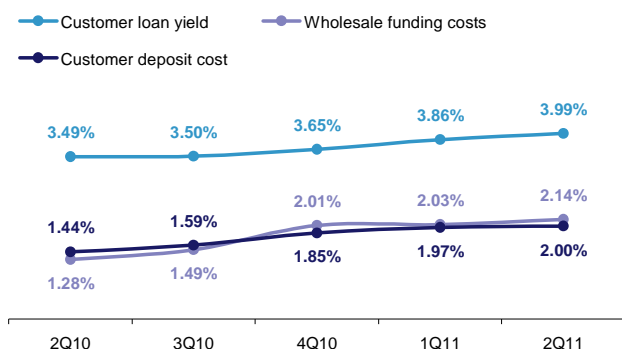
2011 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2.318.962	1,29	7.399	2.262.463	1,52	8.549						
Loans to customers (net)	70.112.273	3,86	667.103	69.772.943	3,99	693.851						
Fixed-income securities	13.773.814	3,03	102.777	13.383.089	3,27	109.195						
Subtotal	86.205.049	3,66	777.279	85.418.495	3,81	811.595						
Equity securities	2.037.206	--	--	2.044.858	--	--						
Tang. & intang. assets	2.025.270	--	--	1.933.147	--	--						
Other assets	5.737.756	1,22	17.206	5.994.938	1,33	19.903						
Total	96.005.281	3,36	794.485	95.391.438	3,50	831.498						

Average cost of funds

2010 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense
Financial institutions	5.517.632	-1,40	-19.083	6.601.782	-1,20	-19.754	7.559.899	-1,16	-22.033	6.627.196	-1,78	-29.665
Customer deposits	37.994.106	-1,36	-127.456	39.097.789	-1,44	-140.157	40.657.543	-1,59	-163.257	43.871.270	-1,85	-204.153
Capital markets	26.069.979	-1,48	-95.143	24.332.528	-1,28	-77.824	21.897.629	-1,49	-82.164	21.992.186	-2,01	-111.363
Repos	4.385.439	-0,76	-8.208	5.452.797	-0,53	-7.247	5.117.942	-0,81	-10.478	5.822.370	-0,87	-12.840
Subtotal	73.967.156	-1,37	-249.890	75.484.896	-1,30	-244.982	75.233.013	-1,47	-277.932	78.313.022	-1,81	-358.021
Other liabilities	5.737.935	-0,85	-11.967	5.776.327	-1,01	-14.564	5.915.312	-0,83	-12.313	5.424.132	-1,17	-16.002
Shareholders' equity	5.350.376	--	--	5.569.783	--	--	5.488.661	--	--	6.206.241	--	--
Total	85.055.467	-1,25	-261.857	86.831.006	-1,20	-259.546	86.636.986	-1,33	-290.245	89.943.395	-1,65	-374.023

2011 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense	Avg.balance	Rate %	Expense
Financial institutions	7.298.291	-2,05	-36.979	7.632.178	-2,27	-43.191						
Customer deposits	48.536.916	-1,97	-235.113	49.190.867	-2,00	-245.618						
Capital markets	22.813.218	-2,03	-114.313	23.112.602	-2,14	-123.247						
Repos	5.435.101	-1,09	-14.566	4.523.705	-1,49	-16.844						
Subtotal	84.083.526	-1,93	-400.971	84.459.352	-2,04	-428.900						
Other liabilities	5.736.116	-1,02	-14.365	5.119.376	-1,35	-17.187						
Shareholders' equity	6.185.639	--	--	5.812.710	--	--						
Total	96.005.281	-1,76	-415.336	95.391.438	-1,88	-446.087						

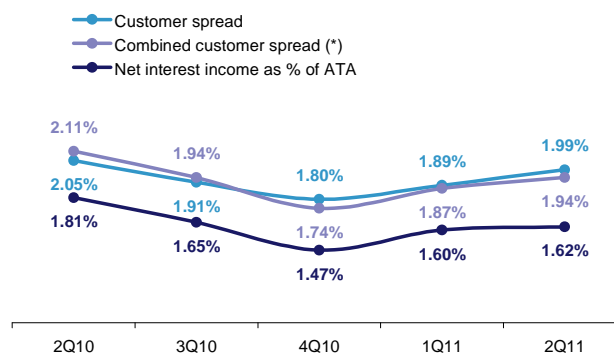
Customer spread (%)



Net interest income amounted to Euros 385.4 million in the second quarter of 2011, compared with Euros 379.1 million in the preceding quarter. The average yield on customer loans was 3.99%, 13 basis points more than in the first quarter of 2011. The impact on financial revenues of rising lending rates was Euros +34.9 million.

The average cost of customer deposits was -2.00%, compared with -1.97% in 1Q11. The effect of the decline in costs was Euros -5.3 million.

Net interest income (%)



(*) Customer loan yield – (customer deposit cost + wholesale funding cost)

Wholesale funding costs increased by Euros -8.9 million with respect to 1Q11; the average cost of debt securities was -2.14%.

The customer spread was 1.99% (1.89% in the previous quarter). The combined customer spread, which includes wholesale funding costs, was 1.94%, compared with 1.87% in the first quarter of 2011.

As a result, net interest income in 2Q11 represented 1.62% of average total assets, compared with 1.60% in 1Q11.

Net fees and commissions

(€'000)	2Q10	1Q11	2Q11	Change (%) 2Q10	Change (%) 1Q11
Asset transactions	22.582	25.365	24.688	9,3	-2,7
Guarantees	19.769	21.318	21.606	9,3	1,4
Transferred to other entities	-773	-925	-922	19,3	-0,3
Risk transaction fees	41.578	45.758	45.372	9,1	-0,8
Cards	16.474	15.157	18.638	13,1	23,0
Payment orders	9.068	9.190	9.815	8,2	6,8
Securities	9.862	11.140	22.456	127,7	101,6
Demand accounts	8.385	9.538	8.703	3,8	-8,8
Other transactions	7.980	14.051	15.974	100,2	13,7
Commissions for services	51.769	59.076	75.586	46,0	27,9
Mutual funds	19.384	20.270	19.330	-0,3	-4,6
Pension funds and insurance brokerage	11.274	10.625	12.348	9,5	16,2
Mutual and pension fund and insurance commissions	30.658	30.895	31.678	3,3	2,5
Total	124.005	135.729	152.636	23,1	12,5

Net fees and commissions in 2Q11 amounted to Euros 152.6 million, an increase of 12.5% compared with 1Q11. This increase is due primarily to higher fees related to credit and debit cards and securities, as a result of greater business volume, and syndicated loan structuring and underwriting. Service commissions increased by 27.9% quarter-on-quarter.

Fees for the sale of pension and insurance products increased by 16.2%, due in large part to an increase in new multi-investment issues in the second quarter of 2011.

Mutual fund fees declined by 4.6% , in line with the slight reduction in the volume of assets managed and/or marketed in the period.

Compared with 2Q10, net fees increased overall by 23.1%, due primarily to the notable increase in service commissions.

Service commissions expanded by 46.0% year-on-year due to quarterly growth in fees related to securities, cards and syndicated loans, and to the integration of Banco Guipuzcoano.

Fees for risk transactions also performed positively (+9.1%), in part due to the integration of Banco Guipuzcoano.

Fees from marketing pension funds and insurance products increased 9.5% y/y, while mutual funds declined by 0.3%, in line with the performance of the financial markets.

Administrative expenses

(€'000)	2Q10	1Q11	2Q11	Change (%) 2Q10	Change (%) 1Q11
Recurrent	-162.150	-179.016	-175.980	8,5	-1,7
Non-recurrent	-2.942	-13.113	-2.755	-6,4	-79,0
Personnel expenses	-165.092	-192.129	-178.735	8,3	-7,0
IT	-14.169	-12.025	-11.309	-20,2	-6,0
Communications	-4.718	-5.467	-3.815	-19,1	-30,2
Advertising	-3.744	-7.507	-7.991	113,4	6,4
Premises	-24.856	-28.312	-27.794	11,8	-1,8
Stationery and office supplies	-1.636	-1.939	-2.040	24,7	5,2
Taxes other than income tax	-13.492	-14.699	-14.203	5,3	-3,4
Others	-24.877	-22.367	-25.339	1,9	13,3
Non-recurrent	0	-6.200	0	--	-100,0
Other general expenses	-87.492	-98.516	-92.491	5,7	-6,1
Total	-252.584	-290.645	-271.226	7,4	-6,7

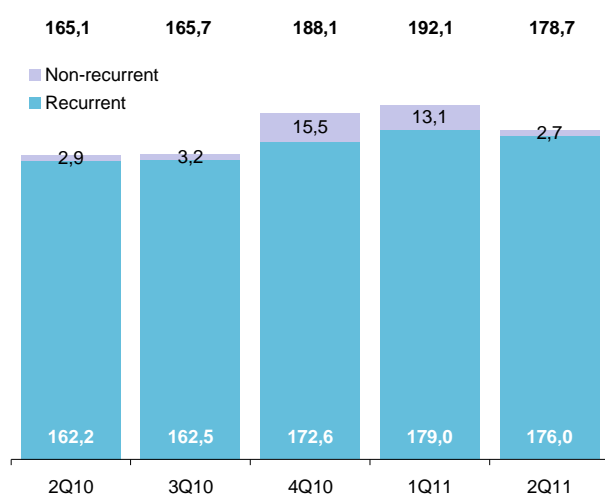
Assuming no change in consolidation scope (i.e. excluding the integration of Banco Guipuzcoano) and excluding the sale and leaseback transaction in April 2010, recurrent administrative expenses declined by -0.2% compared with 1H10.

Recurrent personnel expenses declined slightly in year-on-year terms (-0.3%) due to the optimisation of administrative processes at branches and measures to improve operating efficiency.

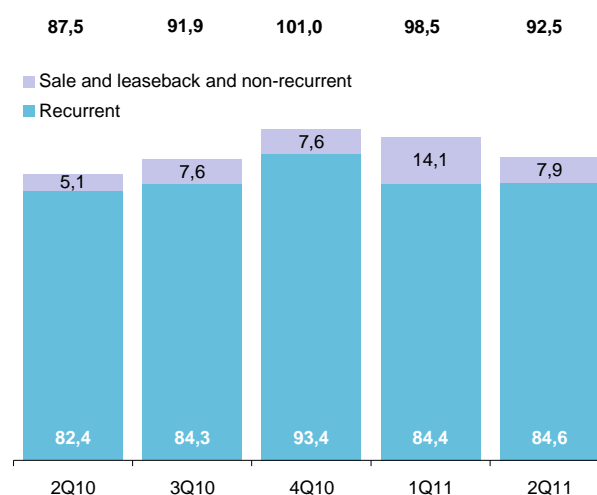
Recurrent general administration expenses remained practically stable (-0.1% year-on-year) in like-for-like terms (excluding the sale and leaseback operation in April 2010).

The figures show the trend in administrative expenses by quarter, distinguishing between recurrent and non-recurrent amounts.

Personnel expenses (€mn)



Other general expenses (€mn)



Provisions for NPLs and others impairments

(€000)	2Q10	1Q11	2Q11	Change (%) 2Q10	Change (%) 1Q11
Specific provisions	-212.149	-142.182	-143.400	-32,4	0,9
Extraordinary provisions	-90.000	-186.180	0	-100,0	-100,0
Substandard provisions	31.200	32.794	52.200	67,3	59,2
Real estate	-209.842	-30.017	-62.358	-70,3	107,7
Banco Comercial Português	-38.513	-1.200	-34.690	-9,9	
Other impairments	-5.337	-777	-9.304	74,3	--
Subtotal	-524.641	-327.562	-197.552	-62,3	-39,7
Generic provisions	-1.677	-2.498	-17.930	--	--
Total provisions and impairments	-526.318	-330.060	-215.482	-59,1	-34,7

Balance sheet

(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Cash and balance with Central Banks	1.350.368	1.253.600	1.494.385	10,7
Trading and derivatives portfolios and other financial assets	2.324.334	1.962.652	1.720.094	-26,0
Available-for-sale financial assets	11.579.799	10.830.629	12.322.930	6,4
Loans and advances	65.472.248	76.725.432	72.695.950	11,0
Balances with financial institutions (1)	2.058.942	2.744.614	2.182.678	6,0
Loans to customers (net)	63.413.306	73.980.818	70.513.272	11,2
Investments in associated companies	742.278	813.492	755.401	1,8
Property, plant and equipment	993.689	1.081.549	1.059.119	6,6
Intangible assets	701.503	831.301	849.838	21,1
Other assets	3.079.063	3.600.554	4.151.290	34,8
Total assets	86.243.282	97.099.209	95.049.007	10,2
Trading and derivatives portfolios	2.039.918	1.716.500	1.397.061	-31,5
Financial liabilities at amortised cost	77.951.673	88.710.738	86.734.880	11,3
Central banks and credit institutions (2)	12.460.986	10.333.988	10.300.267	-17,3
Customer deposits	42.389.363	55.092.555	53.804.058	26,9
Capital markets	19.405.902	19.507.497	19.366.125	-0,2
Subordinated liabilities	2.068.660	2.386.629	1.888.137	-8,7
Other financial liabilities	1.626.762	1.390.069	1.376.293	-15,4
Liabilities under insurance contracts	180.433	177.512	175.790	-2,6
Provisions	300.063	367.662	366.227	22,1
Other liabilities	495.166	438.254	416.784	-15,8
Subtotal liabilities	80.967.253	91.410.666	89.090.742	10,0
Shareholders' equity (3)	5.380.233	5.978.412	6.316.787	17,4
Valuation adjustments	-132.715	-323.735	-398.245	200,1
Minority interest	28.511	33.866	39.723	39,3
Equity	5.276.029	5.688.543	5.958.265	12,9
Total liabilities and equity	86.243.282	97.099.209	95.049.007	10,2
Contingent risks	7.402.074	8.310.022	8.306.015	12,2
Contingent liabilities	15.777.122	16.133.441	11.805.484	-25,2
Total memorandum accounts	23.179.196	24.443.463	20.111.499	-13,2

(1) Balances with financial institutions include the following amounts of repos: Euros 677 million at 30.06.10, Euros 1,072 million at 31.12.10, and Euros 530 million at 30.06.11.

(2) Deposits with central banks and credit institutions include the following amounts of repos: Euros 3,265 million at 30.06.10, Euros 3,353 million at 31.12.10, and Euros 2,095 million at 30.06.11.

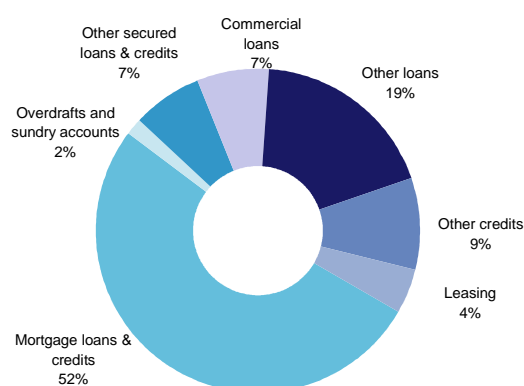
(3) Includes mandatory convertible bonds (Euros 500 million at 30.06.10, Euros 819 million at 31.12.10 and Euros 824 million at 30.06.11).

Loans to customers

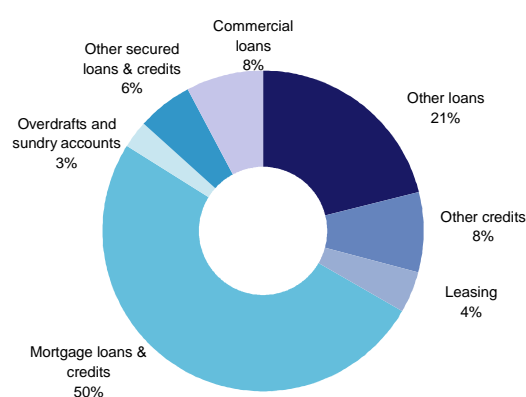
(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Mortgage loans & credits	32.229.305	35.647.107	34.350.134	6,6
Other secured loans & credits	4.312.008	4.368.637	3.755.684	-12,9
Commercial loans	4.424.063	5.576.618	5.316.644	20,2
Other loans	11.517.160	13.573.624	14.219.006	23,5
Other credits	5.733.802	5.532.513	5.570.419	-2,8
Leasing	2.791.832	2.994.755	2.808.018	0,6
Overdrafts and sundry accounts	1.142.014	1.377.025	1.868.486	63,6
Non-performing loans	3.103.780	3.944.427	4.355.633	40,3
Accruals	102.011	43.222	64.509	-36,8
Gross loans and advances to customers, excluding repos (1)	65.355.975	73.057.928	72.308.533	10,6
Reverse repos	0	3.132.792	126.442	--
Gross loans and advances to customers	65.355.975	76.190.720	72.434.975	10,8
NPL and country-risk provisions	-1.942.669	-2.209.902	-1.921.703	-1,1
Loans to customers (net)	63.413.306	73.980.818	70.513.272	11,2
Pro memoria: total securitisation	8.622.840	9.976.654	9.680.771	12,3
Of which: mortgage backed	5.433.982	6.410.041	6.566.822	20,8
Other securitised assets	3.188.858	3.566.613	3.113.949	-2,3
Of which: securitised after 01.01.04	8.544.975	9.771.286	9.536.465	11,6
Of which: mortgage backed	5.358.940	6.219.586	6.424.899	19,9
Other securitised assets	3.186.035	3.551.700	3.111.566	-2,3

(1) Including the figures for Banco Guipuzcoano at 30 June 2010, the year-on-year change would have been -0.8%.

Loans and advances, 30.06.10 (%) (*)

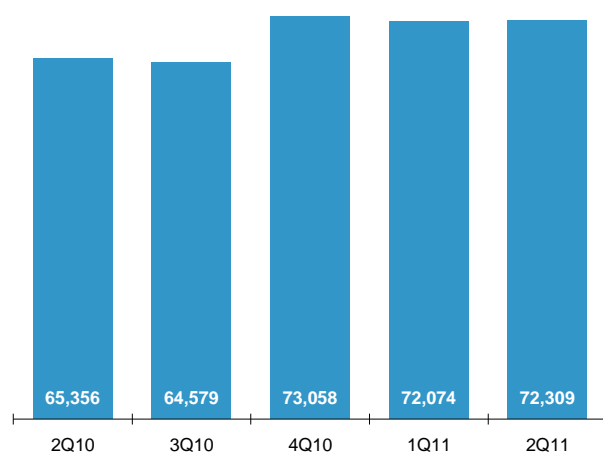


Loans and advances, 30.06.11 (%) (*)



(*) Excluding doubtful assets and accrual adjustments.

Gross loans and advances to customers, excluding repos (€mn)



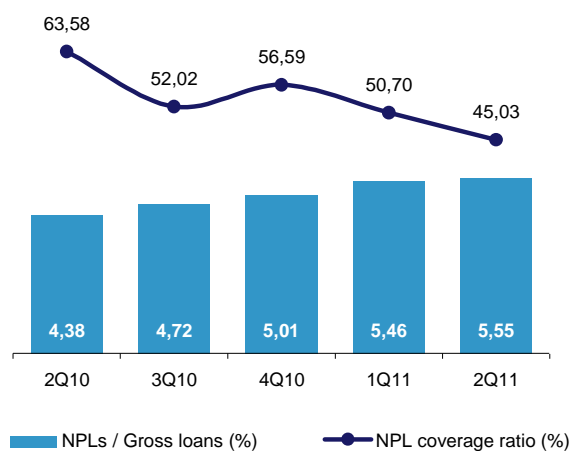
Credit risk management

(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Opening balance (1st January)	2.712.418	2.712.418	4.073.951	50,2
New default entries, net of recoveries	754.228	1.419.789	945.757	25,4
Write-offs	-276.433	-508.279	-547.830	98,2
Subtotal	477.795	911.510	397.927	-16,7
Doubtful real estate in the process of acquisition	0	0	0	--
Quarterly change in doubtful balances	477.795	911.510	397.927	-16,7
Effect of integrating Banco Guipuzcoano		450.023		--
Total bad and doubtful debts	3.190.213	4.073.951	4.471.878	40,2
Gross loans and advances to customers, excluding repos	65.355.975	73.057.928	72.308.533	10,6
Contingent risks	7.402.074	8.310.022	8.306.015	12,2
Total risks	72.758.049	81.367.950	80.614.548	10,8
Specific provisions	1.646.387	1.880.605	1.595.557	-3,1
Generic provisions	382.092	424.788	418.125	9,4
Total provisions for NPLs	2.028.479	2.305.393	2.013.682	-0,7
NPLs / Gross loans (%)	4,38	5,01	5,55	
NPL coverage ratio (%)	63,58	56,59	45,03	

The NPL ratio at 30 June 2011 was 5.55%, compared with 5.46% at 31 March 2011, i.e. still below the Spanish financial sector average.

At 30 June 2011, the NPL coverage ratio was 45.03% (50.70% at the end of March 2011). That ratio is 114.36% including mortgage collateral.

NPLs/Gross loans and coverage ratio (%)



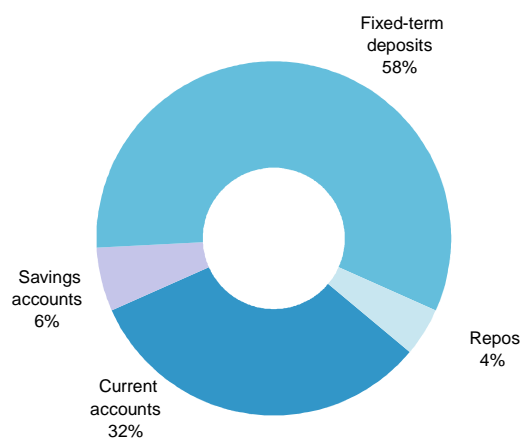
(€'000)	2Q10	3Q10	4Q10	1Q11	2Q11
New default entries, net of recoveries	312.563	415.363	250.198	384.132	561.625
Write-offs	-93.084	-201.246	-30.600	-335.240	-212.590
Subtotal	219.479	214.117	219.598	48.892	349.035
Doubtful real estate in the process of acquisition	0	0	0	265.667	-265.667
Quarterly change in doubtful balances	219.479	214.117	219.598	314.559	83.368
Effect of integrating Banco Guipuzcoano			450.023		
Net change in doubtful debts	219.479	214.117	669.621	314.559	83.368
Total bad and doubtful debts	3.190.213	3.404.330	4.073.951	4.388.510	4.471.878

Funds under management

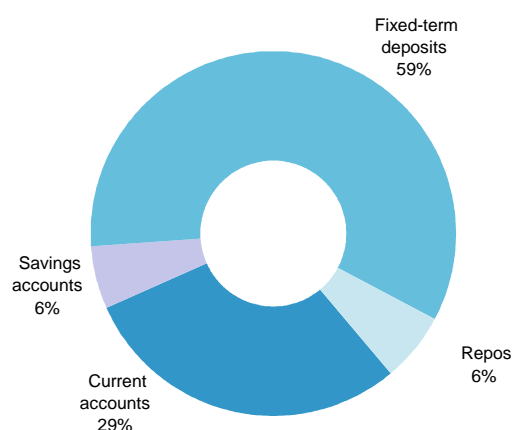
(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Customer-based funding on balance sheet (1)	41.211.946	49.374.406	51.055.104	23,9
Customer deposits	42.389.363	55.092.555	53.804.058	26,9
Current accounts	13.502.540	15.439.685	15.654.822	15,9
Savings accounts	2.517.968	2.844.818	2.945.528	17,0
Fixed-term deposits	24.191.438	30.091.528	31.456.379	30,0
Repos	1.856.599	6.249.332	3.222.818	73,6
Accruals	246.034	356.101	435.791	77,1
Derivative hedging adjustments	74.784	111.091	88.720	18,6
Debt and other tradable securities	19.405.902	19.507.497	19.366.125	-0,2
Subordinated liabilities	2.068.660	2.386.629	1.888.137	-8,7
Liabilities under insurance contracts	180.433	177.512	175.790	-2,6
On-balance sheet funds	64.044.358	77.164.193	75.234.110	17,5
Mutual funds	8.532.106	8.852.797	8.612.794	0,9
Equity funds	407.741	448.969	424.019	4,0
Balanced funds	408.186	504.681	473.644	16,0
Fixed-income funds	2.443.192	2.127.417	1.827.997	-25,2
Guaranteed return funds	1.869.016	1.855.775	2.006.070	7,3
Real estate funds	1.038.278	1.079.171	1.032.886	-0,5
Dedicated investment companies	1.183.562	1.405.890	1.350.310	14,1
Third-party funds	1.182.131	1.430.894	1.497.868	26,7
Managed accounts	1.165.848	1.238.518	1.355.426	16,3
Pension funds	2.776.787	3.015.818	2.903.419	4,6
Individual	1.577.838	1.827.383	1.780.976	12,9
Company	1.168.889	1.159.427	1.094.485	-6,4
Group	30.060	29.008	27.958	-7,0
Third-party insurance products	5.433.708	5.726.873	5.690.887	4,7
Funds under management	81.952.807	95.998.199	93.796.636	14,5

(1) Includes customer deposits (ex-repos), preference shares placed by the branch network and mandatory convertible bonds. Including the figures for Banco Guipuzcoano at 30 June 2010, the year-on-year change would have been +10.7%.

Customer deposits, 30.06.10 (%) (*)

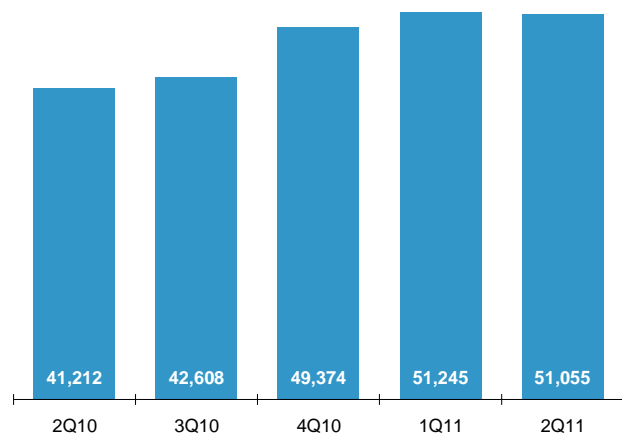


Customer deposits, 30.06.11 (%) (*)

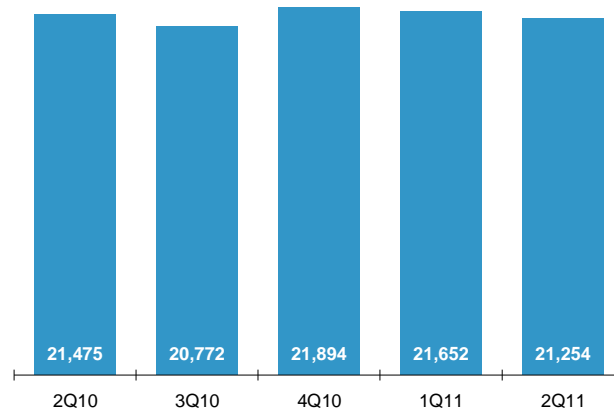


(*) Excluding adjustments for accruals and hedges with derivatives.

Customer-based funding on balance sheet (€mn)



Bonds, subordinated liabilities and other tradeable securities (€mn)



Shareholder's equity

(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Shareholders' equity	5.380.233	5.978.412	6.316.787	17,4
Issued capital	150.000	157.954	173.749	15,8
Reserves	4.612.458	4.761.117	5.320.026	15,3
Other equity instruments (1)	500.000	818.714	818.771	63,8
Less: treasury shares	-115.845	-25.686	-160.024	38,1
Attributable net profit	233.620	380.040	164.265	-29,7
Less: dividends and payments	0	-113.727	0	--
Valuation adjustments	-132.715	-323.735	-398.245	200,1
Minority interest	28.511	33.866	39.723	39,3
Equity	5.276.029	5.688.543	5.958.265	12,9

(1) Mandatory convertible bonds.

Capital ratios

(€'000)	30.06.10	31.12.10	30.06.11	Change (%) YoY
Issued capital	150.000	157.954	173.749	15,8
Reserves	4.538.825	4.777.188	5.108.850	12,6
Mandatory convertible bonds	500.000	818.714	818.771	63,8
Minority interest	34.194	39.294	43.056	25,9
Deductions	-766.267	-829.717	-1.022.228	33,4
Core capital	4.456.752	4.963.433	5.122.198	14,9
Core capital (%)	7,70	8,20	9,27	
Preference shares and deductions	521.605	699.490	299.719	-42,5
Primary capital	4.978.357	5.662.923	5.421.917	8,9
Tier I (%)	8,60	9,36	9,81	
Computing generic provisions	171.324	71.000	93.331	-45,5
Subordinated debt	1.098.200	1.253.203	837.733	-23,7
Valuation adjustments	0	0	0	--
Deductions	-242.351	-282.540	-566.407	133,7
Secondary capital	1.027.173	1.041.663	364.657	-64,5
Tier II (%)	1,78	1,72	0,66	
Total capital	6.005.530	6.704.586	5.786.574	-3,6
Minimum capital requirement	4.628.655	4.842.011	4.419.826	-4,5
Capital surplus	1.376.875	1.862.575	1.366.748	-0,7
BIS ratio (%)	10,38	11,08	10,47	
Risk weighted assets (RWA)	57.858.188	60.525.138	55.247.825	-4,5

Credit ratings

Agency	Date	Long term	Short term	Individual	Support	Outlook	Strength
Fitch	29.06.2011	A-	F2	B/C	3	Negative	
Standard & Poor's ⁽¹⁾	22.02.2011	A	A1			Negative	
Moody's	24.03.2011	A3	Prime 2			Negative	C-

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On 29 June, Fitch Ratings announced rating actions on Banco Sabadell and Banco Guipuzcoano, the goal of which was to reflect the economic situation in Spain and bank exposure to the property development sector. Since the bulk of Banco Sabadell's activity takes place in Spain, its business is closely correlated with Spain's economic performance.

Fitch Ratings noted that Banco Sabadell maintains good margins on its recurrent business. As regards funding on the balance sheet, Fitch recognised the stability of the deposit base due to the strong banking franchise, as well as the bank's well-diversified maturities and good liquidity position. Fitch concluded that Banco Sabadell is satisfactorily capitalised.

The rating actions were as follows:

- Fitch affirmed Banco Sabadell's individual rating as B/C and its support rating as 3. However, it downgraded the long-term rating from A to A- and changed the outlook from stable to negative. The short-term rating was downgraded from F1 to F2.
- Fitch downgraded Banco Guipuzcoano's long-term rating from A to A- and its outlook from stable to negative. Its short-term rating was downgraded from F1 to F2. The individual rating was downgraded from C to C/D and was simultaneously withdrawn due to reorganisation of the group and its integration into Banco Sabadell. Its support rating was affirmed as 1.

Results by business units

The tables below summarise earnings and other indicators of the group's business units.

The information presented here is based on the individual financial statements of each Group company, after the corresponding consolidation eliminations and adjustments and with analytical accounting of revenues and expenses in cases in which a business is spread over more than one legal entity, to enable customer revenues and costs to be assigned to specific units.

Each business unit is treated as an independent business and transactions between them for product distribution or

the provision of services and systems are priced on an arm's-length basis. The ultimate impact on the Group profit and loss account is zero.

Each business bears its own direct costs, on the basis of general and analytical accounting, as well as the indirect costs of the corporate units.

Moreover, capital is assigned such that each business has capital equivalent to the regulatory amount required to reach the Group's target ratios on the basis of its assets at risk.

30.06.2010 (***)	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	840.934	212.399	56.989.438	9,8%	56,3%	7.384	1.413
Corporate banking	90.105	63.769	11.122.585	10,6%	12,8%	89	2
Banco Urquijo	26.041	7.352	2.037.385	4,9%	58,8%	229	14
Asset management	17.280	6.753	8.711.015 (**)	27,7%	60,9%	156	--
Total		290.273 (*)					

30.06.2011	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	853.066	193.643	56.749.643	9,0%	52,3%	7.276	1.323
Corporate banking	99.216	90.126	11.301.240	15,8%	11,4%	93	2
Banco Urquijo	24.863	9.669	1.431.661	6,3%	54,0%	207	14
Asset management	16.373	6.340	8.612.794 (**)	27,3%	61,3%	163	--
Total		299.778 (*)					

(*) The reconciliation with total group results must include amounts not assigned to business units and the tax effect.

(**) These figures reflect the mutual fund assets managed and/or marketed at the end of the period.

(***) Includes balances of Banco Guipuzcoano, for comparison purposes with 2011 figures.

Share Price performance

	30.06.10	31.12.10	30.06.11	Change (%) YoY
Shareholders and trading				
Number of shareholders	101.225	126.263	129.864	28,3
Number of shares	1.200.000.000	1.263.630.834	1.389.993.916	15,8
Average daily trading volume (number of shares)	6.844.588	5.993.452	9.261.060	35,3
Share price (€)				
Opening session	3,875	3,875	2,950	
High	4,403	4,550	3,709	
Low	3,095	2,940	2,750	
Closing session	3,720	2,950	2,850	
Market capitalisation (€ '000)	4.464.000	3.727.711	3.961.483	
Stock market multiples				
Earnings per share (EPS) (€)	0,40	0,32	0,24	
Book value per share (€)	4,48	4,73	4,54	
Price /Book value (times)	0,83	0,62	0,63	
Price /earnings ratio (P/E) (times)	9,22	9,15	11,70	
Including conversion of convertible bond:				
Fully diluted number of shares including conversion of convertible bond	1.300.341.160	1.457.245.725	1.583.608.807	
Earnings per share (EPS) (€)	0,37	0,28	0,21	
Book value per share (€)	4,14	4,10	3,99	
Price /Book value (times)	0,90	0,72	0,71	