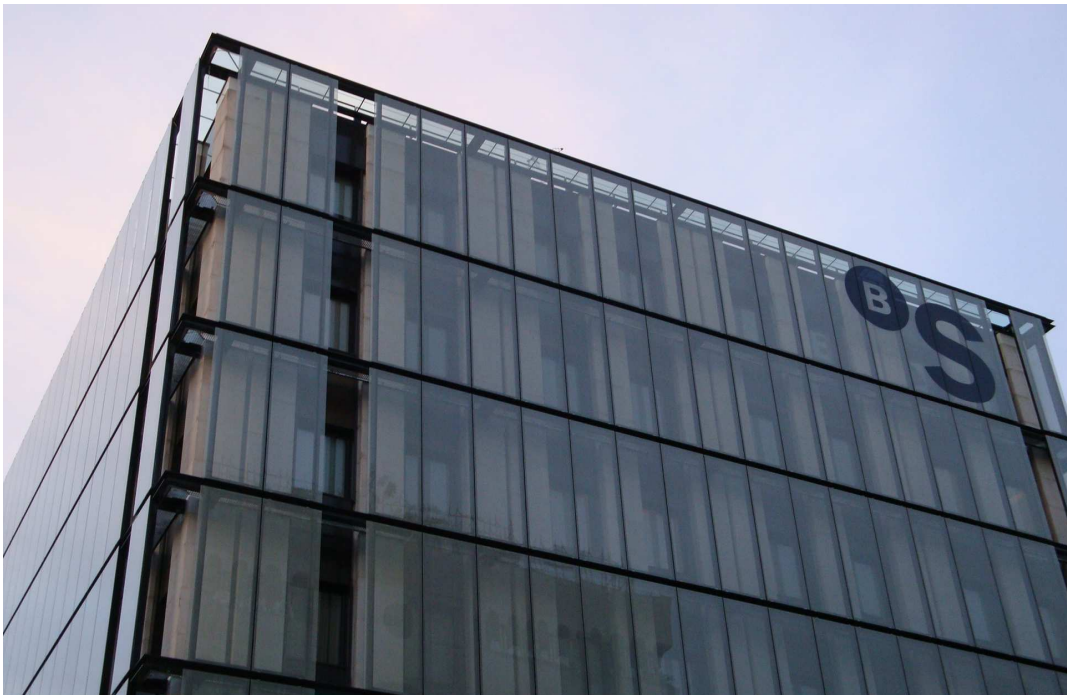


Quarterly financial report

Third 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).

Key figures

	30.09.10	31.12.10	30.09.11	Change (%) YoY
Balance sheet (€ '000)				
Total assets	85,682,144	97,099,209	95,706,682	11.7
Gross loans and advances to customers, excluding repos	64,579,467	73,057,928	72,469,900	12.2
Gross loans and advances to customers	64,579,467	76,190,720	72,868,483	12.8
On-balance sheet funds	64,381,311	77,164,193	75,607,220	17.4
Of which: Customer-based funding on balance sheet (1)	42,607,586	49,374,406	51,388,420	20.6
Mutual funds	8,393,390	8,852,797	8,216,485	-2.1
Pension funds and third-party insurance products	8,365,710	8,742,691	8,474,861	1.3
Funds under management	82,208,417	95,998,199	93,474,176	13.7
Shareholders' equity	5,447,844	5,978,412	6,269,836	15.1
Profit and loss account (€ '000)				
Net interest income	1,126,362	1,459,116	1,153,191	2.4
Gross operating income	1,802,499	2,331,339	1,865,378	3.5
Net income before provisions	937,028	1,136,304	924,631	-1.3
Attributable net profit	340,311	380,040	207,431	-39.0
Ratios (%)				
ROA	0.53	0.44	0.29	
ROE	9.02	7.32	4.71	
Cost / income (ex amortisation) (2)	43.59	46.20	47.63	
Cost / income ratio excluding non-recurrent expenses (2)	43.18	45.20	46.16	
Core capital	7.84	8.20	9.10	
Adjusted core capital (3)	8.19	8.56	10.19	
Tier I	8.93	9.36	9.95	
BIS ratio	10.91	11.08	10.99	
Risk management				
Non-performing loans (€ '000)	3,404,330	4,073,951	4,617,177	
Provisions for NPLs (€ '000)	1,770,929	2,305,393	2,331,877	
NPLs / Gross loans (%)	4.72	5.01	5.72	
NPL coverage ratio (%)	52.02	56.59	50.50	
NPL coverage ratio with mortgage collateral (%)	114.16	112.47	120.22	
Share data (period end)				
Number of shareholders	96,567	126,263	130,039	
Number of shares	1,200,000,000	1,263,630,834	1,390,314,371	
Share price (€)	3.674	2.950	2.685	
Market capitalisation (€ '000)	4,408,800	3,727,711	3,732,994	
Earnings per share (EPS) (€)	0.38	0.32	0.20	
Book value per share (€)	4.54	4.73	4.51	
Price /Book value (times)	0.81	0.62	0.60	
Price /earnings ratio (P/E) (times)	9.69	9.15	13.46	
Including conversion of convertible bond:				
Fully diluted number of shares including conversion of convertible bond	1,300,015,050	1,457,245,725	1,583,929,262	
Earnings per share (EPS) (€)	0.35	0.28	0.18	
Book value per share (€)	4.19	4.10	3.96	
Price /Book value (times)	0.88	0.72	0.68	
Other data				
Domestic branches	1,184	1,428	1,343	
Employees (4)	9,701	10,777	10,699	
ATMs	1,452	1,703	1,615	

(1) Includes customer deposits (ex-repos) and other liabilities placed via the branch network: preference shares, mandatory convertible bonds and non-convertible September 2011 bonds of Banco Sabadell.

(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.

(3) Adjusted for generic provisions net of taxes.

(4) The December 2010 figure includes the Banco Guipuzcoano workforce (1,153 employees at that date).

Introduction

Key developments in 3Q11

- Net interest income: amounted to Euros 1,153.2 million, a 2.4% increase year-on-year. Net interest income was higher in the third quarter of 2011 (Euros 388.6 million) than in the previous two quarters (Euros 379.1 million in 1Q11 and Euros 385.4 million in 2Q11). Including the balances from Banco Guipuzcoano in 2010, net interest income declined by -7.8% year-on-year, given the negative performance of the yield curve, since the cost of funding increased faster than the average yield on investment (loans are repriced at longer intervals). Good management of spreads partly offset this negative effect.
- Net fees and commissions: amounted to Euros 424.1 million, a 12.5% increase over the same period of 2010. Including Banco Guipuzcoano in 2010, the year-on-year change would have been +3.4%.
- Results from financial transactions: includes gains of Euros 87.1 million from the debt-for-equity transaction in February 2011 (issuance and placement of 126 million BS shares to tender for preference shares and subordinated debt at a discount), Euros 72.2 million from the trading portfolio and Euros 26.3 million from sales of fixed-income securities in portfolio. In 2010, the bank obtained Euros 89.0 million from preference share and subordinated debt swaps, Euros 59.1 million from the sale of fixed-income securities in portfolio, and Euros 40.6 million from trading.
- Administrative expenses (personnel and general): recurrent administrative expenses declined by -3.2% year-on-year (specifically, recurrent personnel expenses declined by -2.3% and recurrent general expenses by -4.7%) in like-for-like terms, i.e. excluding the impact of integrating Banco Guipuzcoano and Lydian Private Bank and the sale and leaseback transaction arranged in April 2010.

Non-recurrent personnel expenses totalled Euros -20.0 million (Euros -7.1 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 -767.3 million. A significant portion of those provisions (Euros -186 million) was 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 September 2011, the NPL ratio was 5.72% and the NPL coverage ratio was 50.50% (120.22% 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 2010 figures also included a Euros 16 million tax 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 9.10% (compared with 7.84% at 30 September 2010).
- Customer loans and funds: customer funds on the balance sheet increased by +20.6% year-on-year (+8.3% including Banco Guipuzcoano figures from 2010) while gross loans and advances to customers, excluding repos, increased by +12.2% (-0.5% including Banco Guipuzcoano in 2010).

Macroeconomic environment

Global economic and financial background

The financial turbulence intensified during the third quarter despite major steps taken by the European authorities to improve the aid mechanisms and the agreement to provide a second Greek bailout, tied to an orderly restructuring of its government debt. In this context, the ECB extended its purchases of government bonds to systemic countries such as Italy and Spain. Greater instability in the markets has been driven by fears of a global recession, S&P's downgrade of the US government's AAA rating, doubts regarding the implementation of improvements in the euro area rescue mechanism, and Greece's critical condition. Second quarter GDP growth was modest in the US and slowed in the Euro area and the UK.

Fixed income markets

The main economies' central banks reinforced their accommodative positions. The Federal Reserve stated that, in view of economic conditions, it would very likely keep its base rate exceptionally low until mid-2013. The Fed adopted new measures aimed at reducing long-term interest rates and supporting the mortgage markets. The European Central Bank increased its base rate by 25 basis points in July, to 1.50%, but adopted a dovish bias at its most recent meeting. The Bank of England maintained the base rate at 0.50% and its asset purchase scheme at GBP

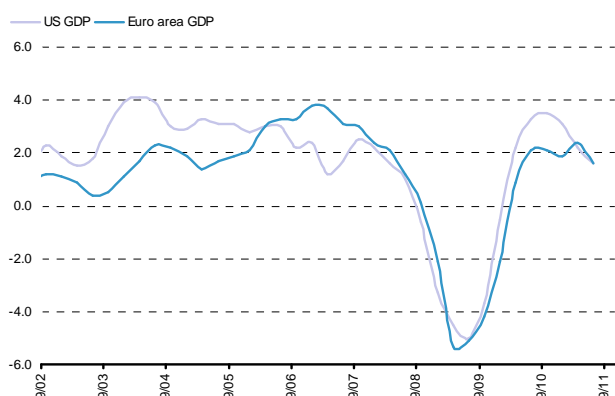
200 billion, although it is in discussions to expand the scheme if economic conditions worsen.

Yields on German and US long-term government bonds reached record lows and ended the quarter at 1.89% and 1.92%, respectively. Country-risk premiums in the non-core Euro area countries increased (excluding Ireland) and reached record highs in some cases. This performance was driven by: (i) fears of a global recession; (ii) doubts about the implementation of improvements in the rescue mechanism; (iii) Greece's dire situation; (iv) discord in the ECB over its asset purchase programme; and (v) uncertainty about France's financial system in view of its exposure to Greece. In this context, the rating agencies downgraded Portuguese and Irish government debt to speculative grade.

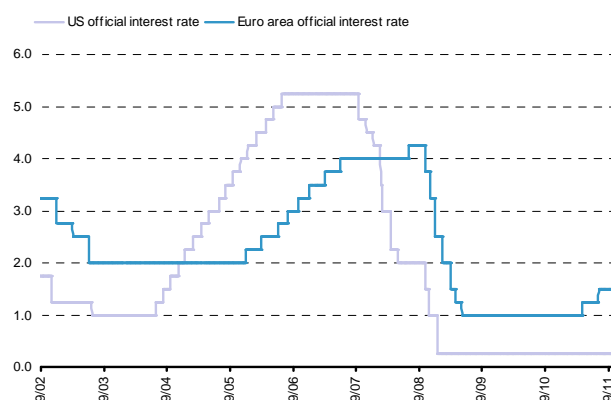
Equity markets

The world's equity markets declined significantly in the third quarter, especially in Europe. The Euro Stoxx 50 slipped to its lowest this year against a backdrop of high volatility and rising risk premiums, fuelled by fears of another global recession and problems related to the sovereign debt crisis in Europe. The Ibx 35 lost -17.5%, the Euro Stoxx50 -23.5% and the S&P500 -7.6% in euro terms in the quarter.

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 September 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 this year 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 the end of September 2011, the total assets of Banco Sabadell and its Group amounted to Euros 95,706.7 million, having increased by 11.7% year-on-year.

Gross loans and advances to customers, excluding repos, amounted to Euros 72,469.9 million, a 12.2% increase over the figure at the end of September 2010 (+0.5% including Banco Guipuzcoano in 2010). In particular, lending increased considerably year-on-year, by Euros 5,677.6 million overall, including a notable increase in mortgage loans (Euros 3,084.2 million).

The ratio of non-performing loans (NPLs) to total computable risks was 5.72%, i.e. still below the Spanish financial sector average. Coverage of doubtful assets was 50.50%. The coverage ratio including mortgage collateral is 120.22%.

At 30 September 2011, customer funds on the balance sheet amounted to Euros 51,388.4 million (Euros 42,607.6 million at 30 September 2010, i.e. +20.6%). Time deposits totalled Euros 31,638.8 million, having increased by 22.5% year-on-year. Demand deposits amounted to Euros 18,452.8 million, up 16.9% in the last twelve months. Including the balances of Banco Guipuzcoano in 2010, customer funds on the balance sheet increased considerably, by 8.3%, due particularly to the above-mentioned increase in time deposits.

Liabilities in the form of tradable securities amounted to Euros 19,557.3 million at the end of September 2011, compared with Euros 18,701.0 million one year before. The outstanding balance of debt securities increased by Euros 574.7 million in the last year, Euros 300.0 million of which correspond to the issue of Banco Sabadell non-convertible bonds in September. As for wholesale funding, subordinated liabilities declined by -9.5% year-on-year as a result of the debt-for-equity swap performed in February 2011 (issue and placement of 126 million Banco Sabadell shares to cover the 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 bonds at a discount.

Assets in collective investment vehicles totalled Euros 8,216.5 million at 30 September 2011, i.e. a year-on-year decline of -2.1%.

Assets in pension funds marketed by the Group ended the quarter at Euros 2,705.3 million, compared with Euros 2,760.5 million at 30 September 2010.

Insurance sales increased by 2.9%. The balance was Euros 5,769.6 million at 30 September 2011.

Total funds under management amounted to Euros 93,474.2 million at 30 September 2011, compared with Euros 82,208.4 million at 30 September 2010. Including the balances from Banco Guipuzcoano in 2010, funds under management increased by 3.5% year-on-year.

Income and profit performance

Net income attributed to Banco Sabadell and its group amounted to Euros 207.4 million in the first nine months of 2011, compared with Euros 340.3 million in the same period of 2010.

In the first nine months of 2011, net interest income totalled Euros 1,153.2 million (+2.4% year-on-year). Including the balances from Banco Guipuzcoano in 2010, net interest income declined by -7.8% 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). Good management of spreads partly offset this negative effect.

Income from equity-accounted affiliates amounted to Euros 41.8 million, including a significant contribution from investee banks (Euros 27.5 million, including Centro Financiero BHD, Banco del Bajío and others) and insurance and pension affiliates (Euros 11.2 million).

Net fees and commissions amounted to Euros 424.1 million, an increase of 12.5% year-on-year (3.4% including Banco Guipuzcoano in 2010). Fees and commissions on securities, credit cards, syndicated loans, risk transactions and other customer services performed particularly well.

Income from financial transactions amounted to Euros 186.9 million, including extraordinary gains of Euros 87.1 million on the debt-for-equity transaction performed in February 2011, which was applied in full to reserves for loan losses and other impairments. Income from financial transactions in the period included Euros 72.2 million from transactions with the trading portfolio and Euros 26.3 million on the sale of available-for-sale fixed-income financial assets.

Operating expenses in the first nine months of 2011 amounted to Euros 847.1 million, of which Euros 26.2 million 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 Lydian Private Bank and the sale and leaseback transaction in April 2010), operating expenses declined by -3.2% year-on-year. The cost/income ratio, excluding non-recurrent expenses, was 46.16%.

As a result, net income before provisions amounted to Euros 924.6 million at 30 September 2011, compared with

a slightly higher figure in the first nine months of 2010 (Euros 937.0 million).

Provisions for loan losses and other impairments (primarily real estate and financial assets) amounted to Euros 767.3 million (Euros 813.9 million at 30 September 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 this year have been negligible, whereas in 2010 the Bank obtained 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 207.4 million in the first nine months of 2011.

The core capital ratio is 9.10% (7.84% at 30 September 2010).

Other key developments in 3Q11

Stress test results

The results of the stress tests performed by the EBA on European financial institutions were made public on 15 July.

Banco Sabadell passed the test comfortably. In the adverse scenario, its core tier I capital would be 5.7%. That ratio would be 8% if outstanding mandatory convertible bonds, general-purpose provisions and the extraordinary results booked at the end of the first quarter of 2011 are included.

Adjudication of Lydian Private Bank

On 19 August, Sabadell United Bank N.A., a subsidiary of Banco Sabadell based in the state of Florida (USA), was designated as the successful bidder in the sale organised by the Federal Deposit Insurance Corporation (FDIC) of Lydian Private Bank, a financial institution established in Florida (USA) that was in receivership at that time.

Following the adjudication, under a process established beforehand by the FDIC, Sabadell United Bank obtained certain assets for a total of approximately USD 1,607 million with a discount of approximately USD 176 million and assumed certain liabilities amounting to approximately USD 1,607 million, including approximately USD 1,224 million of customer deposits, approximately USD 351 million in advances from Federal Home Loan Bank, and approximately USD 32 million in other minor items. This transaction was carried out under a loss-share agreement whereby most of the potential loan losses are shared in a percentage of 80/20 between FDIC and Sabadell United Bank, respectively.

With this transaction, Sabadell United Bank significantly increased its size, and Banco Sabadell strengthened its presence in Florida.

Issue of non-convertible bonds

On 14 September, the issue of non-convertible bonds entitled "Emisión de Bonos Simples Septiembre 2011 de Banco de Sabadell, S.A." with a nominal amount of Euros 300 million was fully subscribed.

Eligible investors subscribed for 27% and retail investors for the other 73%.

The bonds were issued and paid for on 29 September, and they are now listed on the AIAF Fixed-income market's electronic bond trading system (SEND).

Profit & loss account

Profit & loss account

(€'000)	9M10	9M11	Change (%) YoY
Interest and related income	1,938,010	2,498,891	28.9
Interest and related charges	-811,648	-1,345,700	65.8
Net interest income	1,126,362	1,153,191	2.4
Dividend income	12,548	7,697	-38.7
Income from equity method	54,750	41,833	-23.6
Net fees and commissions	376,953	424,050	12.5
Results from financial transactions (net)	179,367	186,911	4.2
Foreign exchange (net)	46,831	46,710	-0.3
Other operating income/expense	5,688	4,986	-12.3
Gross operating income	1,802,499	1,865,378	3.5
Personnel expenses	-491,665	-554,648	12.8
Recurrent (1)	-484,585	-534,604	10.3
Non-recurrent	-7,080	-20,044	183.1
Other general expenses	-255,304	-292,417	14.5
Recurrent (2)	-255,304	-286,217	12.1
Non-recurrent	0	-6,200	--
Amortization & depreciation	-118,502	-93,682	-20.9
Net income before provisions	937,028	924,631	-1.3
Provisions for NPLs and other impairments	-813,881	-767,270	-5.7
Gains on sale of assets	293,367	3,631	-98.8
Net result from discontinued transactions	0	0	--
Income tax	-74,055	49,797	--
Consolidated net profit	342,459	210,789	-38.4
Minority interest	2,148	3,358	56.3
Attributable net profit	340,311	207,431	-39.0
Pro memoria:			
Average total assets	86,180,279	95,935,360	
Earnings per share (€) (3)	0.28	0.15	

(1) Assuming the same consolidation scope, the year-on-year change was -2.3%.

(2) Assuming no change in consolidation scope and excluding the April 2010 *sale and leaseback* operation, the year-on-year change is -4.7%.

(3) Not annualised.

Profit & loss account - quarterly

(€'000)	3Q10	4Q10	1Q11	2Q11	3Q11	Change (%) YoY
Interest and related income	651,427	706,777	794,485	831,498	872,908	34.0
Interest and related charges	-290,245	-374,023	-415,336	-446,087	-484,277	66.9
Net interest income	361,182	332,754	379,149	385,411	388,631	7.6
Dividend income	2,089	3,734	1,323	5,647	727	-65.2
Income from equity method	17,402	16,117	16,799	15,395	9,639	-44.6
Net fees and commissions	123,669	139,509	135,729	152,636	135,685	9.7
Results from financial transactions (net)	27,225	24,698	124,518	38,698	23,695	-13.0
Foreign exchange (net)	23,248	11,824	12,162	12,998	21,550	-7.3
Other operating income/expense	325	204	1,881	1,295	1,810	456.9
Gross operating income	555,140	528,840	671,561	612,080	581,737	4.8
Personnel expenses	-165,694	-188,056	-192,129	-178,735	-183,784	10.9
Recurrent	-162,507	-172,561	-179,016	-175,980	-179,608	10.5
Non-recurrent	-3,187	-15,495	-13,113	-2,755	-4,176	31.0
Other general expenses	-91,858	-101,030	-98,516	-92,491	-101,410	10.4
Recurrent	-91,858	-101,030	-92,316	-92,491	-101,410	10.4
Non-recurrent	0	0	-6,200	0	0	--
Amortization & depreciation	-39,850	-40,478	-32,423	-30,209	-31,050	-22.1
Net income before provisions	257,738	199,276	348,493	310,645	265,493	3.0
Provisions for NPLs and other impairments	-120,118	-154,193	-330,060	-215,482	-221,728	84.6
Gains on sale of assets	1,228	2,744	1,101	1,510	1,020	-16.9
Net result from discontinued transactions (after taxes)	0	0	0	0	0	--
Income tax	-31,613	-7,364	66,601	-15,624	-1,180	-96.3
Consolidated net profit	107,235	40,463	86,135	81,049	43,605	-59.3
Minority interest	544	734	1,887	1,032	439	-19.3
Attributable net profit	106,691	39,729	84,248	80,017	43,166	-59.5
Pro memoria:						
Average total assets	86,636,986	89,943,395	96,005,281	95,391,438	96,404,970	
Earnings per share (€) (1)	0.08	0.04	0.06	0.06	0.03	

(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

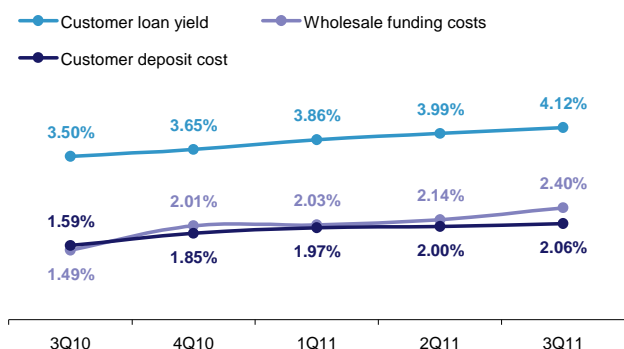
2011 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2,318,962	1.29	7,399	2,262,463	1.52	8,549	2,509,221	1.67	10,572			
Loans to customers (net)	70,112,273	3.86	667,103	69,772,943	3.99	693,851	70,060,348	4.12	727,741			
Fixed-income securities	13,773,814	3.03	102,777	13,383,089	3.27	109,195	13,029,168	3.43	112,578			
Subtotal	86,205,049	3.66	777,279	85,418,495	3.81	811,595	85,598,737	3.94	850,891			
Equity securities	2,037,206	--	--	2,044,858	--	--	2,151,642	--	--			
Tang. & intang. assets	2,025,270	--	--	1,933,147	--	--	2,018,425	--	--			
Other assets	5,737,756	1.22	17,206	5,994,938	1.33	19,903	6,636,166	1.32	22,017			
Total	96,005,281	3.36	794,485	95,391,438	3.50	831,498	96,404,970	3.59	872,908			

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	6,679,413	-2.68	-45,047			
Customer deposits	48,536,916	-1.97	-235,113	49,190,867	-2.00	-245,618	48,992,853	-2.06	-254,963			
Capital markets	22,813,218	-2.03	-114,313	23,112,602	-2.14	-123,247	23,074,969	-2.40	-139,757			
Repos	5,435,101	-1.09	-14,566	4,523,705	-1.49	-16,844	5,862,863	-1.71	-25,269			
Subtotal	84,083,526	-1.93	-400,971	84,459,352	-2.04	-428,900	84,610,098	-2.18	-465,036			
Other liabilities	5,736,116	-1.02	-14,365	5,119,376	-1.35	-17,187	5,770,068	-1.32	-19,241			
Shareholders' equity	6,185,639	--	--	5,812,710	--	--	6,024,804	--	--			
Total	96,005,281	-1.76	-415,336	95,391,438	-1.88	-446,087	96,404,970	-1.99	-484,277			

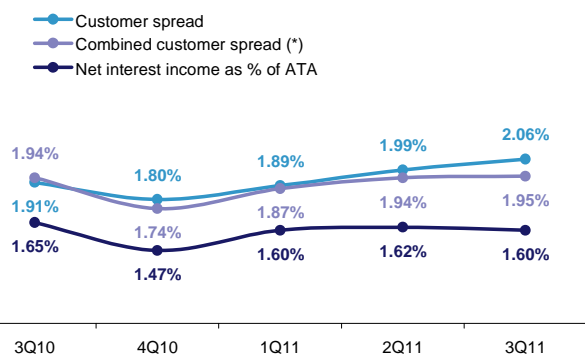
Customer spread (%)



Net interest income amounted to Euros 388.6 million in the third quarter of 2011, compared with Euros 385.4 million in the preceding quarter. The average yield on customer loans was 4.12%, 13 basis points more than in the second quarter of 2011. The impact on financial revenues of rising lending yields was Euros +29.3 million in the quarter.

The average cost of customer deposits was -2.06%, compared with -2.00% in 2Q11. The effect of the decline in costs was Euros -7.1 million in the quarter.

Net interest income (%)



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

Wholesale funding costs increased by Euros -16.5 million with respect to 2Q11; the average cost of outstanding debt securities was -2.40%.

The customer spread was 2.06% (1.99% in the previous quarter). The combined customer spread, which includes wholesale funding costs, was 1.95%, compared with 1.94% in the second quarter of 2011.

As a result, net interest income in 3Q11 represented 1.60% of average total assets, compared with 1.62% in 2Q11.

Net fees and commissions

(€'000)	3Q10	2Q11	3Q11	Change (%) 3Q10	Change (%) 2Q11
Asset transactions	23,624	24,688	25,266	7.0	2.3
Guarantees	19,568	21,606	22,017	12.5	1.9
Transferred to other entities	-774	-922	-890	15.0	-3.5
Risk transaction fees	42,418	45,372	46,393	9.4	2.3
Cards	15,784	18,638	18,376	16.4	-1.4
Payment orders	8,568	9,815	9,740	13.7	-0.8
Securities	7,528	22,456	11,787	56.6	-47.5
Demand accounts	7,916	8,703	8,308	5.0	-4.5
Other transactions	13,329	15,974	13,227	-0.8	-17.2
Commissions for services	53,125	75,586	61,438	15.6	-18.7
Mutual funds	18,525	19,330	17,045	-8.0	-11.8
Pension funds and insurance brokerage	9,601	12,348	10,809	12.6	-12.5
Mutual and pension fund and insurance commissions	28,126	31,678	27,854	-1.0	-12.1
Total	123,669	152,636	135,685	9.7	-11.1

Net fees and commissions in 3Q11 amounted to Euros 135.7 million, having increased by +9.7% year-on-year.

Service fees increased by 15.6% due to the widespread improvement in the rates of fees and commissions, notably on securities and cards.

Commissions on risk transactions also increased year-on-year (+9.4%), as did fees on pension funds and insurance

policies (+12.6%) due to the larger volume of business. Mutual fund fees declined by 8.0%, in line with market performance.

Net fees and commissions declined by 11.1% overall with respect to 2Q11, mainly as a result of lower fee revenues for syndicated loan structuring and underwriting (included under other commissions for services) and the lower amount of one-off securities commissions.

Administrative expenses

(€'000)	3Q10	2Q11	3Q11	Change (%) 3Q10	Change (%) 2Q11
Recurrent	-162,507	-175,980	-179,608	10.5	2.1
Non-recurrent	-3,187	-2,755	-4,176	31.0	51.6
Personnel expenses	-165,694	-178,735	-183,784	10.9	2.8
IT	-12,662	-11,309	-13,682	8.1	21.0
Communications	-5,749	-3,815	-4,784	-16.8	25.4
Advertising	-6,187	-7,991	-7,961	28.7	-0.4
Premises	-26,866	-27,794	-30,112	12.1	8.3
Stationery and office supplies	-1,886	-2,040	-1,755	-6.9	-14.0
Taxes other than income tax	-14,189	-14,203	-16,205	14.2	14.1
Others	-24,319	-25,339	-26,911	10.7	6.2
Non-recurrent	0	0	0	--	--
Other general expenses	-91,858	-92,491	-101,410	10.4	9.6
Total	-257,552	-271,226	-285,194	10.7	5.1

Assuming no change in consolidation scope (i.e. excluding the integration of Banco Guipuzcoano and Lydian Private Bank) and excluding the sale and leaseback programme in April 2010, recurrent administrative expenses fell by -3.2% in the first nine months of 2011 compared with the same period of 2010.

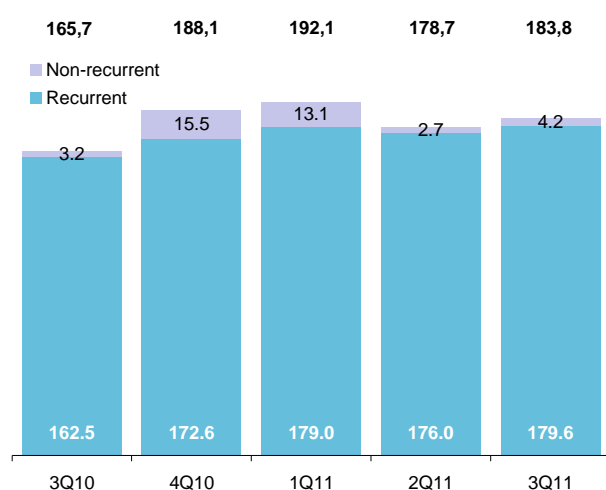
Recurrent personnel expenses declined slightly (-2.3%) year-on-year, assuming no change in consolidation scope,

due to the optimisation of administrative processes at branches and measures to improve operating efficiency.

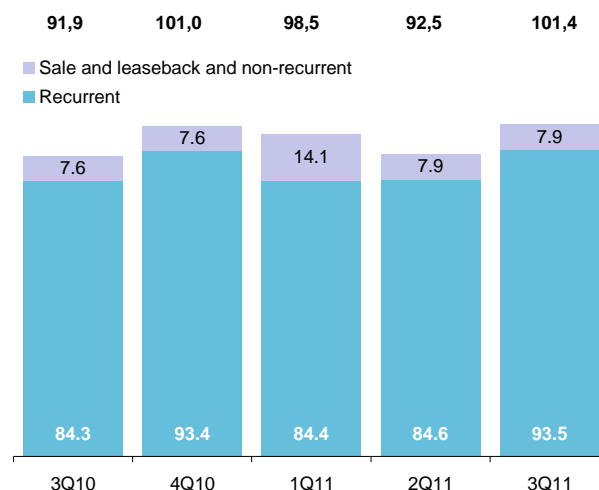
Recurrent general expenses declined by -4.7% year-on-year (excluding the sale and leaseback operation in April 2010), assuming no change in consolidation scope.

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)	3Q10	2Q11	3Q11	Change (%) 3Q10	Change (%) 2Q11
Specific provisions	-186,100	-143,400	-158,556	-14.8	10.6
Extraordinary provisions	-46,000	0	0	-100.0	--
Implementation Bank of Spain Circular 3/2010	120,000	0	0		
Substandard provisions	61,900	52,200	53,219	-14.0	2.0
Real estate	-160,940	-62,358	-41,186	-74.4	-34.0
Banco Comercial Português	0	-34,690	-46,474	--	
Other impairments	-12,167	-9,304	-12,094	-0.6	30.0
Subtotal	-223,307	-197,552	-205,091	-8.2	3.8
Generic provisions	103,189	-17,930	-16,637	--	-7.2
Total provisions and impairments	-120,118	-215,482	-221,728	84.6	2.9

Balance sheet

(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Cash and balance with Central Banks	1,406,784	1,253,600	1,029,994	-26.8
Trading and derivatives portfolios and other financial assets	2,216,381	1,962,652	2,330,455	5.1
Available-for-sale financial assets	11,217,889	10,830,629	12,302,037	9.7
Loans and advances	65,458,337	76,725,432	73,007,861	11.5
Balances with financial institutions (1)	2,556,651	2,744,614	2,378,406	-7.0
Loans to customers (net)	62,901,686	73,980,818	70,629,455	12.3
Investments in associated companies	760,407	813,492	720,114	-5.3
Property, plant and equipment	958,805	1,081,549	1,068,903	11.5
Intangible assets	694,035	831,301	997,269	43.7
Other assets	2,969,506	3,600,554	4,250,049	43.1
Total assets	85,682,144	97,099,209	95,706,682	11.7
Trading and derivatives portfolios	2,121,031	1,716,500	2,013,661	-5.1
Financial liabilities at amortised cost	77,042,070	88,710,738	86,805,875	12.7
Central banks and credit institutions (2)	11,473,752	10,333,988	10,085,958	-12.1
Customer deposits	43,433,351	55,092,555	53,998,743	24.3
Capital markets	18,701,044	19,507,497	19,557,325	4.6
Subordinated liabilities	2,070,764	2,386,629	1,874,654	-9.5
Other financial liabilities	1,363,159	1,390,069	1,289,195	-5.4
Liabilities under insurance contracts	176,152	177,512	176,498	0.2
Provisions	309,984	367,662	355,459	14.7
Other liabilities	590,091	438,254	411,014	-30.3
Subtotal liabilities	80,239,328	91,410,666	89,762,507	11.9
Shareholders' equity (3)	5,447,844	5,978,412	6,269,836	15.1
Valuation adjustments	-39,046	-323,735	-368,376	--
Minority interest	34,018	33,866	42,715	25.6
Equity	5,442,816	5,688,543	5,944,175	9.2
Total liabilities and equity	85,682,144	97,099,209	95,706,682	11.7
Contingent risks	7,498,913	8,310,022	8,225,744	9.7
Contingent liabilities	15,797,328	16,133,441	12,409,289	-21.4
Total memorandum accounts	23,296,241	24,443,463	20,635,033	-11.4

(1) Balances with financial institutions include the following amounts of repos: Euros 1,113 million at 30.09.10, Euros 1,072 million at 31.12.10, and Euros 450 million at 30.09.11.

(2) Deposits with central banks and credit institutions include the following amounts of repos: Euros 4,270 million at 30.09.10, Euros 3,353 million at 31.12.10, and Euros 3,045 million at 30.09.11.

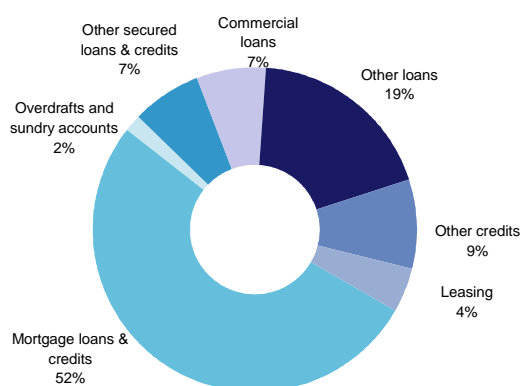
(3) Includes mandatory convertible bonds (Euros 498 million at 30.09.10, Euros 819 million at 31.12.10 and Euros 817 million at 30.09.11).

Loans to customers

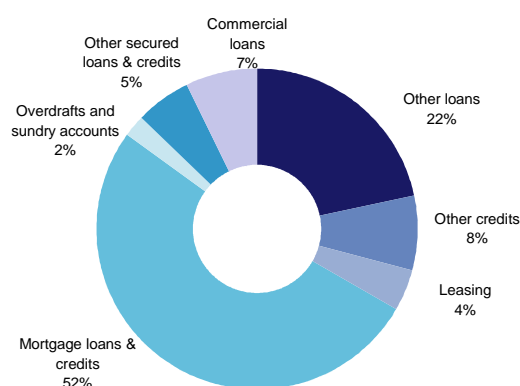
(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Mortgage loans & credits	31,886,389	35,647,107	34,970,597	9.7
Other secured loans & credits	4,306,760	4,368,637	3,633,938	-15.6
Commercial loans	4,280,959	5,576,618	4,894,884	14.3
Other loans	11,496,697	13,573,624	14,762,909	28.4
Other credits	5,438,357	5,532,513	5,208,788	-4.2
Leasing	2,691,276	2,994,755	2,739,746	1.8
Overdrafts and sundry accounts	1,056,606	1,377,025	1,647,789	56.0
Non-performing loans	3,296,448	3,944,427	4,497,237	36.4
Accruals	125,975	43,222	114,012	-9.5
Gross loans and advances to customers, excluding repos (1)	64,579,467	73,057,928	72,469,900	12.2
Reverse repos		3,132,792	398,583	--
Gross loans and advances to customers	64,579,467	76,190,720	72,868,483	12.8
NPL and country-risk provisions	-1,677,781	-2,209,902	-2,239,028	33.5
Loans to customers (net)	62,901,686	73,980,818	70,629,455	12.3
Pro memoria: total securitisation	8,978,329	9,976,654	9,225,717	2.8
Of which: mortgage backed	5,678,311	6,410,041	6,366,820	12.1
Other securitised assets	3,300,018	3,566,613	2,858,897	-13.4
Of which: securitised after 01.01.04	8,906,075	9,771,286	9,087,562	2.0
Of which: mortgage backed	5,608,501	6,219,586	6,231,155	11.1
Other securitised assets	3,297,574	3,551,700	2,856,407	-13.4

(1) Including the figures for Banco Guipuzcoano at 30 September 2010, the year-on-year change would have been +0.5%.

Loans and advances, 30.09.10 (%) (*)

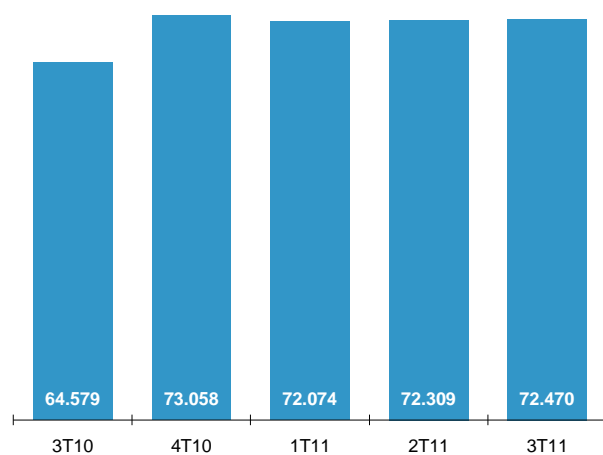


Loans and advances, 30.09.11 (%) (*)



(*) Excluding doubtful assets and accrual adjustments.

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



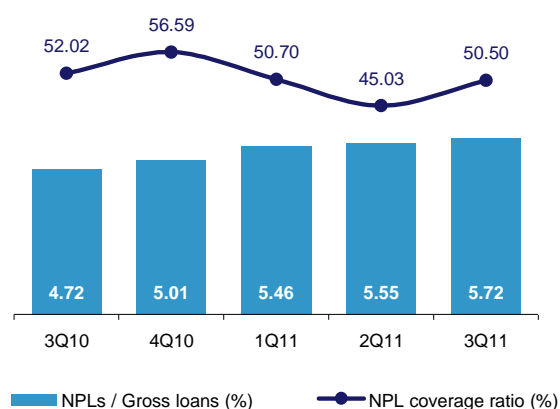
Credit risk management

(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Opening balance (1st January)	2,712,418	2,712,418	4,073,951	50.2
New default entries, net of recoveries	1,169,591	1,419,789	1,331,156	13.8
Write-offs	-477,679	-508,279	-787,930	64.9
Subtotal	691,912	911,510	543,226	-21.5
Effect of integrating Banco Guipuzcoano		450,023		--
Total bad and doubtful debts	3,404,330	4,073,951	4,617,177	35.6
Gross loans and advances to customers, excluding repos	64,579,467	73,057,928	72,469,900	12.2
Contingent risks	7,498,913	8,310,022	8,225,744	9.7
Total risks	72,078,380	81,367,950	80,695,644	12.0
Specific provisions	1,485,856	1,880,605	1,473,591	-0.8
Generic provisions	285,073	424,788	858,286	201.1
Total provisions for NPLs	1,770,929	2,305,393	2,331,877	31.7
NPLs / Gross loans (%)	4.72	5.01	5.72	
NPL coverage ratio (%)	52.02	56.59	50.50	

The NPL ratio at 30 September 2011 was 5.72%, compared with 5.55% at 30 June 2011, i.e. still below the Spanish financial sector average.

At 30 September 2011, the NPL coverage ratio was 50.50% (45.03% at the end of June 2011); that ratio is 120.22% including mortgage collateral.

NPLs/Gross loans and coverage ratio (%)



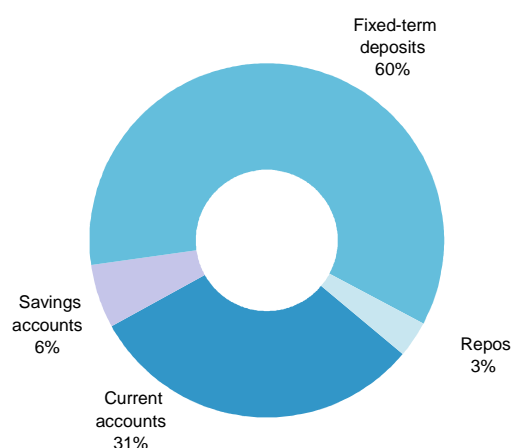
(€'000)	3Q10	4Q10	1Q11	2Q11	3Q11
New default entries, net of recoveries	415,363	250,198	384,132	561,625	385,399
Write-offs	-201,246	-30,600	-335,240	-212,590	-240,100
Subtotal	214,117	219,598	48,892	349,035	145,299
Doubtful real estate in the process of acquisition	0	0	265,667	-265,667	0
Quarterly change in doubtful balances	214,117	219,598	314,559	83,368	145,299
Effect of integrating Banco Guipuzcoano		450,023			
Net change in doubtful debts	214,117	669,621	314,559	83,368	145,299
Total bad and doubtful debts	3,404,330	4,073,951	4,388,510	4,471,878	4,617,177

Funds under management

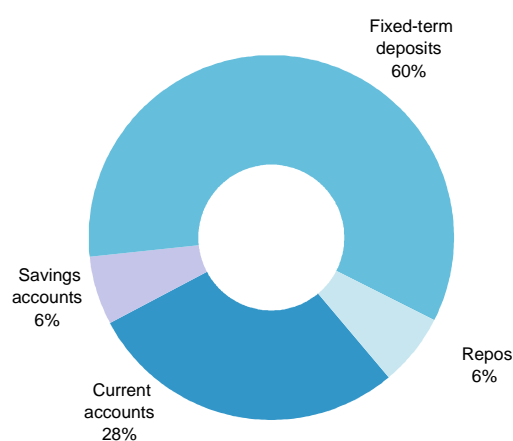
(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Customer-based funding on balance sheet (1)	42,607,586	49,374,406	51,388,420	20.6
Customer deposits	43,433,351	55,092,555	53,998,743	24.3
Current accounts	13,306,976	15,439,685	15,209,029	14.3
Savings accounts	2,478,129	2,844,818	3,243,805	30.9
Fixed-term deposits	25,824,106	30,091,528	31,638,808	22.5
Repos	1,458,416	6,249,332	3,354,331	130.0
Accruals	299,601	356,101	465,451	55.4
Derivative hedging adjustments	66,123	111,091	87,319	32.1
Debt and other tradable securities	18,701,044	19,507,497	19,557,325	4.6
Subordinated liabilities	2,070,764	2,386,629	1,874,654	-9.5
Liabilities under insurance contracts	176,152	177,512	176,498	0.2
On-balance sheet funds	64,381,311	77,164,193	75,607,220	17.4
Mutual funds	8,393,390	8,852,797	8,216,485	-2.1
Equity funds	432,229	448,969	333,363	-22.9
Balanced funds	400,002	504,681	435,862	9.0
Fixed-income funds	2,196,235	2,127,417	1,766,276	-19.6
Guaranteed return funds	1,822,096	1,855,775	2,107,943	15.7
Real estate funds	1,041,602	1,079,171	1,036,194	-0.5
Dedicated investment companies	1,223,013	1,405,890	1,251,132	2.3
Third-party funds	1,278,213	1,430,894	1,285,715	0.6
Managed accounts	1,068,006	1,238,518	1,175,610	10.1
Pension funds	2,760,451	3,015,818	2,705,299	-2.0
Individual	1,595,070	1,827,383	1,652,863	3.6
Company	1,135,200	1,159,427	1,027,149	-9.5
Group	30,181	29,008	25,287	-16.2
Third-party insurance products	5,605,259	5,726,873	5,769,562	2.9
Funds under management	82,208,417	95,998,199	93,474,176	13.7

(1) Includes customer deposits (ex-repos) and other liabilities placed via the branch network: preference shares, mandatory convertible bonds and non-convertible September 2011 bonds issued by Banco Sabadell. Including the figures for Banco Guipuzcoano at 30 September 2010, the year-on-year change would have been +8.3%.

Customer deposits, 30.09.10 (%) (*)

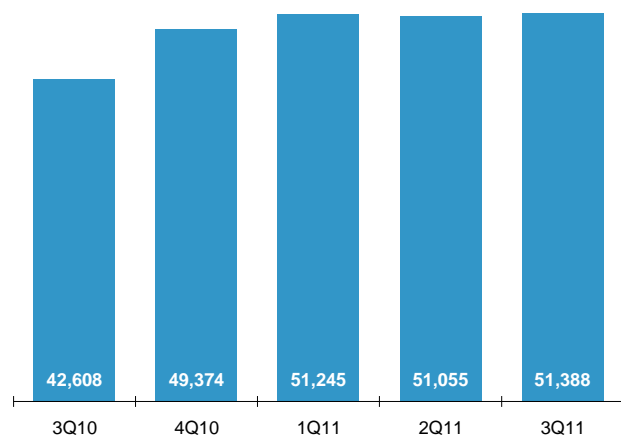


Customer deposits, 30.09.11 (%) (*)

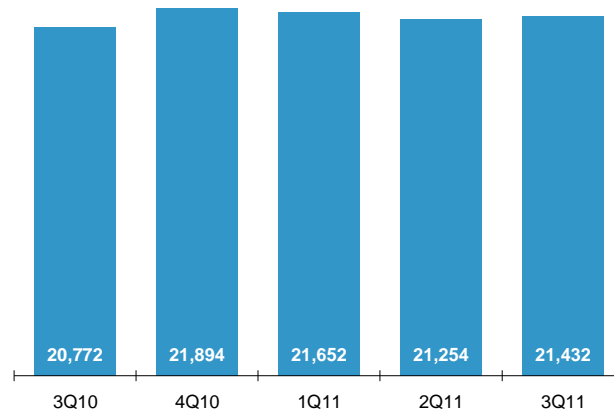


(*) Excluding adjustments for accruals and hedges with derivatives.

Customer-based funding on balance sheet (€mn)



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



Shareholder's equity

(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Shareholders' equity	5,447,844	5,978,412	6,269,836	15.1
Issued capital	150,000	157,954	173,789	15.9
Reserves	4,613,110	4,761,117	5,314,005	15.2
Other equity instruments (1)	498,375	818,714	817,174	64.0
Less: treasury shares	-153,952	-25,686	-173,047	12.4
Attributable net profit	340,311	380,040	207,431	-39.0
Less: dividends and payments	0	-113,727	-69,516	--
Valuation adjustments	-39,046	-323,735	-368,376	--
Minority interest	34,018	33,866	42,715	25.6
Equity	5,442,816	5,688,543	5,944,175	9.2

(1) Mandatory convertible bonds.

Capital ratios

(€'000)	30.09.10	31.12.10	30.09.11	Change (%) YoY
Issued capital	150,000	157,954	173,789	15.9
Reserves	4,542,788	4,777,188	5,118,201	12.7
Mandatory convertible bonds	498,375	818,714	817,174	64.0
Minority interest	38,658	39,294	47,803	23.7
Deductions	-818,438	-829,717	-1,152,902	40.9
Core capital	4,411,383	4,963,433	5,004,065	13.4
Core capital (%)	7.84	8.20	9.10	
Preference shares and deductions	614,844	699,490	469,620	-23.6
Primary capital	5,026,227	5,662,923	5,473,685	8.9
Tier I (%)	8.93	9.36	9.95	
Secondary capital	1,115,379	1,041,663	571,685	-48.7
Tier II (%)	1.98	1.72	1.04	
Total capital	6,141,606	6,704,586	6,045,370	-1.6
Minimum capital requirement	4,503,787	4,842,011	4,400,562	-2.3
Capital surplus	1,637,819	1,862,575	1,644,808	0.4
BIS ratio (%)	10.91	11.08	10.99	
Risk weighted assets (RWA)	56,297,338	60,525,138	55,007,025	-2.3

Credit ratings

Agency	Date	Long term	Short term	Individual	Support	Outlook	Strength
Fitch	11.10.2011	BBB+	F2	C	3	Negative	
Standard & Poor's ⁽¹⁾	11.10.2011	A-	A2			Negative	
Moody's	03.08.2011	A3	Prime 2			Negative	C-

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After Fitch Ratings downgraded the Kingdom of Spain on 7 October and because of what it considers to be an intensification of the crisis in the euro area and risks to the fiscal consolidation efforts resulting from the budgetary performance of Spain's autonomous regions, and the downgrade of growth estimates for Spain, Fitch revised the rating of several Spanish financial institutions, although it noted Banco Sabadell's good franchise among SMEs in Spain and the steady improvement in its funding structure.

Fitch downgraded Banco Sabadell's long-term rating to BBB+ (from A-), with negative outlook, affirmed the short-term rating at F2, downgraded the viability rating to BBB+ (from A-) and affirmed the systemic support of 3.

As with Banco Sabadell, Fitch also downgraded the long-term rating of Banco Guipuzcoano to BBB+ (from A-), with

negative outlook, affirmed its short-term rating (F2) and reduced the systemic support to 2 (from 1).

On 11 October, in the framework of a review of several Spanish financial institutions, Standard & Poor's revised the rating for Banco Sabadell, downgrading its long- and short-term ratings to A-/A-2 (from A/A-1), with negative outlook. S&P stated that the downgrade was due to the review of the negative implications for Spain's banking system of the macroeconomic and financial situation proving to be more adverse than expected.

S&P also mentioned that Banco Sabadell is notable because of its attractive franchise among individual customers in the domestic market and its skills in the SME segment.

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.

30.09.2010 (***)	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,342,865	404,716	56,880,729	12.5%	52.9%	7,363	1,413
Corporate banking	146,416	128,556	11,026,198	14.8%	11.9%	88	2
Banco Urquijo	37,540	10,526	1,953,250	4.7%	61.1%	226	14
Asset management	25,109	10,706	9,095,603 (**)	24.0%	57.3%	156	--
Total		554,504 (*)					

30.09.2011	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,272,929	304,582	56,533,774	9.5%	52.4%	7,241	1,327
Corporate banking	148,677	121,881	11,251,706	14.2%	11.4%	93	2
Banco Urquijo	36,087	12,908	1,389,936	5.5%	56.8%	207	14
Asset management	22,325	7,883	8,216,485 (**)	16.3%	64.7%	158	--
Total		447,254 (*)					

(*) 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

	30.09.10	31.12.10	30.09.11	Change (%) YoY
Shareholders and trading				
Number of shareholders	96,567	126,263	130,039	34.7
Number of shares	1,200,000,000	1,263,630,834	1,390,314,371	15.9
Average daily trading volume (number of shares)	6,141,732	5,993,452	8,168,930	33.0
Share price (€)				
Opening session	3.875	3.875	2.950	
High	4.550	4.550	3.709	
Low	3.095	2.940	2.236	
Closing session	3.674	2.950	2.685	
Market capitalisation (€ '000)	4,408,800	3,727,711	3,732,994	
Stock market multiples				
Earnings per share (EPS) (€)	0.38	0.32	0.20	
Book value per share (€)	4.54	4.73	4.51	
Price /Book value (times)	0.81	0.62	0.60	
Price /earnings ratio (P/E) (times)	9.69	9.15	13.46	
Including conversion of convertible bond:				
Fully diluted number of shares including conversion of convertible bond	1,300,015,050	1,457,245,725	1,583,929,262	
Earnings per share (EPS) (€)	0.35	0.28	0.18	
Book value per share (€)	4.19	4.10	3.96	
Price /Book value (times)	0.88	0.72	0.68	