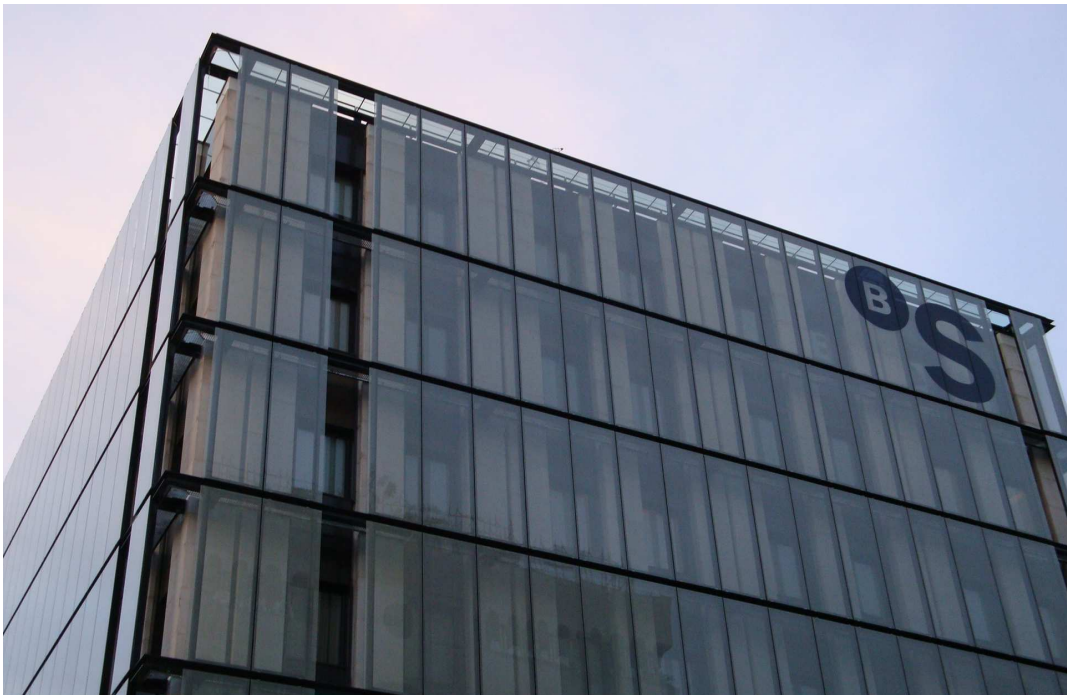


# Quarterly financial report

Fourth quarter, 2011



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Key figures	3
Introduction	4
Profit & loss account	9
Balance sheet	16
Results by business units	24
Share price performance	25

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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

	31.12.10	31.12.11	Change (%) YoY
<b>Balance sheet (€ '000)</b>			
Total assets	97,099,209	100,437,380	3.4
Gross loans and advances to customers, excluding repos	73,057,928	73,635,342	0.8
Gross loans and advances to customers	76,190,720	74,922,073	-1.7
On-balance sheet funds	77,164,193	78,119,863	1.2
Of which: Customer-based funding on balance sheet (1)	49,374,406	52,827,042	7.0
Mutual funds	8,852,797	8,024,185	-9.4
Pension funds and third-party insurance products	8,742,691	8,784,677	0.5
Funds under management	95,998,199	96,061,962	0.1
Shareholders' equity	5,978,412	6,276,160	5.0
<b>Profit and loss account (€ '000)</b>			
Net interest income	1,459,116	1,537,263	5.4
Gross operating income	2,331,339	2,506,722	7.5
Net income before provisions	1,136,304	1,230,710	8.3
Attributable net profit	380,040	231,902	-39.0
<b>Ratios (%)</b>			
ROA	0.44	0.24	
ROE	7.32	3.82	
Cost / income (ex amortisation) (2)	46.20	47.32	
Cost / income ratio excluding non-recurrent expenses (2)	45.20	45.75	
Core capital	8.20	9.01	
Adjusted core capital (3)	8.56	10.05	
Tier I	9.36	9.94	
BIS ratio	11.08	10.95	
<b>Risk management</b>			
Non-performing loans (€ '000)	4,073,951	4,876,554	
Provisions for NPLs (€ '000)	2,305,393	2,364,694	
NPLs / Gross loans (%)	5.01	5.95	
NPL coverage ratio (%)	56.59	48.49	
NPL coverage ratio with mortgage collateral (%)	112.47	115.84	
<b>Share data (period end)</b>			
Number of shareholders	126,263	127,310	
Number of shares	1,263,630,834	1,391,048,717	
Share price (€)	2.950	2.934	
Market capitalisation (€ '000)	3,727,711	4,081,337	
Earnings per share (EPS) (€)	0.32	0.17	
Book value per share (€)	4.73	4.51	
Price /Book value (times)	0.62	0.65	
Price /earnings ratio (P/E) (times)	9.15	17.60	
Including conversion of convertible bond:			
Fully diluted number of shares including conversion of convertible bond	1,457,245,725	1,583,608,773	
Earnings per share (EPS) (€)	0.28	0.15	
Book value per share (€)	4.10	3.96	
Price /Book value (times)	0.72	0.74	
<b>Other data</b>			
Domestic branches	1,428	1,339	
Employees	10,777	10,675	
ATMs	1,703	1,561	

- (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.

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## Introduction

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### Key developments in 2011

- Net interest income: amounted to Euros 1,537.3 million, a 5.4% increase year-on-year. Including Banco Guipuzcoano throughout 2010 (Banco Sabadell started consolidating its results in December 2010), net interest income declined by -4.4% year-on-year, given the negative performance of the yield curve, which was partially offset by ongoing management of customer spreads and the margin from the ALCO portfolio.
- Net fees and commissions: totalled Euros 573.6 million, up 11.1% year-on-year. Including Banco Guipuzcoano throughout 2010, the year-on-year change would have been +3.1%.
- Results from financial transactions: includes gains of Euros 87.1 million from 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), Euros 139.0 million from the trading portfolio and Euros 45.3 million from the sale of available-for-sale fixed-income financial assets. In 2010, the bank obtained Euros 89.0 million from preference share and subordinated debt swaps, Euros 63.0 million from the sale of fixed-income securities in portfolio, and Euros 62.3 million from gains in the trading portfolio.
- Administrative expenses (personnel and general): in terms of constant consolidation scope (i.e. including Banco Guipuzcoano throughout 2010 and excluding the impact of integrating Lydian Private Bank in the second half of 2011 and of the sale and leaseback transaction in April 2010), recurrent administrative expenses declined by -3.7% year-on-year (specifically, personnel expenses declined by -3.0% and general expenses by -4.9%).

Non-recurrent personnel expenses totalled Euros -29.0 million (Euros -22.6 million in 2010) and non-recurrent general expenses (restructuring costs related to the Banco Guipuzcoano acquisition) amounted to Euros -9.1 million.

- Provisions for NPLs and other impairments: provisions for NPLs and other impairments (primarily real estate and financial assets) totalled Euros -1,048.9 million. Of those provisions, Euros -186.0 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 31 December 2011, the NPL ratio was 5.95%, and the NPL coverage ratio was 48.49% (115.84% 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 results for 2010 include 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 was 9.01% (compared with 8.20% at 31 December 2010).
- Customer loans and funds: customer funds on the balance sheet increased by +7.0% year-on-year, while gross loans and advances to customers, excluding repos, increased by +0.8%. The commercial gap generated in 2011 was Euros 3,876.9 million.

## Macroeconomic environment

### Global economic and financial background

The attention of the financial markets remained focused on the sovereign debt crisis in the Euro area. Market scepticism about the outcome of the various European summits and the political crises in Italy and Greece contributed to increased financial instability in the region. A case in point is the decision adopted by the European Council in October that large European banks comply with a higher capital adequacy ratio as a function of their exposure to European sovereign debt that led those entities to reduce their exposure to that asset class. The European Council's introduction of a fiscal compact in December and greater coordination of economic policies failed to improve the situation. Finally, the increasing instability in the Euro area, curtailed lending, lower growth by emerging economies and heightened political tensions in the US are all hampering global economic activity.

### Fixed income markets

Central banks of the main developed countries have maintained clearly accommodative monetary policies and have adopted coordinated measures to provide liquidity. The Fed kept the base rate in the 0% to 0.25% range and continued implementing the non-conventional monetary policy measures adopted the previous quarter. In view of a deteriorating economic outlook, the European Central Bank reduced its base rate by a quarter-point in November and in December, to 1.00%. It also adopted unconventional

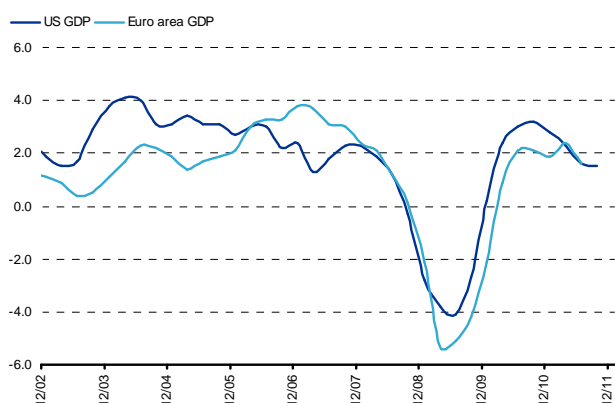
monetary policies aimed at resolving the liquidity problems in the financial system and the shortage of collateral. Those measures included two 3-year LTROs and a reduction in the reserve requirement. The Bank of England kept its base rate unchanged at 0.50% and decided at its October meeting to expand its asset purchase programme by 75 billion pounds, to 275 billion pounds.

Yields on German and US long-term debt did not exhibit any specific trend and remained close to record lows. Broadly speaking, non-core country risk premiums in the Euro zone continued to rise, reaching their highest levels since the Euro area's inception. As the sovereign debt crisis extended to the whole region in the fourth quarter, the spread over the German Bund of the public debt of countries such as France and Austria also reached their highest since EMU was created. In this context, the main rating agencies continued to downgrade non-core countries' sovereign ratings, while also putting all Euro area countries on negative watch, including those rated AAA.

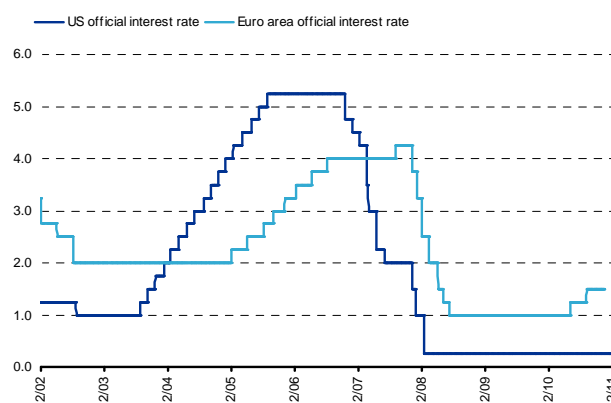
### Equity markets

The sovereign debt crisis in Europe had a major impact on equity market performance. US indices outperformed European indices in the fourth quarter, due to better macroeconomic data and corporate earnings. The IBEX gained barely +0.2% in the quarter, while the EuroStoxx added +6.3%. The S&P500 gained +15.4% 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 31 December 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 2011.

### Balance sheet and bottom line

#### Balance sheet

At the end of 2011, the total assets of Banco Sabadell and its Group amounted to Euros 100,437.4 million, i.e. an increase of Euros 3,338.2 million (+3.4%) year-on-year.

Gross loans and advances to customers, excluding repos, amounted to Euros 73,635.3 million at the end of 2011, a +0.8% increase over the Euros 73,057.9 million registered at 2010 year-end. There was a notable increase in other loans, by Euros 1,912.3 million.

The ratio of non-performing loans (NPLs) to total computable loans was 5.95%, i.e. still below the Spanish financial sector average. NPL coverage was 48.49%. NPL coverage including mortgage collateral was 115.84%.

At 31 December 2011, customer funds on the balance sheet amounted to Euros 52,827.0 million, compared with Euros 49,374.4 million at 31 December 2010, i.e. an increase of +7.0%. The balance of time deposits increased by a notable 9.1% in the period, to Euros 32,819.8 million. The balance in demand accounts increased by 2.5%.

Loans to customers and customer funds on the balance sheet provided the generation of a commercial gap of Euros 3,876.9 million in 2011.

Bonds and other tradeable securities amounted to Euros 17,643.1 million, compared with Euros 19,507.5 million at the end of 2010. The outstanding balance of bonds declined in 2011 (by Euros -1,225.3 million), primarily because the IV/2006 debt issue matured in October (Euros -1,000 million). The balance of subordinated debt also declined (by Euros -527.2 million), largely due to the debt-for-equity swap performed in February 2011 (issue and placement in the market of 126 million shares of Banco Sabadell to tender for preference shares and subordinated debt at a discount). This transaction, which increased own funds by Euros 411 million, included the redemption of preference shares and subordinated bonds at a discount.

Assets in collective investment vehicles totalled Euros 8,024.2 million at 31 December 2011. That represents a decline of 9.4% with respect to 2010 year-end, in line with general market performance.

Assets in pension funds marketed by the Group amounted to Euros 2,858.3 million, and insurance sales increased to Euros 5,926.4 million, up 3.5% year-on-year.

Total funds under management amounted to Euros 96,062.0 million at 31 December 2011, on par with the figure at 2010 year-end (Euros 95,998.2 million).

#### Income and profit performance

Despite the difficult economic and financial situation, Banco Sabadell and its group ended 2011 with Euros 231.9 million in net attributable profit after making provisions for bad debts, securities and real estate that totalled Euros 1,048.9 million, i.e. an 8.4% increase with respect to 2010.

At the end of 2011, net interest income totalled Euros 1,537.3 million, +5.4% year-on-year. Including Banco Guipuzcoano throughout 2010 (Banco Sabadell started consolidating its results in December 2010), net interest income declined by -4.4% year-on-year, given the negative performance of the yield curve, which was partially offset by ongoing management of customer spreads and the margin from the ALCO portfolio.

Income from equity-accounted affiliates amounted to Euros 37.7 million, including a significant contribution from insurance and pension affiliates (Euros 14.3 million) and the investee banks in Latin America (Banco del Bajío and Centro Financiero BHD), which overall contributed Euros 21.1 million.

Net fees and commissions amounted to Euros 573.6 million, an increase of Euros 57.1 million (+11.1%) year-on-year (+3.1% including Banco Guipuzcoano throughout 2010). Fees and commissions on securities, credit cards, and syndicated loans performed particularly well.

Results from financial transactions totalled Euros 271.2 million, and include gains of Euros 87.1 million on the debt-for-equity swap performed in the first quarter of 2011 (issue and placement of 126 million BS shares to tender for preference shares and subordinated debt at a discount). The results in 2010 also included a one-off gain of Euros 89.0 million from the preference share and subordinated debt swaps in the second quarter. Income from financial transactions in 2011 included Euros 139.0 million from transactions in the trading portfolio and Euros 45.3 million on the sale of available-for-sale fixed-income financial assets.

Operating expenses in 2011 amounted to Euros 1,145.1 million, of which Euros 38.1 million correspond to non-recurrent expenses (personnel indemnities and restructuring costs related to the Banco Guipuzcoano acquisition). Non-recurrent costs totalled Euros 22.6 million in 2010. In terms of constant consolidation scope (i.e. including Banco Guipuzcoano throughout 2010 and excluding the impact of the integration of Lydian Private Bank in the second half of 2011 and the sale and leaseback transaction in April 2010), operating expenses declined by 3.7% year-on-year in 2011. The cost/income ratio, excluding non-recurrent expenses, was 45.75%.

As a result, net income before provisions amounted to Euros 1,230.7 million at 31 December 2011 (+8.3% year-on-year).

Loan-loss provisions amounted to Euros 512.4 million, compared with Euros 383.9 million in 2010. Real estate and financial assets were written down by a total of Euros 536.6 million. A significant portion of the provisions booked



in 2011, 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 2011 were negligible (Euros 5.7 million in total), whereas the Bank obtained Euros 296.1 million in 2010, including a one-off gain of Euros 250.0 million from the sale and leaseback transaction in April 2010 and Euros 29.0 million on the sale of a property in Barcelona (Paseo de Gracia).

Net income attributed to the group amounted to Euros 231.9 million, compared with Euros 380.0 million in 2010. The Tier 1 ratio was 9.94% at year-end, compared with 9.36% at the end of 2010. The core capital ratio was 9.01% (8.20% in 2010).

### Other key developments in 4Q11

#### *Voluntary conversion of subordinated mandatory convertible bond issue I/2010 (Obligaciones Subordinadas Necesariamente Convertibles I/2010)*

As regards the Obligaciones Subordinadas Necesariamente Convertibles I/2010 issued by Banco Sabadell to swap for shares of Banco Guipuzcoano, S.A. as part of the takeover bid by Banco Sabadell, the first voluntary conversion period ran from 27 October to 10 November 2011, both inclusive, during which time interested bondholders could exchange any or all of these bonds for newly-issued shares of Banco Sabadell.

When the voluntary conversion period ended on 10 November, a total of 425 bondholders had tendered 734,346 bonds which, in accordance with the terms of the issue, was equivalent to 734,346 shares.

On 13 December, the capital increase to complete the swap was registered in the Barcelona Mercantile Register.

#### *Tender offer for preference shares and primary and secondary offerings of shares of Banco Sabadell*

On 2 December, the Board of Directors of Banco Sabadell resolved to make a tender offer to the holders of preference shares issued by entities forming part of the consolidated group of Banco Sabadell to redeem all of their preference shares and automatically allocate the cash to the purchase of shares of Banco Sabadell, simultaneously in a primary offering of new shares and a secondary offering of own shares held by the bank, aimed exclusively at the holders of those preference shares.

Upon conclusion of the acceptance period, on 3 January 2012, holders of preference shares had tendered:

- 488,534 preference shares of Series I/2009, issued by Banco de Sabadell, with a total nominal amount of 488,534,000 euro, i.e. 97.71% of the total preference shares in this issue;
- 456,285 preference shares of Series A, issued by Sabadell International Equity Ltd., with a total nominal amount of 228,142,500 euro, i.e. 91.26% of the total preference shares in this issue;

- 322,663 preference shares of Series III, issued by Guipuzcoano Capital, S.A. Unipersonal, with a total nominal amount of 32,266,300 euro, i.e. 64.53% of the total preference shares in this issue; and
- 483,901 preference shares of Series I, issued by Guipuzcoano Capital, S.A. Unipersonal, with a total nominal amount of 48,390,100 euro, accounting for 96.78% of the total preference shares in this issue.

The price of the offering (i.e. the unit price per share of the Bank to which the offering refers) for the purposes of paying 90% of the nominal amount of the redeemed preference shares was established as Euros 2.6461 (the arithmetic mean of Banco de Sabadell's weighted average share price in the 90 calendar days prior to 30 December 2011, inclusive). The remaining 10% of the nominal value of the redeemed preference shares, increased by 2% of the total nominal value of those preference shares, will be settled in accordance with the terms of the offer once the Bank confirms that investors have fulfilled the commitment to hold without interruption until 14 December 2012, inclusive, all of the Bank shares acquired as part of this offer.

The total number of bank shares that were issued and sold as a result of the allocation by holders of the preference shares of the cash corresponding to 90% of the nominal value of the redeemed preference shares, net of remainders, was 271,179,763 shares (of which 48,000,000 were own shares held by the bank, and 223,179,763 were newly-issued shares, which represent 13.83% of the bank's capital after the offering).

The public instrument for the capital increase of Banco Sabadell, amounting to 223,179,763 shares, as a result of the issuance of shares offered in the primary offering was registered at the Barcelona Mercantile Register on 4 January 2012.

#### *Adjudication of Banco CAM, S.A.*

On 7 December 2011, Banco CAM, S.A. ("Banco CAM") was adjudicated to Banco Sabadell following a competitive auction process undertaken by the Fund for Orderly Bank Restructuring (FROB).

In accordance with that process, a contract was signed by the FROB, the Credit Institutions' Deposit Guarantee Fund (FGD) and Banco Sabadell by which Banco Sabadell undertook to acquire 100% of the shares of Banco CAM.

On that same date, Banco CAM, Banco Sabadell, the FROB and the FGD signed a protocol of financial support measures for the restructuring of Banco CAM, under which:

- The FGD will acquire 100% of Banco CAM through the subscription of one or more capital increases, for a total amount of Euros 5,249 million, and Banco CAM will then be sold to Banco Sabadell for a price of one euro. That figure includes the Euros 2,800 million that had been previously committed by the FROB and were paid by the FGD on 15 December 2011.
- The FGD will grant Banco CAM an asset protection scheme (APS) for a pre-determined portfolio of assets whose gross value is Euros 24,660 million, and the FGD will assume 80% of the losses on that portfolio

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over a period of ten years once the provisions for those assets have been absorbed.

- The FROB will assume certain contingent commitments to Banco CAM aimed at guaranteeing its access to certain sources of funding currently available to it.

As of 30 September 2011, Banco CAM had total assets amounting to Euros 70,518 million, customer loans amounting to Euros 50,825 million, 939 branch offices, and 6,319 employees.

Completion of the transaction is subject to approval by the European Union competition authorities.



## Profit & loss account

### Profit & loss account

(€'000)	FY10	FY11	Change (%) YoY
Interest and related income	2,644,787	3,394,082	28.3
Interest and related charges	-1,185,671	-1,856,819	56.6
<b>Net interest income</b>	<b>1,459,116</b>	<b>1,537,263</b>	<b>5.4</b>
Dividend income	16,282	8,752	-46.2
Income from equity method	70,867	37,650	-46.9
Net fees and commissions	516,462	573,593	11.1
Results from financial transactions (net)	204,065	271,246	32.9
Foreign exchange (net)	58,655	69,999	19.3
Other operating income/expense	5,892	8,219	39.5
<b>Gross operating income</b>	<b>2,331,339</b>	<b>2,506,722</b>	<b>7.5</b>
Personnel expenses	-679,721	-742,600	9.3
Recurrent (1)	-657,146	-713,548	8.6
Non-recurrent	-22,575	-29,052	28.7
Other general expenses	-356,334	-402,491	13.0
Recurrent (2)	-356,334	-393,432	10.4
Non-recurrent	0	-9,059	--
Amortization & depreciation	-158,980	-130,921	-17.6
<b>Net income before provisions</b>	<b>1,136,304</b>	<b>1,230,710</b>	<b>8.3</b>
Provisions for NPLs and other impairments	-968,074	-1,048,916	8.4
Gains on sale of assets	296,111	5,672	-98.1
Net result from discontinued transactions	0	0	--
Income tax	-81,419	48,406	--
<b>Consolidated net profit</b>	<b>382,922</b>	<b>235,872</b>	<b>-38.4</b>
Minority interest	2,882	3,970	37.8
<b>Attributable net profit</b>	<b>380,040</b>	<b>231,902</b>	<b>-39.0</b>
Pro memoria:			
Average total assets	87,128,791	96,297,509	
Earnings per share (€)	0.32	0.17	

(1) Assuming the same consolidation scope, the year-on-year change was -3.0%.

(2) Assuming no change in consolidation scope and excluding the April 2010 *sale and leaseback* operation, the year-on-year change is -4.9%.

### Profit & loss account - quarterly

(€'000)	4Q10	1Q11	2Q11	3Q11	4Q11	Change (%) YoY
Interest and related income	706,777	794,485	831,498	872,908	895,191	26.7
Interest and related charges	-374,023	-415,336	-446,087	-484,277	-511,119	36.7
<b>Net interest income</b>	<b>332,754</b>	<b>379,149</b>	<b>385,411</b>	<b>388,631</b>	<b>384,072</b>	<b>15.4</b>
Dividend income	3,734	1,323	5,647	727	1,055	-71.7
Income from equity method	16,117	16,799	15,395	9,639	-4,183	--
Net fees and commissions	139,509	135,729	152,636	135,685	149,543	7.2
Results from financial transactions (net)	24,698	124,518	38,698	23,695	84,335	241.5
Foreign exchange (net)	11,824	12,162	12,998	21,550	23,289	97.0
Other operating income/expense	204	1,881	1,295	1,810	3,233	--
<b>Gross operating income</b>	<b>528,840</b>	<b>671,561</b>	<b>612,080</b>	<b>581,737</b>	<b>641,344</b>	<b>21.3</b>
Personnel expenses	-188,056	-192,129	-178,735	-183,784	-187,952	-0.1
Recurrent	-172,561	-179,016	-175,980	-179,608	-178,944	3.7
Non-recurrent	-15,495	-13,113	-2,755	-4,176	-9,008	-41.9
Other general expenses	-101,030	-98,516	-92,491	-101,410	-110,074	9.0
Recurrent	-101,030	-92,316	-92,491	-101,410	-107,215	6.1
Non-recurrent	0	-6,200	0	0	-2,859	--
Amortization & depreciation	-40,478	-32,423	-30,209	-31,050	-37,239	-8.0
<b>Net income before provisions</b>	<b>199,276</b>	<b>348,493</b>	<b>310,645</b>	<b>265,493</b>	<b>306,079</b>	<b>53.6</b>
Provisions for NPLs and other impairments	-154,193	-330,060	-215,482	-221,728	-281,646	82.7
Gains on sale of assets	2,744	1,101	1,510	1,020	2,041	-25.6
Net result from discontinued transactions (after taxes)	0	0	0	0	0	--
Income tax	-7,364	66,601	-15,624	-1,180	-1,391	-81.1
<b>Consolidated net profit</b>	<b>40,463</b>	<b>86,135</b>	<b>81,049</b>	<b>43,605</b>	<b>25,083</b>	<b>-38.0</b>
Minority interest	734	1,887	1,032	439	612	-16.6
<b>Attributable net profit</b>	<b>39,729</b>	<b>84,248</b>	<b>80,017</b>	<b>43,166</b>	<b>24,471</b>	<b>-38.4</b>
Pro memoria:						
Average total assets	89,943,395	96,005,281	95,391,438	96,404,970	97,372,148	
Earnings per share (€) (1)	0.04	0.06	0.06	0.03	0.02	

(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
<b>Subtotal</b>	<b>75,695,996</b>	<b>3.35</b>	<b>625,882</b>	<b>77,143,088</b>	<b>3.30</b>	<b>635,601</b>	<b>76,749,004</b>	<b>3.30</b>	<b>638,408</b>	<b>79,669,812</b>	<b>3.46</b>	<b>694,617</b>
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
<b>Total</b>	<b>85,055,467</b>	<b>3.03</b>	<b>635,961</b>	<b>86,831,006</b>	<b>3.01</b>	<b>650,622</b>	<b>86,636,986</b>	<b>2.98</b>	<b>651,427</b>	<b>89,943,395</b>	<b>3.12</b>	<b>706,777</b>

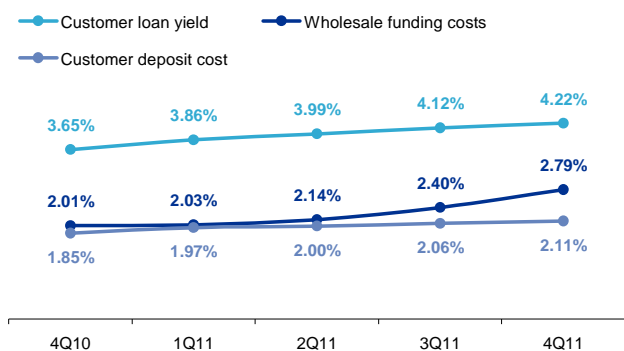
2011 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2,318,962	1.29	7,399	2,262,463	1.52	8,549	2,509,221	1.67	10,572	2,670,042	1.85	12,435
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	70,699,027	4.22	752,699
Fixed-income securities	13,773,814	3.03	102,777	13,383,089	3.27	109,195	13,029,168	3.43	112,578	12,403,545	3.54	110,661
<b>Subtotal</b>	<b>86,205,049</b>	<b>3.66</b>	<b>777,279</b>	<b>85,418,495</b>	<b>3.81</b>	<b>811,595</b>	<b>85,598,737</b>	<b>3.94</b>	<b>850,891</b>	<b>85,772,614</b>	<b>4.05</b>	<b>875,795</b>
Equity securities	2,037,206	--	--	2,044,858	--	--	2,151,642	--	--	2,128,374	--	--
Tang. & intang. assets	2,025,270	--	--	1,933,147	--	--	2,018,425	--	--	2,124,241	--	--
Other assets	5,737,756	1.22	17,206	5,994,938	1.33	19,903	6,636,166	1.32	22,017	7,346,919	1.05	19,396
<b>Total</b>	<b>96,005,281</b>	<b>3.36</b>	<b>794,485</b>	<b>95,391,438</b>	<b>3.50</b>	<b>831,498</b>	<b>96,404,970</b>	<b>3.59</b>	<b>872,908</b>	<b>97,372,148</b>	<b>3.64</b>	<b>895,191</b>

### 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
<b>Subtotal</b>	<b>73,967,156</b>	<b>-1.37</b>	<b>-249,890</b>	<b>75,484,896</b>	<b>-1.30</b>	<b>-244,982</b>	<b>75,233,013</b>	<b>-1.47</b>	<b>-277,932</b>	<b>78,313,022</b>	<b>-1.81</b>	<b>-358,021</b>
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	--	--
<b>Total</b>	<b>85,055,467</b>	<b>-1.25</b>	<b>-261,857</b>	<b>86,831,006</b>	<b>-1.20</b>	<b>-259,546</b>	<b>86,636,986</b>	<b>-1.33</b>	<b>-290,245</b>	<b>89,943,395</b>	<b>-1.65</b>	<b>-374,023</b>

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	7,937,986	-2.62	-52,487
Customer deposits	48,536,916	-1.97	-235,113	49,190,867	-2.00	-245,618	48,992,853	-2.06	-254,963	49,541,941	-2.11	-263,447
Capital markets	22,813,218	-2.03	-114,313	23,112,602	-2.14	-123,247	23,074,969	-2.40	-139,757	22,143,721	-2.79	-155,764
Repos	5,435,101	-1.09	-14,566	4,523,705	-1.49	-16,844	5,862,863	-1.71	-25,269	5,427,650	-1.62	-22,117
<b>Subtotal</b>	<b>84,083,526</b>	<b>-1.93</b>	<b>-400,971</b>	<b>84,459,352</b>	<b>-2.04</b>	<b>-428,900</b>	<b>84,610,098</b>	<b>-2.18</b>	<b>-465,036</b>	<b>85,051,298</b>	<b>-2.30</b>	<b>-493,815</b>
Other liabilities	5,736,116	-1.02	-14,365	5,119,376	-1.35	-17,187	5,770,068	-1.32	-19,241	6,455,036	-1.06	-17,304
Shareholders' equity	6,185,639	--	--	5,812,710	--	--	6,024,804	--	--	5,865,814	--	--
<b>Total</b>	<b>96,005,281</b>	<b>-1.76</b>	<b>-415,336</b>	<b>95,391,438</b>	<b>-1.88</b>	<b>-446,087</b>	<b>96,404,970</b>	<b>-1.99</b>	<b>-484,277</b>	<b>97,372,148</b>	<b>-2.08</b>	<b>-511,119</b>

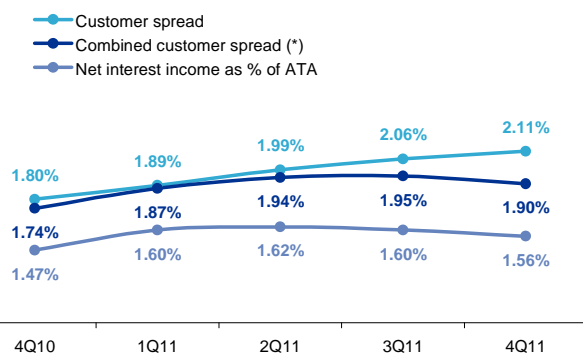
### Customer spread (%)



Net interest income in the fourth quarter of 2011 amounted to Euros 384.1 million, compared with Euros 388.6 million in the previous quarter. The average yield on customer loans was 4.22%, 10 basis points more than in the third quarter of 2011. The impact on financial revenues of rising lending rates in the quarter was Euros +16.9 million.

The average cost of customer deposits was -2.11%, compared with -2.06% in 3Q11. The effect of rising prices was Euros -3.5 million in the quarter.

### Net interest income (%)



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

Wholesale funding costs increased by Euros -16.0 million with respect to 3Q11; the average cost of debt securities was -2.79%.

The customer spread was 2.11% (2.06% in the previous quarter). The combined customer spread, which includes wholesale funding costs, was 1.90%, compared with 1.95% in the third quarter of 2011.

As a result, net interest income in 4Q11 represented 1.56% of average total assets, compared with 1.60% in 3Q11.

## Net fees and commissions

(€'000)	4Q10	3Q11	4Q11	Change (%) 4Q10	Change (%) 3Q11
Asset transactions	26,192	25,266	27,786	6.1	10.0
Guarantees	20,540	22,017	22,219	8.2	0.9
Transferred to other entities	-825	-890	-956	15.9	7.4
<b>Risk transaction fees</b>	<b>45,907</b>	<b>46,393</b>	<b>49,049</b>	<b>6.8</b>	<b>5.7</b>
Cards	15,977	18,376	16,994	6.4	-7.5
Payment orders	9,366	9,740	9,780	4.4	0.4
Securities	18,346	11,787	25,512	39.1	116.4
Demand accounts	8,136	8,308	8,181	0.6	-1.5
Other transactions	8,971	13,227	10,953	22.1	-17.2
<b>Commissions for services</b>	<b>60,796</b>	<b>61,438</b>	<b>71,420</b>	<b>17.5</b>	<b>16.2</b>
Mutual funds	20,203	17,045	17,167	-15.0	0.7
Pension funds and insurance brokerage	12,603	10,809	11,907	-5.5	10.2
<b>Mutual and pension fund and insurance commissions</b>	<b>32,806</b>	<b>27,854</b>	<b>29,074</b>	<b>-11.4</b>	<b>4.4</b>
<b>Total</b>	<b>139,509</b>	<b>135,685</b>	<b>149,543</b>	<b>7.2</b>	<b>10.2</b>

Net fees and commissions in the fourth quarter totalled Euros 149.5 million, up 10.2% with respect to the previous quarter.

Commissions for services rose by 16.2%, primarily due to growth in securities fees, which totalled Euros 25.5 million.

Commissions on risk transactions expanded with respect to the previous quarter (+5.7%), and commissions on pensions funds and insurance marketed by the group

increased also (+10.2%), due to growth in volume. Commissions on mutual funds rose slightly in quarterly terms (+0.7%).

With respect to 4Q10, net fees expanded by 7.2% due to the favourable performance of fees for services (+17.5%) and for risk transactions (+6.8%). This positive performance was partially mitigated by the decline in mutual and pension fund and insurance commissions (-11.4%), in line with market performance in 2011.

## Administrative expenses

(€'000)	4Q10	3Q11	4Q11	Change (%) 4Q10	Change (%) 3Q11
Recurrent	-172,561	-179,608	-178,944	3.7	-0.4
Non-recurrent	-15,495	-4,176	-9,008	-41.9	115.7
<b>Personnel expenses</b>	<b>-188,056</b>	<b>-183,784</b>	<b>-187,952</b>	<b>-0.1</b>	<b>2.3</b>
IT	-20,048	-13,682	-20,991	4.7	53.4
Communications	-6,147	-4,784	-6,211	1.0	29.8
Advertising	-16,471	-7,961	-12,126	-26.4	52.3
Premises	-24,404	-30,112	-25,545	4.7	-15.2
Stationery and office supplies	-1,889	-1,755	-1,279	-32.3	-27.1
Taxes other than income tax	-15,112	-16,205	-16,855	11.5	4.0
Others	-16,959	-26,911	-24,208	42.7	-10.0
Non-recurrent	0	0	-2,859	--	--
<b>Other general expenses</b>	<b>-101,030</b>	<b>-101,410</b>	<b>-110,074</b>	<b>9.0</b>	<b>8.5</b>
<b>Total</b>	<b>-289,086</b>	<b>-285,194</b>	<b>-298,026</b>	<b>3.1</b>	<b>4.5</b>

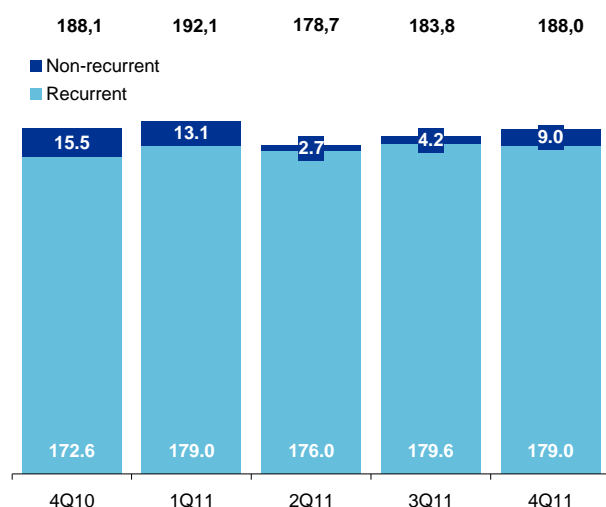
Assuming no change in consolidation scope (i.e. including Banco Guipuzcoano throughout 2010 and excluding the impact of integrating Lydian Private Bank in the second half of 2011 and the sale and leaseback transaction in April 2010), recurrent administrative expenses declined by -3.7% year-on-year.

Recurrent personnel expenses declined year-on-year by -3.0%, in like-for-like terms, due to the optimisation of administrative processes at branches and measures to improve operating efficiency.

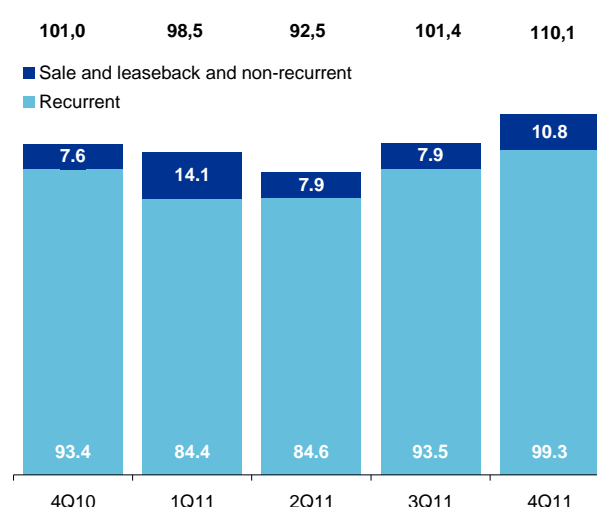
Excluding the impact of the sale and leaseback transaction in April 2010, recurrent personnel expenses in 2011 declined by -4.9% year-on-year, assuming no change in consolidation scope.

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)	4Q10	3Q11	4Q11	Change (%) 4Q10	Change (%) 3Q11
Specific provisions	-124,662	-158,556	-86,532	-30.6	-45.4
Extraordinary provisions	-66,000	0	-22,765	-65.5	--
Substandard provisions	30,300	53,219	4,112	-86.4	-92.3
Real estate	-76,190	-41,186	-106,280	39.5	158.0
Banco Comercial Português	-49,850	-46,474	-31,890	-36.0	-31.4
Impairments of guaranteed mutual funds	0	0	-43,050	--	--
Other impairments	-20,349	-12,094	-14,991	-26.3	24.0
<b>Subtotal</b>	<b>-306,751</b>	<b>-205,091</b>	<b>-301,396</b>	<b>-1.7</b>	<b>47.0</b>
Generic provisions	152,558	-16,637	19,750	-87.1	--
<b>Total provisions and impairments</b>	<b>-154,193</b>	<b>-221,728</b>	<b>-281,646</b>	<b>82.7</b>	<b>27.0</b>

## Balance sheet

(€'000)	31.12.10	31.12.11	Change (%) YoY
Cash and balance with Central Banks	1,253,600	1,290,678	3.0
Trading and derivatives portfolios and other financial assets	1,962,652	2,273,131	15.8
Available-for-sale financial assets	10,830,629	13,268,170	22.5
Loans and advances	76,725,432	76,282,944	-0.6
Balances with financial institutions (1)	2,744,614	3,628,914	32.2
Loans to customers (net)	73,980,818	72,654,030	-1.8
Investments in associated companies	813,492	696,934	-14.3
Property, plant and equipment	1,081,549	1,106,881	2.3
Intangible assets	831,301	1,022,161	23.0
Other assets	3,600,554	4,496,481	24.9
<b>Total assets</b>	<b>97,099,209</b>	<b>100,437,380</b>	<b>3.4</b>
Trading and derivatives portfolios	1,716,500	2,011,411	17.2
Financial liabilities at amortised cost	88,710,738	91,586,490	3.2
Central banks and credit institutions (2)	10,333,988	12,169,508	17.8
Customer deposits	55,092,555	58,444,050	6.1
Capital markets	19,507,497	17,643,095	-9.6
Subordinated liabilities	2,386,629	1,859,370	-22.1
Other financial liabilities	1,390,069	1,470,467	5.8
Liabilities under insurance contracts	177,512	173,348	-2.3
Provisions	367,662	350,203	-4.7
Other liabilities	438,254	381,784	-12.9
<b>Subtotal liabilities</b>	<b>91,410,666</b>	<b>94,503,236</b>	<b>3.4</b>
Shareholders' equity (3)	5,978,412	6,276,160	5.0
Valuation adjustments	-323,735	-389,228	20.2
Minority interest	33,866	47,212	39.4
<b>Equity</b>	<b>5,688,543</b>	<b>5,934,144</b>	<b>4.3</b>
<b>Total liabilities and equity</b>	<b>97,099,209</b>	<b>100,437,380</b>	<b>3.4</b>
Contingent risks	8,310,022	8,347,022	0.4
Contingent liabilities	16,133,441	11,657,865	-27.7
<b>Total memorandum accounts</b>	<b>24,443,463</b>	<b>20,004,887</b>	<b>-18.2</b>

(1) Balances with financial institutions include the following amounts of repos: Euros 1,072 million at 31.12.10, and Euros 733 million at 31.12.11.

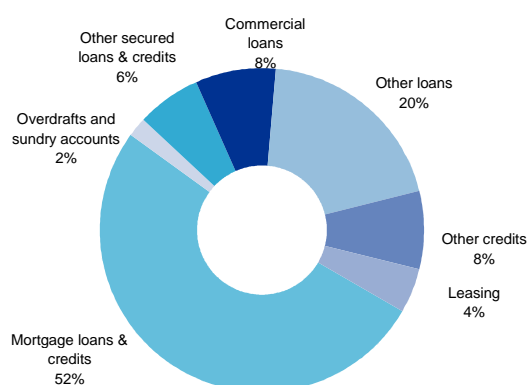
(2) Deposits with central banks and credit institutions include the following amounts of repos: Euros 3,353 million at 31.12.10, and Euros 1,050 million at 31.12.11.

(3) Includes mandatory convertible bonds (Euros 819 million at 31.12.10 and Euros 817 million at 31.12.11).

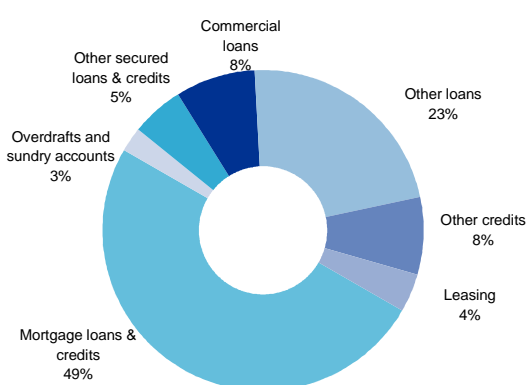
## Loans to customers

(€'000)	31.12.10	31.12.11	Change (%) YoY
Mortgage loans & credits	35,647,107	34,348,853	-3.6
Other secured loans & credits	4,368,637	3,561,933	-18.5
Commercial loans	5,576,618	5,454,772	-2.2
Other loans	13,573,624	15,494,872	14.2
Other credits	5,532,513	5,394,565	-2.5
Leasing	2,994,755	2,673,778	-10.7
Overdrafts and sundry accounts	1,377,025	1,852,445	34.5
Non-performing loans	3,944,427	4,759,280	20.7
Accruals	43,222	94,844	119.4
<b>Gross loans and advances to customers, excluding repos</b>	<b>73,057,928</b>	<b>73,635,342</b>	<b>0.8</b>
Reverse repos	3,132,792	1,286,731	-58.9
<b>Gross loans and advances to customers</b>	<b>76,190,720</b>	<b>74,922,073</b>	<b>-1.7</b>
NPL and country-risk provisions	-2,209,902	-2,268,043	2.6
<b>Loans to customers (net)</b>	<b>73,980,818</b>	<b>72,654,030</b>	<b>-1.8</b>
Pro memoria: total securitisation	9,976,654	10,150,163	1.7
Of which: mortgage backed	6,410,041	6,834,319	6.6
Other securitised assets	3,566,613	3,315,844	-7.0
Of which: securitised after 01.01.04	9,771,286	10,019,153	2.5
Of which: mortgage backed	6,219,586	6,705,180	7.8
Other securitised assets	3,551,700	3,313,973	-6.7

Loans and advances, 31.12.10 (%) (\*)

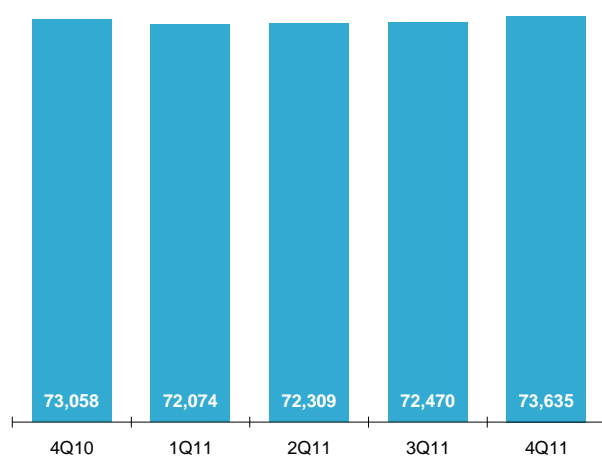


Loans and advances, 31.12.11 (%) (\*)



(\*) Excluding doubtful assets and accrual adjustments.

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



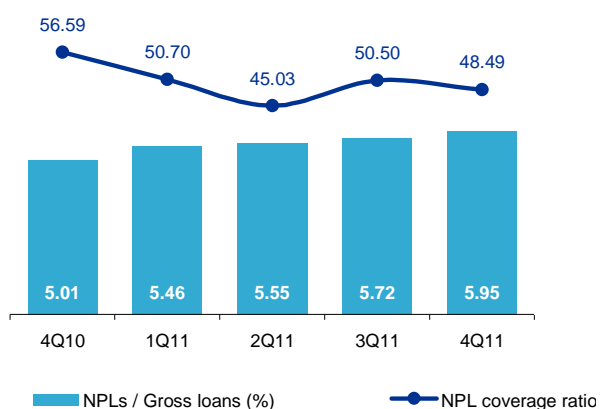
## Credit risk management

(€'000)	31.12.10	31.12.11	Change (%) YoY
<b>Opening balance (1st January)</b>	<b>2,712,418</b>	<b>4,073,951</b>	<b>50.2</b>
New default entries, net of recoveries	1,419,789	1,620,635	14.1
Write-offs	-508,279	-818,032	60.9
<b>Subtotal</b>	<b>911,510</b>	<b>802,603</b>	<b>-11.9</b>
Effect of integrating Banco Guipuzcoano	450,023		-100.0
<b>Total bad and doubtful debts</b>	<b>4,073,951</b>	<b>4,876,554</b>	<b>19.7</b>
Gross loans and advances to customers, excluding repos	73,057,928	73,635,342	0.8
Contingent risks	8,310,022	8,347,022	0.4
<b>Total risks</b>	<b>81,367,950</b>	<b>81,982,364</b>	<b>0.8</b>
Specific provisions	1,880,605	1,532,895	-18.5
Generic provisions	424,788	831,799	95.8
<b>Total provisions for NPLs</b>	<b>2,305,393</b>	<b>2,364,694</b>	<b>2.6</b>
<b>NPLs / Gross loans (%)</b>	<b>5.01</b>	<b>5.95</b>	
<b>NPL coverage ratio (%)</b>	<b>56.59</b>	<b>48.49</b>	

The NPL ratio at 31 December 2011 was 5.95%, compared with 5.72% at 30 September 2011, i.e. still notably lower than the Spanish financial sector average.

At 31 December 2011, the NPL coverage ratio was 48.49% (50.50% at the end of September 2011); that ratio was 115.84% including mortgage collateral.

### NPLs/Gross loans and coverage ratio (%)



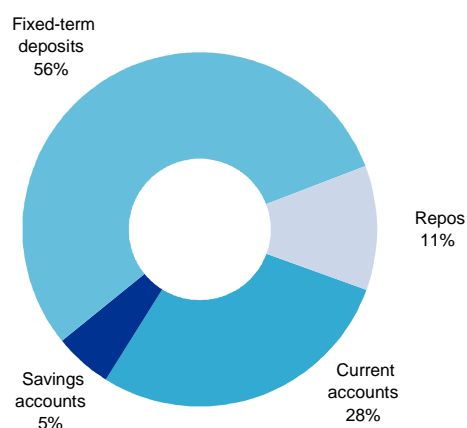
(€'000)	4Q10	1Q11	2Q11	3Q11	4Q11
New default entries, net of recoveries	250,198	384,132	561,625	385,399	289,479
Write-offs	-30,600	-335,240	-212,590	-240,100	-30,102
<b>Subtotal</b>	<b>219,598</b>	<b>48,892</b>	<b>349,035</b>	<b>145,299</b>	<b>259,377</b>
Doubtful real estate in the process of acquisition	0	265,667	-265,667	0	0
<b>Quarterly change in doubtful balances</b>	<b>219,598</b>	<b>314,559</b>	<b>83,368</b>	<b>145,299</b>	<b>259,377</b>
Effect of integrating Banco Guipuzcoano	450,023				
<b>Net change in doubtful debts</b>	<b>669,621</b>	<b>314,559</b>	<b>83,368</b>	<b>145,299</b>	<b>259,377</b>
<b>Total bad and doubtful debts</b>	<b>4,073,951</b>	<b>4,388,510</b>	<b>4,471,878</b>	<b>4,617,177</b>	<b>4,876,554</b>

## Funds under management

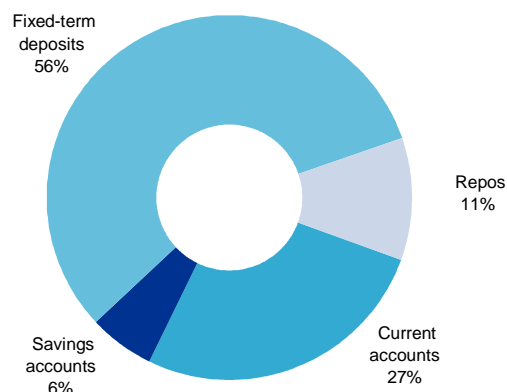
(€'000)	31.12.10	31.12.11	Change (%) YoY
<b>Customer-based funding on balance sheet (1)</b>	<b>49,374,406</b>	<b>52,827,042</b>	<b>7.0</b>
Customer deposits	55,092,555	58,444,050	6.1
Current accounts	15,439,685	15,365,426	-0.5
Savings accounts	2,844,818	3,374,545	18.6
Fixed-term deposits	30,091,528	32,819,805	9.1
Repos	6,249,332	6,297,269	0.8
Accruals	356,101	505,230	41.9
Derivative hedging adjustments	111,091	81,775	-26.4
Debt and other tradable securities	19,507,497	17,643,095	-9.6
Subordinated liabilities	2,386,629	1,859,370	-22.1
Liabilities under insurance contracts	177,512	173,348	-2.3
<b>On-balance sheet funds</b>	<b>77,164,193</b>	<b>78,119,863</b>	<b>1.2</b>
Mutual funds	8,852,797	8,024,185	-9.4
Equity funds	448,969	339,122	-24.5
Balanced funds	504,681	434,449	-13.9
Fixed-income funds	2,127,417	1,658,223	-22.1
Guaranteed return funds	1,855,775	2,035,260	9.7
Real estate funds	1,079,171	1,000,706	-7.3
Dedicated investment companies	1,405,890	1,269,428	-9.7
Third-party funds	1,430,894	1,286,997	-10.1
Managed accounts	1,238,518	1,133,237	-8.5
Pension funds	3,015,818	2,858,299	-5.2
Individual	1,827,383	1,767,125	-3.3
Company	1,159,427	1,067,101	-8.0
Group	29,008	24,073	-17.0
Third-party insurance products	5,726,873	5,926,378	3.5
<b>Funds under management</b>	<b>95,998,199</b>	<b>96,061,962</b>	<b>0.1</b>

(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.

Customer deposits, 31.12.10 (%) (\*)



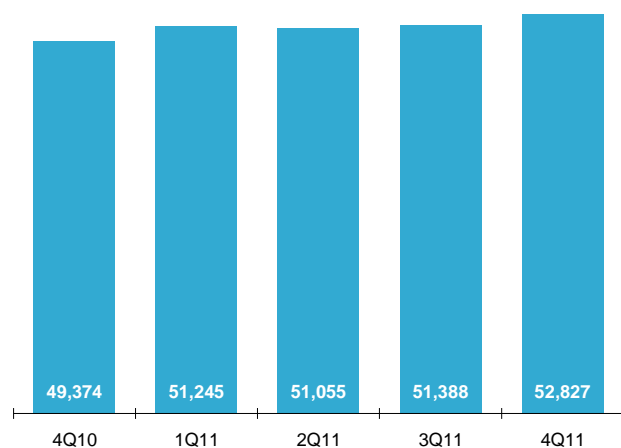
Customer deposits, 31.12.11 (%) (\*)



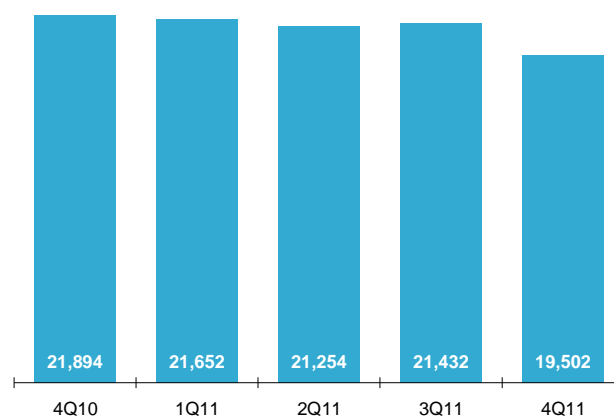
(\*) Excluding adjustments for accruals and hedges with derivatives.



Customer-based funding on balance sheet (€mn)



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



## Shareholder's equity

(€'000)	31.12.10	31.12.11	Change (%) YoY
Shareholders' equity	5,978,412	6,276,160	5.0
Issued capital	157,954	173,881	10.1
Reserves	4,761,117	5,299,712	11.3
Other equity instruments (1)	818,714	814,620	-0.5
Less: treasury shares	-25,686	-174,439	--
Attributable net profit	380,040	231,902	-39.0
Less: dividends and payments	-113,727	-69,516	-38.9
Valuation adjustments	-323,735	-389,228	20.2
Minority interest	33,866	47,212	39.4
<b>Equity</b>	<b>5,688,543</b>	<b>5,934,144</b>	<b>4.3</b>

(1) Mandatory convertible bonds.

## Capital ratios

(€'000)	31.12.10	31.12.11	Change (%) YoY
Issued capital	157,954	173,881	10.1
Reserves	4,777,188	5,171,378	8.3
Mandatory convertible bonds	818,714	814,620	-0.5
Minority interest	39,294	53,239	35.5
Deductions	-829,717	-1,151,809	38.8
<b>Core capital</b>	<b>4,963,433</b>	<b>5,061,309</b>	<b>2.0</b>
<b>Core capital (%)</b>	<b>8.20</b>	<b>9.01</b>	
Preference shares and deductions	699,490	520,711	-25.6
<b>Primary capital</b>	<b>5,662,923</b>	<b>5,582,020</b>	<b>-1.4</b>
<b>Tier I (%)</b>	<b>9.36</b>	<b>9.94</b>	
<b>Secondary capital</b>	<b>1,041,663</b>	<b>567,164</b>	<b>-45.6</b>
<b>Tier II (%)</b>	<b>1.72</b>	<b>1.01</b>	
Total capital	6,704,586	6,149,184	-8.3
Minimum capital requirement	4,842,011	4,493,377	-7.2
Capital surplus	1,862,575	1,655,807	-11.1
<b>BIS ratio (%)</b>	<b>11.08</b>	<b>10.95</b>	
<b>Risk weighted assets (RWA)</b>	<b>60,525,138</b>	<b>56,167,208</b>	<b>-7.2</b>

## Credit ratings

Agency	Date	Long term	Short term	Individual	Support	Strength
Fitch	14.12.2011	BBB+	F2	C	3	
Standard & Poor's <sup>(1)</sup>	15.12.2011	BBB	A2			
Moody's	12.12.2011	A3	Prime 2			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.

On 15 December, Standard & Poor's downgraded the ratings of ten Spanish banks as a result of the agency's new methodology (published 9 November 2011).

As a result of these actions, S&P confirmed Banco Sabadell's short-term rating as A2 and downgraded its long-term rating to BBB (from A-). Additionally, Banco Sabadell's subordinated debt rating was downgraded to BB- (from BBB+) and its preference share rating to B (from BB-). S&P also placed all of Banco Sabadell's ratings on negative watch.

On 13 December, Moody's completed its review of the systemic support which it had included in the subordinated debt ratings of Spanish banks up to that point and eliminated systemic support from the ratings of their subordinated debt. As a result, Banco Sabadell's subordinated debt rating was downgraded to Baa3 (from Baa1).

Moody's also put the ratings of eight Spanish banks on negative watch, including Banco Sabadell.

## 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.

31.12.2010 (***)	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,748,574	475,175	56,810,400	11.2%	54.1%	7,324	1,412
Corporate banking	183,158	108,815	10,922,039	9.7%	12.7%	89	2
Banco Urquijo	49,564	13,753	1,876,060	4.6%	59.7%	219	14
Asset management	32,942	14,278	8,852,797 (**)	24.5%	56.6%	158	--
<b>Total</b>		<b>612,021 (*)</b>					

31.12.2011	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,680,526	389,759	56,360,593	9.3%	52.7%	7,259	1,322
Corporate banking	201,762	183,266	11,107,386	16.3%	10.4%	94	2
Banco Urquijo	50,329	19,325	1,440,193	6.2%	53.7%	207	15
Asset management	29,122	9,712	8,024,185 (**)	14.7%	66.7%	153	--
<b>Total</b>		<b>602,062 (*)</b>					

(\*) 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

	31.12.10	31.12.11	Change (%) YoY
<b>Shareholders and trading</b>			
Number of shareholders	126,263	127,310	0.8
Number of shares	1,263,630,834	1,391,048,717	10.1
Average daily trading volume (number of shares)	5,993,452	7,024,001	17.2
<b>Share price (€)</b>			
Opening session	3.875	2.950	
High	4.550	3.709	
Low	2.940	2.217	
Closing session	2.950	2.934	
Market capitalisation (€ '000)	3,727,711	4,081,337	
<b>Stock market multiples</b>			
Earnings per share (EPS) (€)	0.32	0.17	
Book value per share (€)	4.73	4.51	
Price /Book value (times)	0.62	0.65	
Price /earnings ratio (P/E) (times)	9.15	17.60	
Including conversion of convertible bond:			
Fully diluted number of shares including conversion of convertible bond	1,457,245,725	1,583,608,773	
Earnings per share (EPS) (€)	0.28	0.15	
Book value per share (€)	4.10	3.96	
Price /Book value (times)	0.72	0.74	