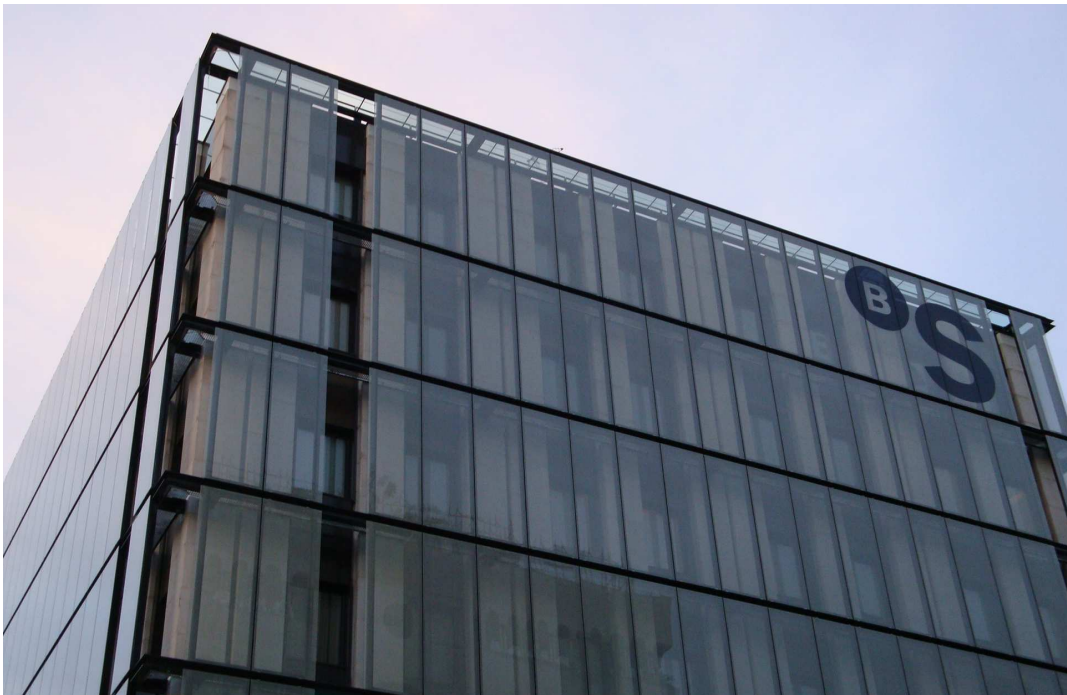


Quarterly financial report

Fourth quarter, 2010



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Disclaimer

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

Introduction

Key developments in 2010

- Integration of Banco Guipuzcoano: the balance sheet of Banco Sabadell and its group as of 31 December 2010 includes the balances corresponding to Banco Guipuzcoano after acquisition of that bank was completed in November 2010. The profit and loss account contains the amounts from Banco Guipuzcoano for the month of December 2010.
- Net interest income: this item experienced a -8.8% interyear variation because of the negative impact of the curve on net interest revenues during the year and the impact of the cost of deposits; these effects were partly offset by the activation of floors, the margin from the ALCO portfolio and the ongoing management of customer spreads.
- Net fees and commissions: this item amounted to Euros 516.5 million, an increase of Euros 5.3 million (+1.0%) with respect to 2009.
- Results from financial transactions: includes capital gains of Euros 89.0 million from preference share and subordinated debt swaps. In 2009, the bank obtained Euros 96.8 million in capital gains from preference shares exchange.
- Total administrative expenses (personnel and general): recurrent administrative expenses were stable (+0.1% year-on-year) in like-for-like terms (i.e. excluding the impact of integrating Sabadell United Bank and Banco Guipuzcoano) and also excluding the sale and leaseback transaction arranged in April 2010.

Specifically, recurrent personnel expenses increased by 0.1% assuming no change in consolidation scope. Non-recurrent personnel expenses amounted to Euros -22.6 million, compared with Euros -86.6 million in 2009.

General administration expenses were stable assuming no change in consolidation scope and excluding the sale and leaseback operation in April 2010.

- Provisions for NPLs and other impairments: specific loan-loss provisions amounted to Euros -679.3 million. In contrast, Euros 315.3 million of generic provisions were released. Real estate and financial assets were written down by a total of Euros -584.1 million.
- The NPL ratio was 5.01%, and the NPL coverage ratio was 56.59%. The coverage ratio including mortgage collateral is 112.47%.
- Capital gains on asset disposals: The bank obtained gains of Euros 250 million from a sale and leaseback transaction on 378 properties in 2010, and Euros 29 million on the sale of a property in Barcelona (Paseo de Gracia). In 2009, the bank obtained Euros 20.3 million on the sale and leaseback of a building in Madrid (Calle Serrano) and Euros 47.2 million on other sale and leaseback deals.
- Income tax includes a Euros 16 million credit since the conditions were met to qualify for part of the tax credit for reinvesting the capital gains on the sale of 50% of the insurance and pension business (in 2008). The tax credits under this heading totalled Euros 61 million in 2009.
- The core capital ratio was 8.20%, compared with 7.66% at the end of 2009. The Tier 1 ratio was 9.36%, i.e. 26 basis points more than at the end of December 2009 (9.10%). Including generic provisions net of taxes, the core capital ratio at 31 December 2010 was 8.56%, and the Tier 1 ratio was 9.72%.
- Loans to deposits ratio: customer funds on the balance sheet increased by +29.5% year-on-year (+16.0% if Banco Guipuzcoano is excluded) while gross loans and advances to customers, excluding repos, increased by +12.4% (+0.6% excluding Banco Guipuzcoano).

Macroeconomic environment

Global economic and financial background

Attention in the financial markets remained focused on the fiscal situation of the euro area's non-core countries. The European authorities agreed to create the European Stability Mechanism (ESM). This permanent fund for the provisioning of financial aid will substitute the existing European Financial Stability Facility (EFSF) in mid-2013.

In the euro area, economic indicators maintained a positive tone in the fourth quarter, particularly in Germany. US economic indicators have shown positive signs, although the labour and property markets remain weak. On the fiscal front, the US Congress approved the renewal of fiscal incentives aimed at sustaining household incomes and reducing the cost of hiring workers.

Fixed income markets

The central banks of the main developed nations have maintained an extremely accommodative tone and have implemented additional unconventional monetary measures. The European Central Bank (ECB) kept its base rate unchanged at 1.00%. Because of the financial instability caused by fiscal problems in some euro area countries, the ECB postponed the withdrawal of some unconventional policies. It also increased the amount of bond purchases during the fourth quarter and increased its own capital by Euros 5 billion, to Euros 10.76 billion. The

Bank of England maintained the base rate at 0.50% and its asset purchase programme at GBP 200 billion. In the US, the Federal Reserve (Fed) kept the base rate between 0% and 0.25%, and reiterated that it would maintain interest rates exceptionally low for an extended period. The Fed also decided to implement a new programme of purchasing Treasury bonds, which will be in force until mid-2011 and could amount to USD 600 billion.

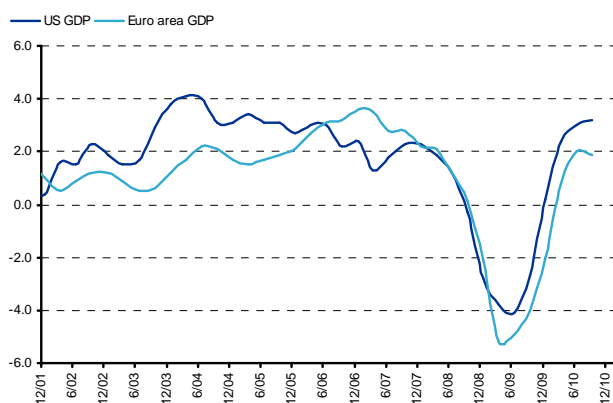
The spread between euro area non-core long-term government debt and the German benchmark widened again, to its highest level since the creation of EMU.

Yields on German and US long-term debt increased, supported by good economic data. At the end of the year, the yield was 2.96% on German debt and 3.29% on US debt.

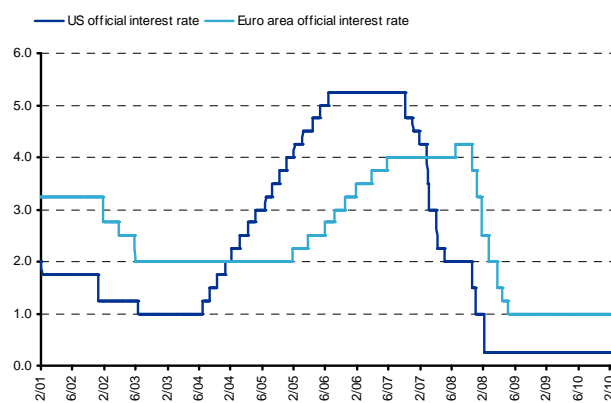
Equity markets

Europe's main equity indices had a mixed performance in the fourth quarter of 2010. Non-core countries experienced a sharp decline as a result of fiscal problems whilst there were significant gains in countries such as Germany. The main equity indices in the US registered considerable gains on the back of additional quantitative easing by the Fed, the adoption of new fiscal stimulus measures and the positive tone of the economic indicators.

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 2010 and 2009, 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.

Balance sheet and bottom line

Balance sheet

At the end of 2010, the total assets of Banco Sabadell and its Group amounted to Euros 97,099.2 million, having increased by 17.2% year-on-year. The balance sheet items as of 31 December 2010 include the balances corresponding to Banco Guipuzcoano since the acquisition of that bank was completed in November 2010. Excluding the balances from Banco Guipuzcoano, total assets increased by 7.0% year-on-year.

Gross loans and advances to customers, excluding repos, amounted to Euros 73,057.9 million, a 12.4% increase over the Euros 65,012.8 million registered at 2009 year-end (a 0.6% increase excluding the balances of Banco Guipuzcoano). There was a notable increase in loans with mortgage collateral (by Euros 3,625.1 million) and in other loans (by Euros 2,673.4 million).

The ratio of non-performing loans (NPLs) to total computable loans was 5.01%, i.e. still below the Spanish financial sector average. Coverage of doubtful assets was 56.59%. The coverage ratio including mortgage collateral is 112.47%.

At 31 December 2010, customer funds on the balance sheet amounted to Euros 49,374.4 million, compared with Euros 38,131.2 million at 31 December 2009, i.e. an increase of 29.5%. Growth was particularly notable in term deposits, which amounted to Euros 30,091.5 million at 31 December 2010 (+35.9% year-on-year), and in demand accounts, which expanded 22.0% to Euros 18,284.5 million at year-end. Excluding the funds from Banco Guipuzcoano, customer funds on the balance sheet increased by 16.0%, due particularly to a 20.7% increase in term deposits.

Liabilities in the form of tradeable securities amounted to Euros 19,507.5 million, compared with Euros 22,812.4 million at 31 December 2009 (-14.5%).

Assets in collective investment vehicles totalled Euros 8,852.8 million at 31 December 2010. That represents a decline of 3.3% with respect to 2009 year-end.

Assets in pension funds marketed by the Group increased by 8.2% year-on-year to Euros 3,015.8 million at 31 December 2010.

Insurance sales increased by 6.4%. The balance at year-end was Euros 5,726.9 million.

Total funds under management amounted to Euros 95,998.2 million at 31 December 2010, compared with Euros 82,247.1 million at 2009 year-end (+16.7%). Excluding the balances from Banco Guipuzcoano, funds under management increased by 6.6% year-on-year.

Income and profit performance

Banco Sabadell and its Group ended 2010 with Euros 380.0 million in net profit. The profit and loss account of Banco Sabadell and its Group for 2010 includes the results for the month of December from Banco Guipuzcoano following completion of the acquisition of that bank in November 2010.

Net interest income amounted to Euros 1,459.1 million in 2010, i.e. -8.8% year-on-year due to the negative effect of the curve during the year and the impact of the cost of deposits. These negative effects were partly offset by the activation of floors, the margin from the ALCO portfolio and the ongoing management of customer spreads.

Income from equity-accounted affiliates amounted to Euros 70.9 million, including a significant contribution from the affiliate banks in Latin America (Banco del Bajío and Centro Financiero BHD), which together contributed Euros 28.5 million. Insurance and pension affiliates contributed Euros 16.1 million and Dexia Sabadell contributed Euros 21.0 million.

Net fees and commissions amounted to Euros 516.5 million, an increase of +1.0% year-on-year. Fees and commissions on securities, syndicated loans, and pension and insurance marketing performed particularly well.

Income from financial transactions amounted to Euros 204.1 million, including Euros 89.0 million on preference share and subordinated debt swaps in the second quarter of 2010. In 2009, the bank obtained Euros 96.8 million in capital gains from preference shares exchange.

Operating expenses amounted to Euros 1,036.1 million in 2010, including almost Euros 22.6 million in personnel indemnities. Indemnities amounted to Euros 86.6 million in 2009. In recurrent terms, excluding the impact of integrating Sabadell United Bank and Banco Guipuzcoano and the sale and leaseback transaction in April 2010, operating expenses were stable in 2010 with respect to 2009 (+0.1%). The cost/income ratio, excluding non-recurrent expenses, was 45.20%.

As a result, net income before provisions amounted to Euros 1,136.3 million at 31 December 2010 (-14.3% year-on-year).

Loan-loss provisions amounted to Euros 383.9 million, compared with Euros 192.1 million in 2009. That figure includes a specific provision amounting to Euros 679.3 million and the release of Euros 315.3 million net in generic provisions. Real estate and financial assets were written down by a total of Euros 584.1 million. Provisions for NPLs and other impairments include amounts for Banco Comercial Portugués (BCP) and Metrovacesa (NAV: Euros 21.07 per share).

The bank obtained gains of Euros 296.1 million on asset sales during the year, including a one-time capital gain of Euros 250.0 million from a sizeable sale and leaseback transaction involving 378 properties in April 2010 and a capital gain of Euros 29.0 million on the sale of a property in Barcelona (Paseo de Gracia).

The core capital ratio was 8.20% at year-end (7.66% in 2009). The Tier 1 ratio was 9.36%, compared with 9.10% at the end of 2009.

Other key developments in 2010

Exchange offer for Banco Guipuzcoano, S.A.

The tender offer by Banco Sabadell for 100% of the capital stock of Banco Guipuzcoano, S.A. ("Banco Guipuzcoano") addressed to all ordinary and preference shares of Banco Guipuzcoano, was completed on 24 November 2010. This transaction was part of the Banco Sabadell group's strengthening, consolidation and balancing project in Spain.

The consideration offered by the bank in the tender offer, which was approved by an Extraordinary Shareholders' Meeting on 18 September 2010, was in the form of securities, as follows:

For every 8 ordinary shares of Banco Guipuzcoano that accepted the tender offer:

- 5 shares of Banco Sabadell, of Euros 0.125 par value each (either from treasury stock or newly issued), with the same political and economic rights as the shares of Banco Sabadell then outstanding, and
- 5 mandatory convertible subordinated bonds of Banco Sabadell, of Euros 5 nominal value each, represented by book entries and registered with Iberclear, maturing in 3 years and with a coupon of 7.75% per annum. At each payment date, Banco Sabadell will decide, at its discretion, whether to pay that remuneration or open a period of voluntary conversion.

For every 8 preference shares of Banco Guipuzcoano that accepted the tender offer:

- 6 shares of Banco Sabadell, of Euros 0.125 par value each (either from treasury stock or newly issued), with the same political and economic rights as the shares of Banco Sabadell then outstanding, and
- 5 mandatory convertible subordinated bonds of Banco Sabadell, of Euros 5 nominal value each, represented by book entries and registered with Iberclear, in the same conditions as indicated above.

The assets delivered as consideration for the shares of Banco Guipuzcoano that were acquired were valued on the date of acquisition of control at Euros 613.479 million, which was the acquisition cost booked for the transaction. A goodwill of Euros 225.6 million was also booked.

Under current regulations, companies have one year from the acquisition of control in order to definitively recognise the goodwill in a business combination. The group is currently reviewing, analysing and updating the fair values of the acquired assets and liabilities. As a result of this process, the preliminary estimate of the goodwill associated with the business combination is Euros 225.6 million. This estimate disclosed a difference between the fair and carrying values of the assets and liabilities, net of taxes, in the amount of Euros 238.6 million, mainly arising from the loan book and real estate. The fair value of the loan book was measured by applying certain percentages of expected losses based on internal estimates that are in line with market standards, determined basically on the basis of the type of loan and the related collateral. The fair value of real estate assets acquired in the business combination was determined by applying certain percentages of depreciation based on market observation, determined on the basis of the age of the assets on the balance sheet, their use, geographical location, status, and development situation.

Key figures

	31.12.09	31.12.10	Change (%) YoY
Balance sheet (€ '000)			
Total assets	82,822,886	97,099,209	17.2
Gross loans and advances to customers, excluding repos	65,012,792	73,057,928	12.4
Gross loans and advances to customers	65,012,792	76,190,720	17.2
On-balance sheet funds	64,165,053	77,164,193	20.3
Of which: Customer-based funding on balance sheet (1)	38,131,235	49,374,406	29.5
Mutual funds	9,150,665	8,852,797	-3.3
Pension funds and third-party insurance products	8,168,367	8,742,691	7.0
Funds under management	82,247,095	95,998,199	16.7
Shareholders' equity	5,226,333	5,978,412	14.4
Profit and loss account (€ '000)			
Net interest income	1,600,647	1,459,116	-8.8
Gross operating income	2,505,030	2,331,339	-6.9
Net income before provisions	1,325,477	1,136,304	-14.3
Attributable net profit	522,489	380,040	-27.3
Ratios (%)			
ROA	0.64	0.44	
ROE	11.36	7.32	
Cost / income (ex amortisation) (2)	43.05	46.20	
Cost / income ratio excluding non-recurrent expenses (2)	39.46	45.20	
Core capital	7.66	8.20	
Adjusted core capital (3)	8.14	8.56	
Tier I	9.10	9.36	
Adjusted Tier I (3)	9.58	9.72	
BIS ratio	10.80	11.08	
Risk management			
Non-performing loans (€ '000)	2,712,418	4,073,951	
Provisions for NPLs (€ '000)	1,872,443	2,305,393	
NPLs / Gross loans (%)	3.73	5.01	
Coverage ratio (%)	69.03	56.59	
Coverage ratio with mortgage collateral	125.11	112.47	
Share data (period end)			
Number of shareholders	89,910	126,263	
Number of shares	1,200,000,000	1,263,630,834	
Share price (€)	3.875	2.950	
Market capitalisation (€ '000)	4,650,000	3,727,711	
Earnings per share (EPS) (€)	0.44	0.32	
Book value per share (€)	4.36	4.73	
Price /Book value (times)	0.89	0.62	
Price /earnings ratio (P/E) (times)	8.74	9.15	
Including conversion of convertible bond:			
Fully diluted number of shares including conversion of convertible bond	1,300,341,160	1,457,245,725	
Earnings per share (EPS) (€)	0.41	0.28	
Book value per share (€)	4.02	4.10	
Price /Book value (times)	0.96	0.72	
Other data			
Domestic branches	1,190	1,428	
Employees (4)	9,466	10,777	
ATMs	1,452	1,708	

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

(2) Personnel and other general administrative expenses / gross operating income. Figures for 2010 and 2009 do not include income obtained from swaps or redemptions of preference shares and subordinated bonds. Excluding the impact of the sale and leaseback transaction in April 2010, the cost/income ratio at 2010 year-end, excluding non-recurrent expenses, would be 44.29%.

(3) Adjusted for generic provisions net of taxes.

(4) In 2010, the number of employees increased due to the integration of Sabadell United Bank in January (355 employees) and of Banco Guipuzcoano in November (1,205 employees).

Profit & loss account

Profit & loss account

(€'000)	FY09	FY10	Change (%) YoY
Interest and related income	3,166,233	2,644,787	-16.5
Interest and related charges	-1,565,586	-1,185,671	-24.3
Net interest income	1,600,647	1,459,116	-8.8
Dividend income	14,598	16,282	11.5
Income from equity method	71,913	70,867	-1.5
Net fees and commissions	511,164	516,462	1.0
Results from financial transactions (net)	248,150	204,065	-17.8
Foreign exchange (net)	49,224	58,655	19.2
Other operating income/expense	9,334	5,892	-36.9
Gross operating income	2,505,030	2,331,339	-6.9
Personnel expenses	-715,323	-679,721	-5.0
Recurrent (1)	-628,700	-657,146	4.5
Non-recurrent	-86,623	-22,575	-73.9
Other general expenses (2)	-321,500	-356,334	10.8
Amortization & depreciation	-142,730	-158,980	11.4
Net income before provisions	1,325,477	1,136,304	-14.3
Provisions for NPLs and other impairments	-837,706	-968,074	15.6
Gains on sale of assets	83,575	296,111	254.3
Net result from discontinued transactions (after taxes)	0	0	--
Income tax	-45,037	-81,419	80.8
Consolidated net profit	526,309	382,922	-27.2
Minority interest	3,820	2,882	-24.6
Attributable net profit	522,489	380,040	-27.3
Pro memoria:			
Average total assets	81,714,700	87,128,791	
Earnings per share (€)	0.44	0.32	

(1) In like-for-like terms, the year-on-year change was +0.1%.

(2) Assuming no change in consolidation scope and excluding the sale and leaseback operation, the year-on-year change is 0.0%.

Profit & loss account – quarterly

(€'000)	4Q09	1Q10	2Q10	3Q10	4Q10	Change (%) YoY
Interest and related income	662,988	635,961	650,622	651,427	706,777	6.6
Interest and related charges	-277,771	-261,857	-259,546	-290,245	-374,023	34.7
Net interest income	385,217	374,104	391,076	361,182	332,754	-13.6
Dividend income	3,327	190	10,269	2,089	3,734	12.2
Income from equity method	26,874	19,915	17,433	17,402	16,117	-40.0
Net fees and commissions	125,333	129,279	124,005	123,669	139,509	11.3
Results from financial transactions (net)	5,913	24,925	127,217	27,225	24,698	317.7
Foreign exchange (net)	11,669	11,091	12,492	23,248	11,824	1.3
Other operating income/expense	3,242	2,646	2,717	325	204	-93.7
Gross operating income	561,575	562,150	685,209	555,140	528,840	-5.8
Personnel expenses	-174,610	-160,879	-165,092	-165,694	-188,056	7.7
Recurrent	-153,747	-159,928	-162,150	-162,507	-172,561	12.2
Non-recurrent	-20,863	-951	-2,942	-3,187	-15,495	-25.7
Other general expenses	-88,022	-75,954	-87,492	-91,858	-101,030	14.8
Amortization & depreciation	-37,859	-38,440	-40,212	-39,850	-40,478	6.9
Net income before provisions	261,084	286,877	392,413	257,738	199,276	-23.7
Provisions for NPLs and other impairments	-247,581	-167,445	-526,318	-120,118	-154,193	-37.7
Gains on sale of assets	18,673	4,061	288,078	1,228	2,744	-85.3
Net result from discontinued transactions (after taxes)	0	0	0	0	0	--
Income tax	22,782	-14,705	-27,737	-31,613	-7,364	--
Consolidated net profit	54,958	108,788	126,436	107,235	40,463	-26.4
Minority interest	911	408	1,196	544	734	-19.4
Attributable net profit	54,047	108,380	125,240	106,691	39,729	-26.5
Pro memoria:						
Average total assets	82,332,334	85,055,467	86,831,006	86,636,986	89,943,395	
Earnings per share (€) (1)	0.05	0.09	0.11	0.08	0.04	

(1) For the three-month period ended at the end of each quarter.

Net interest income

Average yield

2009 (€'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	2,642,845	1.93	12,563	2,045,426	1.14	5,818	3,580,345	0.56	5,067	2,222,552	0.96	5,400
Loans to customers (net)	62,593,414	5.56	857,596	62,036,536	4.93	763,181	61,696,386	4.21	655,003	62,554,429	3.79	598,052
Fixed-income securities	6,981,215	3.91	67,345	8,082,132	2.58	52,071	7,609,054	2.44	46,759	8,288,938	2.46	51,367
Subtotal	72,217,474	5.26	937,504	72,164,094	4.56	821,070	72,885,785	3.85	706,829	73,065,919	3.56	654,819
Equity securities	1,578,454	--	--	1,954,484	--	--	1,816,355	--	--	2,009,384	--	--
Tang. & intang. assets	1,838,789	--	--	1,714,315	--	--	1,698,773	--	--	1,671,798	--	--
Other assets	5,256,941	1.28	16,643	5,805,864	0.82	11,920	5,576,419	0.66	9,279	5,585,233	0.58	8,169
Total	80,891,658	4.78	954,147	81,638,757	4.09	832,990	81,977,332	3.47	716,108	82,332,334	3.19	662,988

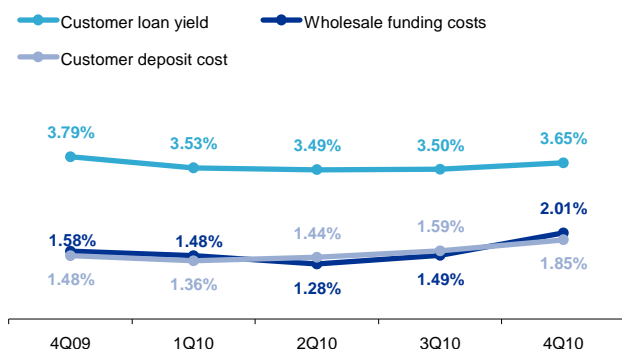
2010 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2,077,052	0.93	4,738	2,072,682	0.98	5,042	1,778,632	1.04	4,670	2,022,605	1.60	8,178
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

Average cost of funds

2009 (€'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	5,436,719	-3.44	-46,127	5,370,216	-1.98	-26,511	5,628,062	-1.52	-21,580	5,122,506	-1.59	-20,530
Customer deposits	35,824,475	-2.83	-250,086	36,419,740	-2.21	-201,064	36,833,850	-1.70	-157,545	36,362,459	-1.48	-135,746
Capital markets	25,854,897	-3.57	-227,787	25,930,371	-2.50	-161,817	24,779,824	-1.83	-114,280	25,542,666	-1.58	-101,764
Repos	4,275,533	-1.72	-18,115	4,318,848	-1.04	-11,233	4,555,445	-0.78	-9,006	4,287,560	-0.86	-9,263
Subtotal	71,391,624	-3.08	-542,115	72,039,175	-2.23	-400,625	71,797,181	-1.67	-302,411	71,315,191	-1.49	-267,303
Other liabilities	5,205,284	-1.36	-17,476	5,099,987	-1.08	-13,785	5,182,954	-0.87	-11,403	5,745,957	-0.72	-10,468
Shareholders' equity	4,294,750	--	--	4,499,595	--	--	4,997,197	--	--	5,271,186	--	--
Total	80,891,658	-2.81	-559,591	81,638,757	-2.04	-414,410	81,977,332	-1.52	-313,814	82,332,334	-1.34	-277,771

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

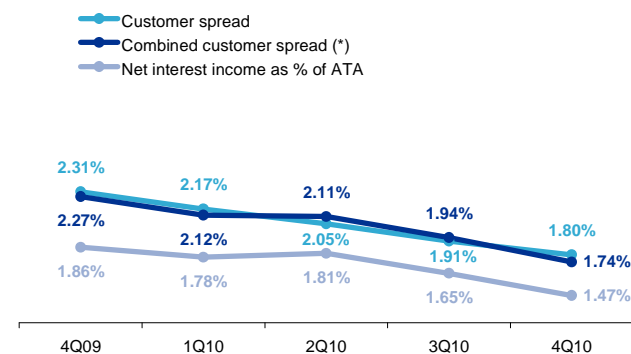
Customer spread (%)



Net interest income amounted to Euros 332.8 million in the fourth quarter of 2010, compared with Euros 361.2 million in the preceding quarter. The average yield on customer loans was 3.65%, 15 basis points more than in the preceding quarter. The impact on financial revenues of rising lending yields was Euros 26.6 million. The increase in the average volume of customer loans and advances led to a Euros 17.7 million increase in interest revenues.

The average cost of customer deposits was -1.85%, compared with -1.59% in 3Q10. The effect of the increase in costs was Euros 27.3 million.

Net interest income (%)



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

The cost of funding in the capital markets increased by Euros 29.2 million with respect to 3Q10, mainly as a result of the integration of Banco Guipuzcoano and the increase in the yield curve and spreads; the average cost of issuing was -2.01%.

The customer spread was 1.80% (1.91% in the previous quarter). The combined customer spread, which includes wholesale funding costs, was 1.74%, compared with 1.94% in the third quarter.

As a result, net interest income in 4Q10 represented 1.47% of average total assets, compared with 1.65% in 3Q10.

Net fees and commissions

(€'000)	4Q09	3Q10	4Q10	Change (%) 4Q09	Change (%) 3Q10
Asset transactions	24,082	23,624	26,192	8.8	10.9
Guarantees	18,976	19,568	20,540	8.2	5.0
Transferred to other entities	-783	-774	-825	5.4	6.6
Risk transaction fees	42,275	42,418	45,907	8.6	8.2
Cards	14,223	15,784	15,977	12.3	1.2
Payment orders	8,748	8,568	9,366	7.1	9.3
Securities	8,899	7,528	18,346	106.2	143.7
Demand accounts	8,512	7,916	8,136	-4.4	2.8
Other transactions	11,520	13,329	8,971	-22.1	-32.7
Commissions for services	51,902	53,125	60,796	17.1	14.4
Mutual funds	21,243	18,525	20,203	-4.9	9.1
Pension funds and insurance brokerage	9,913	9,601	12,603	27.1	31.3
Mutual and pension fund and insurance commissions	31,156	28,126	32,806	5.3	16.6
Total	125,333	123,669	139,509	11.3	12.8

Net fee and commission revenues amounted to Euros 139.5 million in the fourth quarter of 2010. That was an increase of Euros 15.8 million (+12.8%) with respect to the third quarter, mainly as a result of the greater contribution by commissions on securities, marketing of pensions and insurance, and asset transactions.

Service fees increased by 14.4% between quarters, driven particularly by good performance by securities fees, which rose as a result of growth in trading, and fees for underwriting and placement of bonds issued by the Catalonia and Valencia Regional Governments. Additionally, fees for payment orders increased by 9.3% as a result of growth in volume.

Overall, fees from mutual funds and the sale of pension plans and insurance products increased by 16.6% with

respect to 3Q10. Fees for the sale of pension plans and insurance products increased mainly due to new issues of multi-investment products. Fees from mutual funds rose due to the higher fees from the real estate investment trust.

Fees for risk transactions increased by 8.2% as a result of higher fees for guarantees, documentary credit and other risk transactions, driven by an increase in volume.

Net fees and commissions increased by 11.3% with respect to 4Q09, favoured generally by higher business volume, underwriting and placement fees for bonds issued by the Catalonia and Valencia Regional Governments.

Net fees and commissions in 2010 amounted to Euros 516.5 million, an increase of Euros 5.3 million (+1.0%) with respect to 2009.

Administrative expenses

(€'000)	4Q09	3Q10	4Q10	Change (%) 4Q09	Change (%) 3Q10
Recurrent	-153,747	-162,507	-172,561	12.2	6.2
Non-recurrent	-20,863	-3,187	-15,495	-25.7	386.2
Personnel expenses	-174,610	-165,694	-188,056	7.7	13.5
IT	-22,360	-12,662	-20,048	-10.3	58.3
Communications	-4,993	-5,749	-6,147	23.1	6.9
Advertising	-4,698	-6,187	-16,471	250.6	166.2
Premises	-18,142	-26,866	-24,404	34.5	-9.2
Stationery and office supplies	-1,529	-1,886	-1,889	23.5	0.2
Taxes other than income tax	-11,408	-14,189	-15,112	32.5	6.5
Others	-24,892	-24,319	-16,959	-31.9	-30.3
Other general expenses	-88,022	-91,858	-101,030	14.8	10.0
Total	-262,632	-257,552	-289,086	10.1	12.2

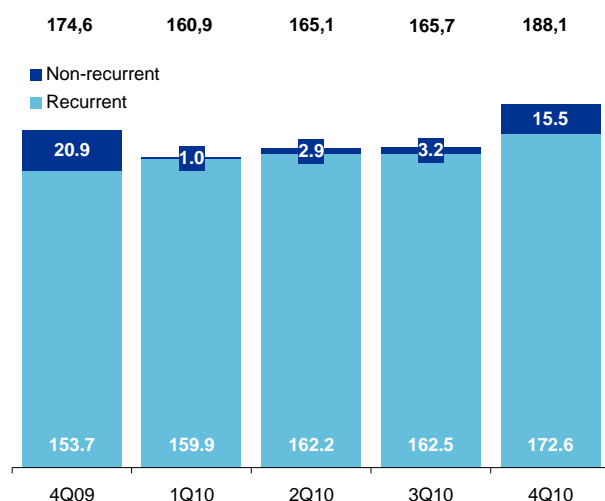
Assuming no change in consolidation scope, i.e. excluding the integration of Sabadell United Bank (SUB) in mid-January 2010 and of Banco Guipuzcoano in December and also excluding the sale and leaseback programme, recurrent administrative expenses were stable.

Personnel expenses were unchanged due to optimisation of administrative processes at branches and measures to improve operating efficiency.

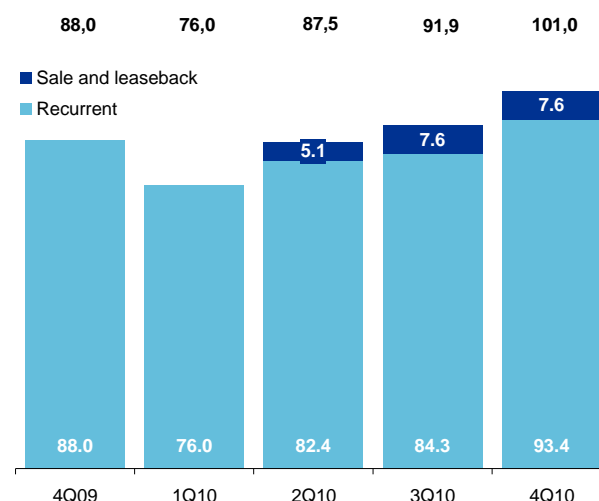
General expenses were also stable in like-for-like terms.

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)	4Q09	3Q10	4Q10	Change (%) 4Q09	Change (%) 3Q10
Specific provisions	-140,996	-186,124	-124,662	-11.6	-33.0
Extraordinary releases	0	-46,000	-66,000	--	43.5
New regulations under Circular 3/2010	0	120,000	0	--	-100.0
Substandard provisions	-3,400	61,900	30,300	--	-51.1
Metrovacesa	-94,280	0	-76,190	-19.2	--
Real estate	-57,220	-160,940	-49,850	-12.9	-69.0
Other impairments	-263,459	-12,143	-20,349	-92.3	67.6
Subtotal	-559,355	-223,307	-306,751	-45.2	37.4
Generic provisions	311,774	103,189	152,558	-51.1	47.8
Total provisions and impairments	-247,581	-120,118	-154,193	-37.7	28.4

Provisions for loan losses and other impairments amounted to Euros -154.2 million in the fourth quarter, compared with Euros -120.1 million in the third quarter.

Provisions and impairments in 2010 amounted to Euros 968.1 million, 15.6% more than in 2009. Loan-loss

provisions amounted to Euros -383.9 million, including the release of Euros 315.3 million net in generic provisions. An impairment of Euros -76.2 million was made for Metrovacesa. Another impairment of Euros -54.8 million (included within Other impairments) was made for Banco Comercial Português (BCP).

Balance sheet

(€'000)	31.12.09	31.12.10	Change (%) YoY
Cash and balance with Central Banks	1,820,157	1,253,600	-31.1
Trading and derivatives portfolios and other financial assets	1,990,688	1,962,652	-1.4
Available-for-sale financial assets	8,031,761	10,830,629	34.8
Loans and advances	65,777,852	76,725,432	16.6
Balances with financial institutions (1)	2,544,962	2,744,614	7.8
Loans to customers (net)	63,232,890	73,980,818	17.0
Investments in associated companies	706,075	813,492	15.2
Property, plant and equipment	1,140,190	1,081,549	-5.1
Intangible assets	669,980	831,301	24.1
Other assets	2,686,183	3,600,554	34.0
Total assets	82,822,886	97,099,209	17.2
Trading and derivatives portfolios	1,680,022	1,716,500	2.2
Financial liabilities at amortised cost	74,957,805	88,710,738	18.3
Central banks and credit institutions (2)	9,577,274	10,333,988	7.9
Customer deposits	39,130,722	55,092,555	40.8
Capital markets	22,812,447	19,507,497	-14.5
Subordinated liabilities	2,039,698	2,386,629	17.0
Other financial liabilities	1,397,664	1,390,069	-0.5
Liabilities under insurance contracts	182,186	177,512	-2.6
Provisions	313,267	367,662	17.4
Other liabilities	392,236	438,254	11.7
Subtotal liabilities	77,525,516	91,410,666	17.9
Shareholders' equity (3)	5,226,333	5,978,412	14.4
Valuation adjustments	43,656	-323,735	--
Minority interest	27,381	33,866	23.7
Equity	5,297,370	5,688,543	7.4
Total liabilities and equity	82,822,886	97,099,209	17.2
Contingent risks	7,658,536	8,310,022	8.5
Contingent liabilities	17,019,738	16,133,441	-5.2
Total memorandum accounts	24,678,274	24,443,463	-1.0

(1) Balances with financial institutions include the following amounts of repos: Euros 1,028 million at 31.12.09 and Euros 1,072 million at 31.12.10.

(2) Deposits with central banks and credit institutions include the following amounts of repos: Euros 3,711 million at 31.12.09 and Euros 3,353 million at 31.12.10.

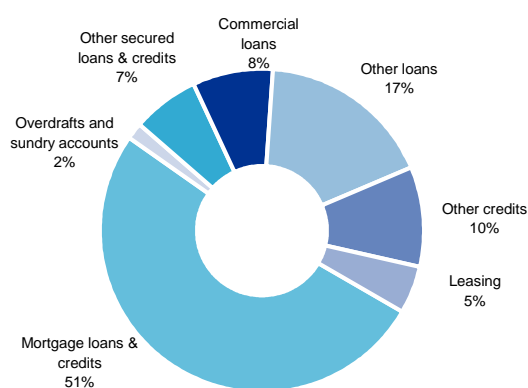
(3) This balance includes mandatory convertible bonds (Euros 500 million since July 2009 and Euros 819 millions since December 2010).

Loans to customers

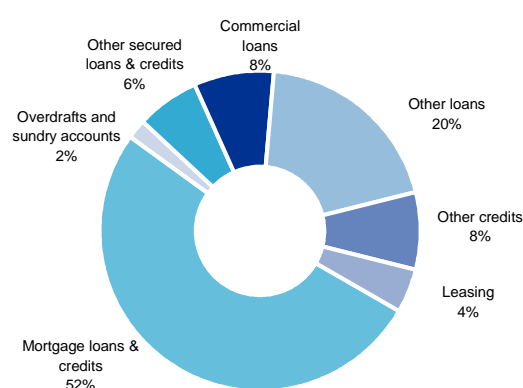
(€'000)	31.12.09	31.12.10	Change (%) YoY
Mortgage loans & credits	32,021,966	35,647,107	11.3
Other secured loans & credits	4,257,673	4,368,637	2.6
Commercial loans	5,031,055	5,576,618	10.8
Other loans	10,900,194	13,573,624	24.5
Other credits	6,219,049	5,532,513	-11.0
Leasing	2,928,343	2,994,755	2.3
Overdrafts and sundry accounts	983,538	1,377,025	40.0
Non-performing loans	2,650,179	3,944,427	48.8
Accruals	20,795	43,222	107.8
Gross loans and advances to customers, excluding repos (1)	65,012,792	73,057,928	12.4
Reverse repos	0	3,132,792	--
Gross loans and advances to customers	65,012,792	76,190,720	17.2
NPL and country-risk provisions	-1,779,902	-2,209,902	24.2
Loans to customers (net)	63,232,890	73,980,818	17.0
Pro memoria: total securitisation	9,706,556	9,976,654	2.8
Of which: mortgage backed	6,229,809	6,410,041	2.9
Other securitised assets	3,476,747	3,566,613	2.6
Of which: securitised after 01.01.04	9,613,606	9,771,286	1.6
Of which: mortgage backed	6,141,923	6,219,586	1.3
Other securitised assets	3,471,683	3,551,700	2.3

(1) Excluding the figures for Banco Guipuzcoano in 2010, the year-on-year change would have been +0.6%.

Loans and advances, 31.12.09 (%) (*)

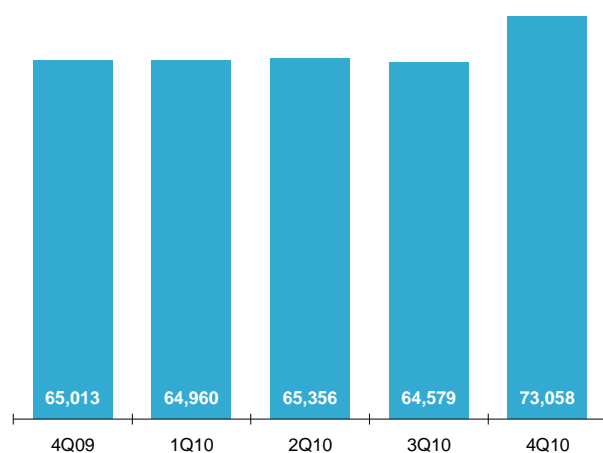


Loans and advances, 31.12.10 (%) (*)



(*) Excluding doubtful assets and accrual adjustments.

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



Credit risk management

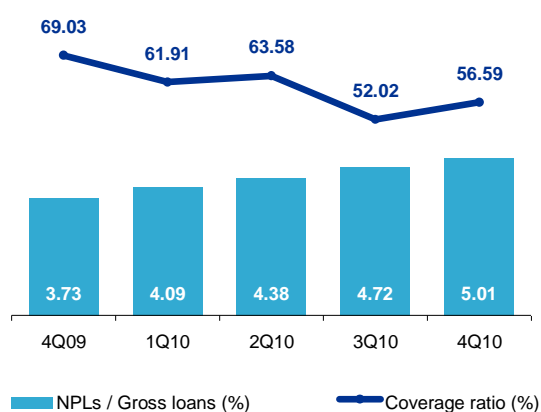
(€'000)	31.12.09	31.12.10	Change (%) YoY
Opening balance (1st January)	1,698,182	2,712,418	59.7
Increase due to new loan defaults	2,975,729	2,592,844	-12.9
Reclassified from provisioned performing loans	140,236	1,350,146	--
Recoveries on loans previously written off	-2,034,351	-2,515,999	23.7
Write-offs	-67,378	-508,279	--
Integration of Banco Guipuzcoano as of 30.11.2010	0	442,821	--
Total bad and doubtful debts	2,712,418	4,073,951	50.2
Gross loans and advances to customers, excluding repos	65,012,792	73,057,928	12.4
Contingent risks	7,658,536	8,310,022	8.5
Total risks	72,671,328	81,367,950	12.0
Specific provisions	1,461,429	1,880,605	28.7
Generic provisions	411,014	424,788	3.4
Total provisions for NPLs	1,872,443	2,305,393	23.1
NPLs / Gross loans (%)	3.73	5.01	
Coverage ratio (%)	69.03	56.59	

The NPL ratio at 31 December 2010 was 5.01%, compared with 4.72% at 30 September 2010.

The NPL ratio is still notably lower than the industry average.

At 31 December 2010, the NPL coverage ratio was 56.59%; that ratio is 112.47% including mortgage collateral.

NPLs/Gross loans and coverage ratio (%)



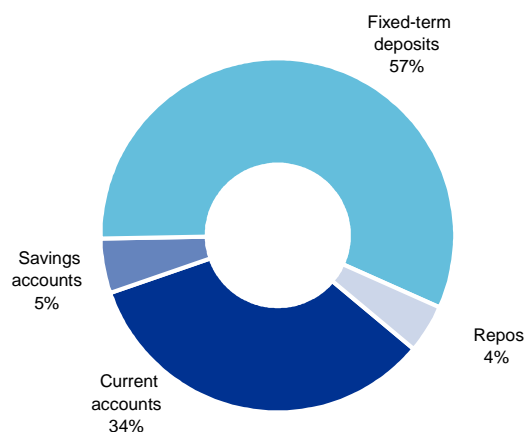
(€'000)	4Q09	1Q10	2Q10	3Q10	4Q10
Increase due to new loan defaults	671,804	670,885	647,723	650,696	623,540
Reclassified from provisioned performing loans	63,850	349,669	256,400	382,007	362,070
Recoveries on loans previously written off	-489,437	-578,889	-591,560	-617,286	-728,264
Write-offs	-31,103	-183,349	-93,084	-201,300	-30,546
Integration of Banco Guipuzcoano as of 30.11.2010	0	0	0	0	442,821
Net change in bad and doubtful debts	215,114	258,316	219,479	214,117	669,621
Total bad and doubtful debts	2,712,418	2,970,734	3,190,213	3,404,330	4,073,951

Funds under management

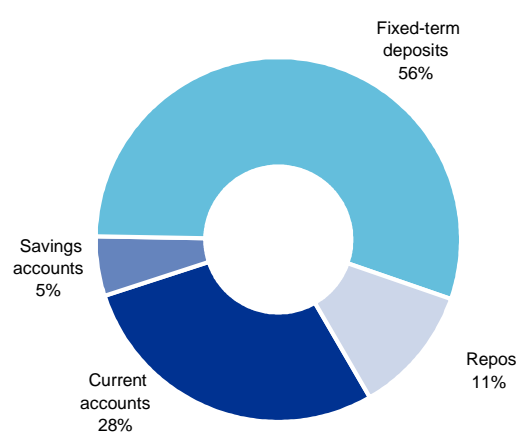
(€'000)	31.12.09	31.12.10	Change (%) YoY
Customer-based funding on balance sheet (1)	38,131,235	49,374,406	29.5
Customer deposits	39,130,722	55,092,555	40.8
Current accounts	13,042,350	15,439,685	18.4
Savings accounts	1,939,003	2,844,818	46.7
Fixed-term deposits	22,149,882	30,091,528	35.9
Repos	1,723,792	6,249,332	262.5
Accruals	194,632	356,101	83.0
Derivative hedging adjustments	81,063	111,091	37.0
Debt and other tradable securities	22,812,447	19,507,497	-14.5
Subordinated liabilities	2,039,698	2,386,629	17.0
Liabilities under insurance contracts	182,186	177,512	-2.6
On-balance sheet funds	64,165,053	77,164,193	20.3
Mutual funds	9,150,665	8,852,797	-3.3
Equity funds	425,626	448,969	5.5
Balanced funds	416,681	504,681	21.1
Fixed-income funds	3,010,221	2,127,417	-29.3
Guaranteed return funds	2,013,589	1,855,775	-7.8
Real estate funds	1,034,221	1,079,171	4.3
Dedicated investment companies	1,338,519	1,405,890	5.0
Third-party funds	911,808	1,430,894	56.9
Managed accounts	763,010	1,238,518	62.3
Pension funds	2,787,969	3,015,818	8.2
Individual	1,559,463	1,827,383	17.2
Company	1,196,328	1,159,427	-3.1
Group	32,178	29,008	-9.9
Third-party insurance products	5,380,398	5,726,873	6.4
Funds under management	82,247,095	95,998,199	16.7

(1) Includes customer deposits (ex-repos), preference shares placed by the branch network and mandatory convertible bonds. Excluding the figures for Banco Guipuzcoano in 2010, the year-on-year change would have been +16.0%.

Customer deposits, 31.12.09 (%) (*)

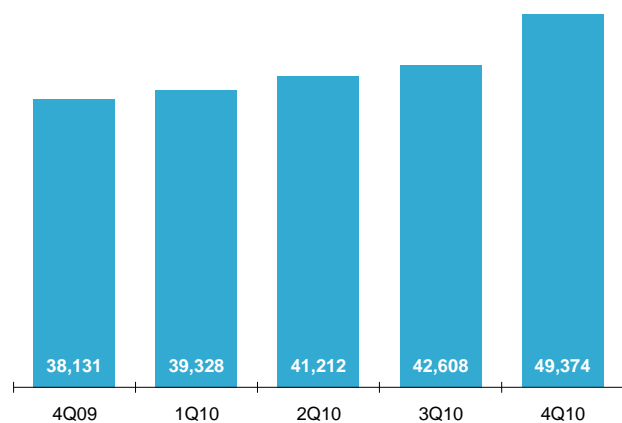


Customer deposits, 31.12.10 (%) (*)

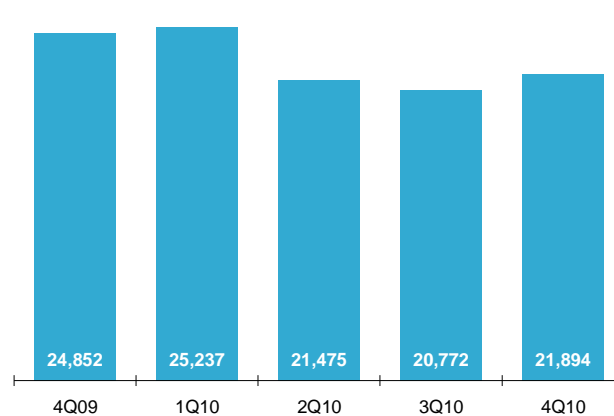


(*) Excluding adjustments for accruals and hedges with derivatives.

Customer-based funding on balance sheet (€mn)



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



Shareholder's equity

(€'000)	31.12.09	31.12.10	Change (%) YoY
Shareholders' equity	5,226,333	5,978,412	14.4
Issued capital	150,000	157,954	5.3
Reserves	4,360,047	4,761,117	9.2
Other equity instruments (1)	500,000	818,714	63.7
Less: treasury shares	-138,203	-25,686	-81.4
Attributable net profit	522,489	380,040	-27.3
Less: dividends and payments	-168,000	-113,727	-32.3
Valuation adjustments	43,656	-323,735	--
Minority interest	27,381	33,866	23.7
Equity	5,297,370	5,688,543	7.4

(1) Mandatory convertible bonds.

BIS ratio

(€'000)	31.12.09	31.12.10	Change (%) YoY
Issued capital	150,000	157,954	5.3
Reserves	4,456,488	4,777,188	7.2
Mandatory convertible bonds	500,000	818,714	63.7
Minority interest	30,612	39,294	28.4
Deductions	-613,995	-829,717	35.1
Core capital	4,523,105	4,963,433	9.7
Core capital (%)	7.66	8.20	
Preference shares and deductions	847,808	699,490	-17.5
Primary capital	5,370,913	5,662,923	5.4
Tier I (%)	9.10	9.36	
Computing generic provisions	329,564	71,000	-78.5
Subordinated debt	880,200	1,253,203	42.4
Valuation adjustments	25,327	0	-100.0
Deductions	-229,278	-282,540	23.2
Secondary capital	1,005,813	1,041,663	3.6
Tier II (%)	1.70	1.72	
Total capital	6,376,726	6,704,586	5.1
Minimum capital requirement	4,722,851	4,842,011	2.5
Capital surplus	1,653,875	1,862,575	12.6
BIS ratio (%)	10.80	11.08	
Risk weighted assets (RWA)	59,035,638	60,525,138	2.5

Credit ratings

Agency	Date	Long term	Short term	Individual	Support	Outlook	Strength
Fitch	25.11.2010	A	F1	B/C	3	Stable	
Standard & Poor's ⁽¹⁾	26.07.2010	A	A1			Negative	
Moody's	08.11.2010	A2	Prime 1			Negative	C-

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In a rating review following the Banco Guipuzcoano transaction, Fitch Ratings confirmed the ratings of Banco Sabadell and upgraded those of Banco Guipuzcoano.

Banco Guipuzcoano's ratings were upgraded as follows: the long-term rating was upgraded from A- to A, the short-term rating from F2 to F1, the individual rating was kept stable at C, and the support rating was changed from 3 to 1.

Results by business units

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

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

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

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

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

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

31.12.2009	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,867,918	558,815	50,684,414	16.7%	43.9%	6,583	1,174
Corporate banking	198,025	77,817	10,870,910	6.7%	12.8%	95	2
Banco Urquijo	50,589	13,340	2,129,828	5.6%	61.7%	240	14
Asset management	35,101	17,728	9,150,665 (**)	34.3%	49.5%	144	--
Total		667,700 (*)					

31.12.2010 (***)	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,653,500	387,562	50,443,060	11.7%	50.1%	6,535	1,167
Corporate banking	214,132	131,051	10,602,954	11.4%	12.8%	89	2
Banco Urquijo	49,564	13,753	1,876,060	4.6%	59.7%	219	14
Asset management	30,337	12,282	8,248,878 (**)	31.4%	59.5%	145	--
Total		544,648 (*)					

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

(**) Mutual fund assets reflect the balance at the end of the period.

(***) These figures don't include balances of Banco Guipuzcoano.

Share price performance

	31.12.09	31.12.10	Change (%) YoY
Shareholders and trading			
Number of shareholders	89,910	126,263	40.4
Number of shares	1,200,000,000	1,263,630,834	5.3
Average daily trading volume (number of shares)	3,226,635	5,993,452	85.7
Share price (€)			
Opening session	4.850	3.875	
High	5.300	4.550	
Low	2.940	2.940	
Closing session	3.875	2.950	
Market capitalisation (€ '000)	4,650,000	3,727,711	
Stock market multiples			
Earnings per share (EPS) (€)	0.44	0.32	
Book value per share (€)	4.36	4.73	
Price /Book value (times)	0.89	0.62	
Price /earnings ratio (P/E) (times)	8.74	9.15	
Including conversion of convertible bond:			
Fully diluted number of shares including conversion of convertible bond	1,300,341,160	1,457,245,725	
Earnings per share (EPS) (€)	0.41	0.28	
Book value per share (€)	4.02	4.10	
Price /Book value (times)	0.96	0.72	