BancoSabadell

Quarterly financial report

Second quarter, 2009

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Introduction

Macroeconomic environment

Global economic and financial background

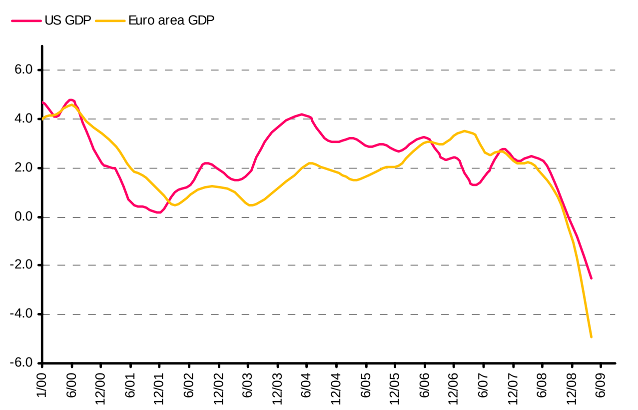
The pace of economic deterioration seems to be slowing, and there are growing signs of recovery in some emerging countries. Recent projections by the World Bank and the OECD suggest that, following the major retrenchment of the last few quarters, there will be a gradual recovery worldwide starting in the second half of 2009 and continuing in 2010. The US real estate market is showing signs of stabilising, while job destruction has slowed. Economic activity continues to be negative in the euro area, but indices of economic sentiment are improving. Figures from Japan and the UK suggest that the worst of the crisis may be over. In this context, inflation continues to ease throughout the world. Financing conditions have improved generally in all markets. Both companies with higher risk profiles and emerging countries have been able to access the international bond markets. The increase in funding for the International Monetary Fund (IMF) agreed by the G-20 countries is very important in this context. The funds at the IMF's disposal have essentialy tripled which has enabled it to extend a flexible credit line program to countries with solid economic fundamentals.

Fixed income markets

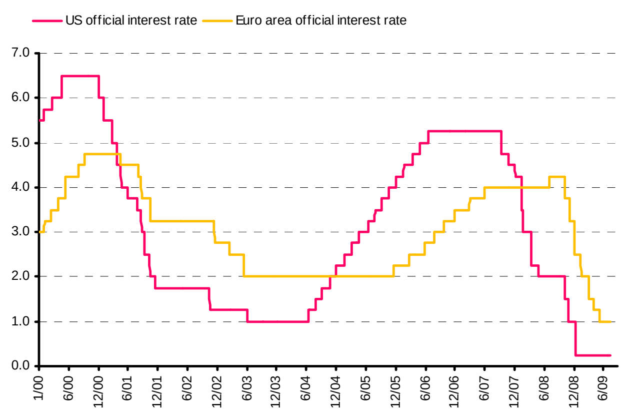
The central banks have maintained a clearly expansive monetary policy, and some authorities have advanced further with less orthodox policies. The Federal Reserve has kept its base rate in the range 0.00%-0.25% since December and it continues to expect that economic conditions will justify keeping rates exceptionally low for a lengthy period. This quarter, the Fed extended and expanded the eligible collateral for some liquidity transactions and maintained its programme of purchasing government and GSE-related assets (at a rapid pace in the case of government bonds). The European Central Bank (ECB) cut its base rate from 1.50% in March to 1.00% in June. It considers this rate to be adequate, but has not decided whether it is a floor. The ECB also adopted new unconventional measures such as: (i) 12-month funding transactions with full allotement available; (ii) broadening the criteria of eligible collateral in monetary policy operations and extending the program to the end of 2010; (iii) it has announced the acquisition, from July onwards, of 60 billion euro in covered bonds denominated in euro and issued in the euro area; (iv) the European Investment Bank is now an eligible counterparty for monetary policy operations.

The improved tone of the economic indicators, greater appetite for risk, and doubts about the sustainability of public finances led to an increase in long-term government bond yields on both sides of the Atlantic. This occurred even though base rates are being kept especially low and despite the purchase of government bonds by some central banks. The US 10-year bond yield reached 3.53%, from 2.66% at the end of March. In the euro area, the German 10-year bond yield was 3.39%, compared with 2.99% at the end of the previous quarter.

GDP – USA vs. Euro area (%)



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



Currency markets

The US dollar depreciated 6% against the euro, ending the quarter at 1.40 USD/EUR. This trend was due to the combination of lower risk aversion coupled with statements by some emerging countries questioning the dollar's role as a reserve currency. In Japan, the deceleration of the economic decline coupled with a current account surplus in recent months enabled the yen to appreciate against the dollar, to 96.3 JPY/USD. The pound sterling appreciated against the euro, to 0.85 GBP/EUR. This movement was driven by encouraging economic data from the UK economy in the last few months.

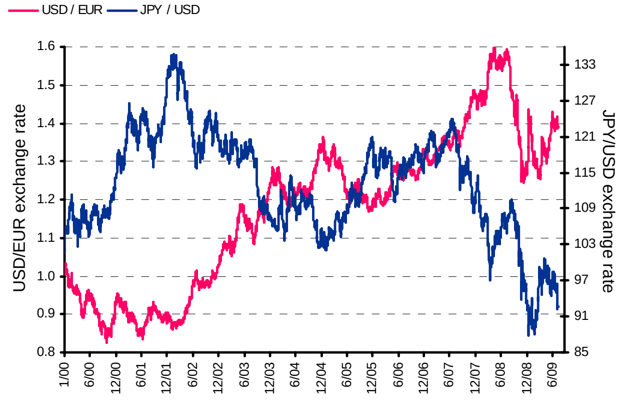
Emerging markets

The situation of the various emerging countries differs substantially: economic indicators confirm that China and Brazil have stabilised and may already be on the road to recovery. A number of organizations have upgraded their growth projections for China in 2009 and 2010, although there are lingering doubts about the solidity of the recovery. Meanwhile, the picture is negative in other countries such as Mexico and the Baltic states, where economic activity has fallen sharply. The funding problems facing Eastern European countries materialised particularly in Latvia, which was forced to cancel an auction of short-term government bonds. Fitch has also put Latvia's rating (BB+) on negative watch. In this context, three countries (Mexico, Poland and Colombia) have gained access to the IMF's new flexible credit line, which does not impose changes in macroeconomic policy and is designed for countries with solid economic fundamentals; however, none of those countries has yet availed itself of the funding. Central banks have continued to cut base rates in countries which still have scope to do so, such as Brazil, Mexico, Russia, Romania and Turkey. Investors responded warmly to the outcome of India's parliamentary elections, which increases the likelihood that the country's capital account will be liberalised.

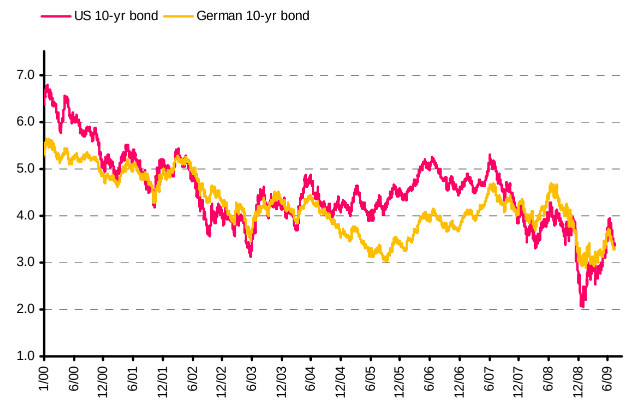
Equity markets

Most bourses recovered strongly in the second quarter due to a combination of signs of macroeconomic stabilisation and positive surprises in first-quarter corporate earnings. Attention also focused on the result of the US bank stress tests, the upswing in US government bond yields, and mergers and acquisitions. Oil prices surged 40.77% as a result of the upward revision of global demand projections by the International Energy Agency (IEA) and of geopolitical tensions in Iran and Nigeria.The Standard & Poor's 500® gained +8.49% in euro terms and the NASDAQ +13.03%. First-quarter earnings season ended with a positive surprise due to cautious initial projections. In Europe, the Dow Jones STOXX 50® appreciated by +15.54%. First-quarter earnings were mixed, with negative surprises in commodities and technology, whereas pharmaceuticals beat expectations in a quarter laden with M&A deals in the sector. Spain's IBEX 35® gained +25.24%. Iberdrola announced an accelerated capital issue totalling 1.25 billion euro. In Latin America, the Brazilian and Mexican indices registered excellent performance, gaining +39.38% and +25.57%, respectively, in euro terms. Japan's NIKKEI 300 gained +16.29% in euro terms.

Exchange rate – USD vs. EUR and JPY (%)



10-year bond yields – USA vs. Germany (%)



Key developments in 2Q09

- Income attributed to the group amounted to Euros 332.0 million, compared with Euros 428.5 million in the same period of 2008. This figure enabled the bank to pay personnel indemnities (Euros -55.2 million), make a special provision for loan losses (Euros -129.4 million) and record writedowns on the securities and real estate portfolios (Euros -113.7 million). Recurrent income attributed to the group amounted to Euros 446.4 million in 1H09, 4.2% more than in the first half of 2008.

- Net interest income: year-on-year increase of 14.5%. Good adaptation of the cost of deposits to asset trends. Well-positioned in capital markets, macrohedges and asset hedges.

- Customer deposits grew faster than customer loans and advances. Customer funds on the balance sheet increased by 13.8% (8.3% if 1H08 figures are adjusted for the deconsolidation of the insurance business deposits). Gross loans and advances to customers fell by 1.7%.

- Net fees and commissions: declined year-on-year (-7.8%), primarily as a result of the 32.7% decrease in mutual fund fees.

- Results from financial transactions: include Euros 96.8 million from redeeming preference shares (2Q09), and Euros 49.0 million from the sale of government bonds.

- Gross operating income: 17.8% increase year-on-year.

- Total administrative expenses (personnel + general): up 1.2% year-on-year in recurrent like-for-like terms.

  Personnel expenses included Euros -55.2 million in indemnities. Recurrent personnel expenses increased by 1.5% in like-for-like terms.

  Other general administration expenses increased by just 0.5% in like-for-like terms as a result of cost-cutting measures and steps to improve operating efficiency.

- Provisions for NPLs and others impairments: specific provisions amounted to Euros -383.7 million, including a voluntary special provision amounting to Euros -129.4 million. The same amount of generic provisions was released. Financial assets and real estate were written down by a total of Euros -113.7 million.

- The NPL ratio was 3.19%, and the NPL coverage ratio was 88.76%. The coverage ratio including mortgage collateral is 141.37%

- Capital gains on asset disposals amounted to Euros 28.9 million, of which Euros 20.3 million were realised on the sale of a building on Serrano street in Madrid.

- Income tax includes a Euros 40 million credit since the conditions were met during 1H09 to qualify for part of the tax credit for reinvesting the capital gains on the sale of 50% of the insurance and pension business, which took place in 2008.

- The Tier I ratio was 8.99% (7.78%, excluding generic provisions), compared with 8.35% at the end of the first half of 2008, including the generic provisions that were booked, net of taxes. Adjusted Core Capital stood at 7.83%, vs. 7.78% in June 2008 (6.63% in 1H09 excluding generic provisions).

Financial review

Basis of presentation

The consolidated profit and loss account and balance sheet as of 30 June 2009, together with the heading breakdowns shown in this Financial Report, are presented in accordance with the format established in Bank of Spain Circular 4/2004, of 22 December, partially amended by Circular 6/2008, of 26 November.

For purposes of comparison with the 2009 profit and loss account, the 1H08 profit and loss account has been adapted to the format established in Bank of Spain Circular 4/04, of 22 December, partially amended by Circular 6/2008, of 26 November. In addition, and also for purposes of comparison, the 1H08 profit and loss account has been amended to include the accounting reclassifications deriving from the sale of 50% of the insurance business to Zurich at the end of September 2008.

Balance sheet and bottom line

Banco de Sabadell obtained positive results in the first half of 2009, in line with expectations and the general economic situation, meeting its goals of containing recurrent costs and the NPL ratio (below the industry average) combined with solid capitalization.

Net interest income amounted to Euros 813.1 million, up 14.5% with respect to 1H08.

Income before provisions amounted to Euros 719.7 million, a 23.8% increase year-on-year, favoured by the Euros 96.8 million gain on redeeming preference shares while also including Euros 55.2 million of non-recurrent operating expenses.

Net income attributed to the group amounted to Euros 332.0 million, compared with Euros 428.5 million in the same period of 2008. In recurrent terms, net income attributed to the group amounted to Euros 446.4 million, 4.2% more than in the first half of 2008.

Balance sheet

At 30 June 2009, the total assets of Banco Sabadell and its Group amounted to Euros 80,992.1 million, a 0.6% increase year-on-year.

At 30 June 2009, gross loans and advances to clients totalled Euros 64,228.8 million, 1.7% less than at 30 June 2008.

The ratio of NPLs to total computable loans was 3.19%; this figure remains below the Spanish industry average. Coverage of doubtful and non-performing assets was 88.76%. The coverage ratio with mortgage collateral is 141.37%.

In line with previous periods, the bank's focus on raising funds for investment increased customer funds on the balance sheet by 13.8% year-on-year (8.3% adjusting the 1H08 figures for the effect of deconsolidating the deposits of the insurance business). Specifically, time deposits increased by 20.4% year-on-year to Euros 22,614.9 million (12.1% adjusting the 1H08 figures for the effect of deconsolidating the deposits of the insurance business).

Income and profit performance

In a situation of greater competition and lower interest rates, adaptation of deposit costs to asset trends and the bank's good positioning in capital markets, macrohedges and asset hedges boosted net interest revenues by 14.5% year-on-year to Euros 813.1 million.

Dividends and income from equity-accounted affiliates increased by 23.6% overall, with a significant contribution from the bancassurance companies and venture capital investees. Notable this year were the dividends from Banco Comercial Português (Euros 3.5 million) and Servired (Euros 3.1 million).

Net fees declined by 7.8%, mainly as a result of a 32.7% reduction in mutual fund fees.

Gross operating income, including income from financial transactions (which amounted to Euros 163.9 million and include Euros 96.8 million on the redemption of preference shares), totalled Euros 1,311.9 million, i.e. 17.8% more than in the first half of 2008.

Operating costs amounted to Euros 523.2 million in the first half of 2009, including Euros 55.2 million in indemnities. In like-for-like terms, recurrent operating costs increased by 1.2% with respect to 1H08. This moderate increase resulted from the impact of cost-control measures and steps taken to improve operating efficiency. At the end of the first half of 2009, the efficiency ratio excluding non-recurrent costs was 38.52% (eliminating the impact of redeeming preference shares), i.e. better than in 1Q09 (40.08%) and in 1H08 (41.28%).

Net income before provisions increased by 23.8% year-on-year.

Provisions for NPLs amounted to Euros 245.1 million, of which Euros 129.4 million were voluntary special provisions (*dotaciones subestándar*), matched by releasing the same amount of generic provisions. Also, particularly in the second quarter, a number of financial assets and items of real estate were written down by a total of Euros 113.7 million.

After recognising the results on the sale of property, plant and equipment and the tax credits taken in the period (Euros 40 million), net income attributed to the group amounted to Euros 332.0 million, 22.5% less than in the same period of 2008.

However, in recurrent terms, net income attributed to the group amounted to Euros 446.4 million, 4.2% more than in the same period of 2008.

The Tier I ratio was 8.99% at 30 June 2009, including generic provisions net of taxes (or 7.78% excluding such provisions); the ratio was 8.35% at the end of 1Q09. Adjusted Core Capital stood at 7.83% (6.63% excluding the generic provisions), vs. 7.78% in June 2008.

Adjusted profit and loss account (*)

(€ million)	1H08	1H09	Change (%) YoY
Net interest income	**710.2**	**813.1**	**14.5**
Dividend income and income from equity method	34.1	42.2	23.6
Net fees and commissions	289.6	267.1	-7.8
Results from financial transactions and foreign exchange (net)	65.5	88.9	35.8
Other operating income/expense	14.5	3.7	-74.1
Gross operating income	**1,113.9**	**1,215.1**	**9.1**
General expenses	-467.1	-468.0	0.2
Amortization & depreciation	-65.6	-69.0	5.2
Net income before provisions	**581.2**	**678.0**	**16.7**
Provisions for NPLs and other impairments	-83.1	-96.7	16.4
Gains on sale of assets	23.6	28.9	22.2
Profit before tax	**521.8**	**610.2**	**16.9**
Income tax	-102.5	-163.0	59.0
Income from ordinary activities	**419.3**	**447.2**	**6.7**
Net result from discontinued transactions	11.0	0.0	--
Minority interest	1.7	0.8	-54.6
Attributable net profit	**428.5**	**446.4**	**4.2**

(*) Excludes sizable one-time items in 2009: result on tender of preference shares (Euros 97 million), indemnities (Euros -55 million), voluntary special provisions (Euros -129 million), non-release of generic provisions (Euros -133 million), and tax credits (Euros 40 million).

Other key developments

Partial buyback of preference shares

In connection with the tender made by Banco de Sabadell, S.A. on 24 March 2009 for up to Euros 250 million of its Series I/2006 preference shares, whose nominal amount is Euros 500 million, the nominal amount of each share being Euros 50,000, which shares are listed on the London Stock Exchange, on 5 May 2009 Banco Sabadell, S.A. announced through the Regulatory News Service (RNS) of the London Stock Exchange that, upon conclusion of the tender, it had been accepted by shares amounting to Euros 151,850,000, which had consequently been amortised. This transaction produced a gain of Euros 96.81 million.

Standard & Poor's ratings

On 2 April 2009, Standard & Poor's downgraded the rating of the preference shares and perpetual subordinated debt of over 60 European financial institutions, including Banco Sabadell, whose rating went from BBB+ to BBB-.

Banco Sabadell issued Euros 750 million of senior debt without government guarantee

On 13 May 2009, Banco Sabadell completed an issue of Euros 750 million in 3-year senior debt without government guarantee.

The issue was placed at mid-swap plus 240 basis points; initially designed for an amount of Euros 500 million, it was extended to Euros 750 million in response to overwhelming demand. The issue was closed in a single day.

Of the over 100 investors who bought the issue, 40% were international institutional investors and the other 60% were domestic.

Apart from the big two banks, Banco Sabadell is the only other Spanish bank to have issued senior debt without government guarantee since the crisis began. This transaction consolidated market confidence in the bank and is evidence of its solvency on an international level.

Moody's ratings

On 16 June 2009, the Moody's credit rating agency announced a downgrade of the long-term debt and deposit ratings of 25 Spanish financial institutions, and a downgrade of the Bank Financial Strength Rating (BFSR) of 30 Spanish financial institutions.

Banco Sabadell's short-term debt and deposit ratings were affirmed and remained unchanged at P-1.

Banco Sabadell's BFSR is now C-, its long-term debt and deposits rating is A2, its senior subordinated debt is rated A3, its junior subordinated debt is rated Baa1, and its hybrid instruments are rated Baa3. The outlook is negative.

Issue of convertible bonds

On 26 June 2009, as part of its active capital management strategy, Banco Sabadell announced an issue of mandatory convertible subordinated bonds for an amount of Euros 300 million, with the possibility of extending it to 500.

The issue was fully subscribed for the amount of Euros 500 million.

This issue, which is convertible into shares voluntarily at the end of each year and mandatorily on maturity, was aimed primarily at retail investors resident in Spain but was also open to qualified investors (resident and non-resident).

The bonds mature in four years and pay a quarterly coupon, subject to prior approval by Banco Sabadell, at a fixed nominal rates of 7% (7.30% APR) in the first year and Euribor 3m + 4.5 points thereafter until maturity.

The conversion price is fixed at the highest of the following values: the share's net asset value at 31 December 2008 or 110% of the higher of (a) the weighted average price of the shares in the five business days following the settlement date and (b) the average of the weighted average share price in the 30 calendar days prior to the settlement date.

Following this issue, Banco Sabadell's capital ratios are among the highest in the European banking sector.

Key figures

	30.06.08	31.12.08	30.06.09	Change (%) YoY
Balance sheet (€ '000)				
Total assets	80,526,422	80,378,065	80,992,143	0.6
Gross loans and advances to customers	65,361,869	64,704,240	64,228,850	-1.7
On-balance sheet funds	66,030,912	63,478,952	64,733,500	-2.0
Of which:				
Customer-based funding on balance sheet (1)	33,245,147	36,134,150	37,834,010	13.8
Mutual funds	12,301,224	9,436,042	8,417,567	-31.6
Pension funds	3,100,111	2,440,533	2,296,950	-25.9
Third-party insurance products (2)	3,330,514	4,086,151	5,162,524	55.0
Funds under management	83,003,228	80,414,900	81,427,193	-1.9
Shareholders' equity	4,654,862	4,627,216	4,750,985	2.1
Profit and loss account (€ '000)				
Net interest income	710,186	1,452,844	813,136	14.5
Gross operating income	1,113,909	2,226,845	1,311,875	17.8
Net income before provisions	581,223	1,114,613	719,664	23.8
Attributable net profit	428,485	673,835	332,041	-22.5
Recurrent attributable net profit	428,485	673,835	446,402	4.2
Ratios (%)				
ROA	1.10	0.85	0.83	
ROE	20.17	16.16	15.13	
Cost / income (ex amortisation) (3)	41.93	43.97	43.06	
Cost / income ratio excluding non-recurrent expenses (3)	41.28	43.12	38.52	
Core capital (4)	6.38	6.67	6.63	
Adjusted Core Capital (4) (5)	7.78	8.06	7.83	
Tier I (4)	6.95	7.28	7.78	
Adjusted Tier I (4) (5)	8.35	8.68	8.99	
BIS ratio (4)	9.33	9.78	10.05	
Risk management				
Non-performing loans (€ '000)	622,839	1,698,182	2,288,389	
Provisions for NPLs (€ '000)	1,358,617	1,815,843	2,031,138	
NPLs / Gross loans (%)	0.85	2.35	3.19	
Coverage ratio (%)	218.13	106.93	88.76	
Balance sheet provisions as % of gross loans	2.08	2.81	3.16	
Share data (period end)				
Number of shareholders	82,511	88,289	88,194	
Number of shares	1,224,013,680	1,200,000,000	1,200,000,000	
Share price (€)	5.37	4.85	4.45	
Market capitalisation (€ '000)	6,572,953	5,820,000	5,340,000	
Earnings per share (EPS) (€) (6)	0.70	0.56	0.55	
Price /earnings ratio (P/E) (times)	7.67	8.64	8.04	
Book value per share (€)	3.80	3.86	3.96	
Price /Book value (times)	1.41	1.26	1.12	
Other data				
Domestic branches	1,232	1,225	1,207	
Employees	10,178	9,929	9,615	
ATMs	1,462	1,466	1,448	

(1) Includes customer deposits (ex-repos) and preference shares placed by the branch network.
(2) At 31.06.08, this amount included liability for BanSabadell Vida's insurance contracts, which formed part of on-balance sheet funds at that date.
(3) Personnel and other general administrative expenses / gross operating income. June 2009 figures do not include the Euros 96.8 million gain on the redemption of preference shares.
(4) Ratio calculated according to Basel II criteria with Bank of Spain-approved models and the regulatory minimum floor.
(5) Adjusted for generic provisions net of taxes.
(6) Annualised.

Profit & loss account

Profit & loss account

(€'000)	1H08	1H09	Change (%) YoY
Interest and related income	2,108,765	1,787,137	-15.3
Interest and related charges	-1,398,579	-974,001	-30.4
Net interest income	**710,186**	**813,136**	**14.5**
Dividend income	1,861	10,497	464.1
Income from equity method	32,277	31,685	-1.8
Net fees and commissions	289,608	267,083	-7.8
Results from financial transactions (net)	40,869	163,910	301.1
Foreign exchange (net)	24,613	21,816	-11.4
Other operating income/expense	14,495	3,748	-74.1
Gross operating income	**1,113,909**	**1,311,875**	**17.8**
Personnel expenses	-316,613	-370,534	17.0
Recurrent	-309,361	-315,379	1.9
Non-recurrent	-7,252	-55,155	--
Other general expenses	-150,449	-152,640	1.5
Amortization & depreciation	-65,624	-69,037	5.2
Net income before provisions	**581,223**	**719,664**	**23.8**
Provisions for NPLs and other impairments	-83,096	-358,875	331.9
Gains on sale of assets	23,642	28,882	22.2
Net result from discontinued transactions (after taxes)	10,973	0	-100.0
Income tax	-102,514	-56,839	-44.6
Consolidated net profit	**430,228**	**332,832**	**-22.6**
Minority interest	1,743	791	-54.6
Attributable net profit	**428,485**	**332,041**	**-22.5**
Pro memoria:			
Average total assets	78,757,888	81,267,272	
Earnings per share (€)	0.35	0.28	

Profit and loss account – quarterly stand-alone

(€'000)	2Q08	3Q08	4Q08	1Q09	2Q09	Change (%) YoY
Interest and related income	1,073,886	1,164,274	1,131,500	954,147	832,990	-22.4
Interest and related charges	-710,842	-796,401	-756,715	-559,591	-414,410	-41.7
Net interest income	**363,044**	**367,873**	**374,785**	**394,556**	**418,580**	**15.3**
Dividend income	809	5,118	184	4,261	6,236	--
Income from equity method	18,778	6,112	25,234	13,029	18,656	-0.6
Net fees and commissions	150,829	134,706	133,427	134,860	132,223	-12.3
Results from financial transactions (net)	13,855	17,523	9,481	19,797	144,113	--
Foreign exchange (net)	14,196	14,512	12,117	9,416	12,400	-12.7
Other operating income/expense	6,500	2,270	9,594	2,565	1,183	-81.8
Gross operating income	**568,011**	**548,114**	**564,822**	**578,484**	**733,391**	**29.1**
Personnel expenses	-163,021	-166,510	-168,017	-189,697	-180,837	10.9
Recurrent	-155,835	-159,996	-162,732	-158,144	-157,235	0.9
Non-recurrent	-7,186	-6,514	-5,285	-31,553	-23,602	228.4
Other general expenses	-78,227	-81,465	-96,116	-73,709	-78,931	0.9
Amortization & depreciation	-33,831	-37,496	-29,942	-33,800	-35,237	4.2
Net income before provisions	**292,932**	**262,643**	**270,747**	**281,278**	**438,386**	**49.7**
Provisions for NPLs and other impairments	-42,991	-381,686	-414,952	-149,045	-209,830	388.1
Gains on sale of assets	3,556	1,529	-238	30,537	-1,655	--
Net result from discontinued transactions (after taxes)	5,404	417,393	0	0	0	-100.0
Income tax	-46,811	34,293	55,899	36	-56,875	21.5
Consolidated net profit	**212,090**	**334,172**	**-88,544**	**162,806**	**170,026**	**-19.8**
Minority interest	881	477	-199	694	97	-89.0
Attributable net profit	**211,209**	**333,695**	**-88,345**	**162,112**	**169,929**	**-19.5**
Pro memoria:						
Average total assets	79,870,549	81,657,859	80,487,105	80,891,658	81,638,757	
Earnings per share (€)	0.17	0.27	-0.07	0.14	0.14	

Net interest income

Average yield

2008 (€'000)	1st Quarter Avge.balance	Rate %	Income	2nd Quarter Avge.balance	Rate %	Income	3rd Quarter Avge.balance	Rate %	Income	4th Quarter Avge.balance	Rate %	Income
Cash and balance with central banks & financial	4,143,338	4.13	42,522	4,042,671	4.02	40,454	4,562,887	4.21	48,258	3,936,878	3.53	34,960
Loans to customers	62,041,892	5.93	914,699	63,524,704	6.06	956,876	64,383,259	6.28	1,015,691	64,265,958	6.29	1,016,628
Fixed-income securities	4,357,047	4.63	50,132	4,871,834	4.71	57,017	5,318,831	4.96	66,308	4,921,982	4.48	55,385
Subtotal	**70,542,277**	**5.74**	**1,007,353**	**72,439,209**	**5.85**	**1,054,347**	**74,264,977**	**6.05**	**1,130,257**	**73,124,818**	**6.02**	**1,106,973**
Equity securities	1,167,701	--	--	1,248,985	--	--	1,246,429	--	--	1,381,246	--	--
Tang. & intang. assets	1,700,822	--	--	1,736,953	--	--	1,935,002	--	--	1,774,565	--	--
Other assets	4,234,428	2.61	27,526	4,445,402	1.77	19,539	4,211,451	3.21	34,017	4,206,476	2.32	24,527
Total	**77,645,228**	**5.36**	**1,034,879**	**79,870,549**	**5.41**	**1,073,886**	**81,657,859**	**5.67**	**1,164,274**	**80,487,105**	**5.59**	**1,131,500**

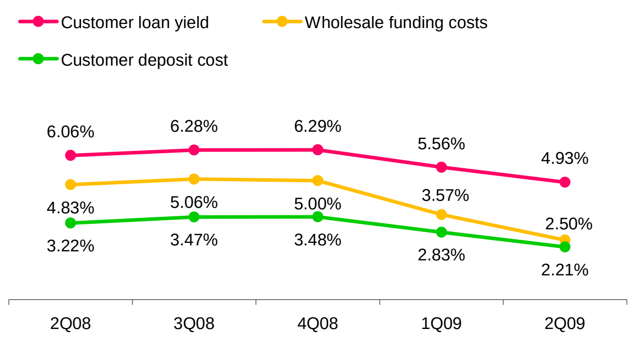
2009 (€'000)	1st Quarter Avge.balance	Rate %	Income	2nd Quarter Avge.balance	Rate %	Income	3rd Quarter Avge.balance	Rate %	Income	4th Quarter Avge.balance	Rate %	Income
Cash and balance with central banks & financial	2,642,845	1.93	12,563	2,045,426	1.14	5,818						
Loans to customers	62,593,414	5.56	857,596	62,036,536	4.93	763,181						
Fixed-income securities	6,981,215	3.91	67,345	8,082,132	2.58	52,071						
Subtotal	**72,217,474**	**5.26**	**937,504**	**72,164,094**	**4.56**	**821,070**						
Equity securities	1,578,454	--	--	1,954,484	--	--						
Tang. & intang. assets	1,838,789	--	--	1,714,315	--	--						
Other assets	5,256,941	1.28	16,643	5,805,864	0.82	11,920						
Total	**80,891,658**	**4.78**	**954,147**	**81,638,757**	**4.09**	**832,990**						

Average cost of funds

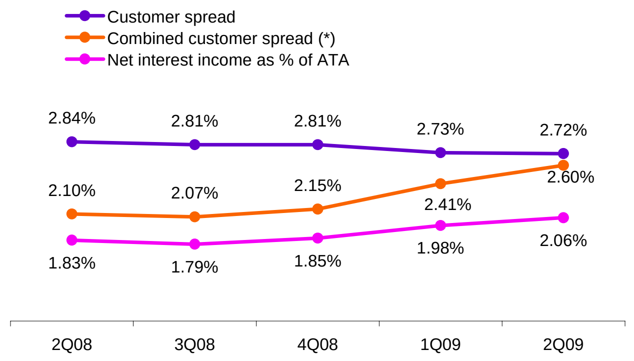
2008 (€'000)	1st Quarter Avge.balance	Rate %	Expense	2nd Quarter Avge.balance	Rate %	Expense	3rd Quarter Avge.balance	Rate %	Expense	4th Quarter Avge.balance	Rate %	Expense
Financial institutions	3,645,600	-4.47	-40,477	3,848,217	-4.31	-41,276	4,356,075	-4.44	-48,639	5,937,995	-4.23	-63,152
Customer deposits	32,072,532	-3.13	-249,954	33,302,516	-3.22	-266,401	34,119,719	-3.47	-297,639	35,232,527	-3.48	-308,874
Capital markets	28,881,984	-4.78	-343,044	28,478,315	-4.83	-342,249	29,067,741	-5.06	-369,658	26,905,158	-5.00	-337,842
Repos	2,403,630	-4.11	-24,567	3,336,061	-4.18	-34,667	3,753,780	-4.32	-40,774	3,052,439	-3.06	-23,446
Subtotal	**67,003,746**	**-3.95**	**-658,042**	**68,965,109**	**-3.99**	**-684,593**	**71,297,315**	**-4.22**	**-756,710**	**71,128,119**	**-4.10**	**-733,314**
Other liabilities	6,175,867	-1.93	-29,695	6,413,634	-1.65	-26,249	5,854,196	-2.70	-39,691	4,639,614	-2.01	-23,401
Shareholders' equity	4,465,615	--	--	4,491,806	--	--	4,506,348	--	--	4,719,372	--	--
Total	**77,645,228**	**-3.56**	**-687,737**	**79,870,549**	**-3.58**	**-710,842**	**81,657,859**	**-3.88**	**-796,401**	**80,487,105**	**-3.74**	**-756,715**

2009 (€'000)	1st Quarter Avge.balance	Rate %	Expense	2nd Quarter Avge.balance	Rate %	Expense	3rd Quarter Avge.balance	Rate %	Expense	4th Quarter Avge.balance	Rate %	Expense
Financial institutions	5,436,719	-3.44	-46,127	5,370,216	-1.98	-26,511						
Customer deposits	35,824,475	-2.83	-250,086	36,419,740	-2.21	-201,064						
Capital markets	25,854,897	-3.57	-227,787	25,930,371	-2.50	-161,817						
Repos	4,275,533	-1.72	-18,115	4,318,848	-1.04	-11,233						
Subtotal	**71,391,624**	**-3.08**	**-542,115**	**72,039,175**	**-2.23**	**-400,625**						
Other liabilities	5,205,284	-1.36	-17,476	5,099,987	-1.08	-13,785						
Shareholders' equity	4,294,750	--	--	4,499,595	--	--						
Total	**80,891,658**	**-2.81**	**-559,591**	**81,638,757**	**-2.04**	**-414,410**						

Customer spread (%)



Net interest income (%)



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

Net interest income amounted to Euros 418.6 million in 2Q09, 6.1% more than in 1Q09. The increase was due to effective management of the balance sheet and matching of deposit costs to trends in assets within a context of generally declining interest rates.

The average yield on customer loans was 4.93%, i.e. a decline of 63 basis points between quarters. The impact on financial revenues of falling lending prices was Euros -96.0 million. The average volume of customer loans and advances declined by Euros -557 million in the quarter, reducing interest revenues by Euros -2.5 million.

The average cost of customer deposits was -2.21%, compared with -2.83% in 1Q09 (a difference of 62 basis points).The effect of the decline in prices was Euros 54.5 million. Average customer deposit volumes rose by Euros 595 million in the quarter, increasing financial costs by Euros 4.8 million in the period. Customer-based funding continued to increase as a percentage of the total, accounting for 44.6% of total average funds in the quarter (44.3% in 1Q09).

Wholesale funding costs declined by Euros 66.0 million with respect to 1Q09. The average cost was -2.50% (-3.57% in the previous quarter). The reduction in Euribor, with the resulting decline in the prices of a number of securities, reduced costs by Euros 69.4 million. The average volume of funding increased by Euros 75 million, increasing costs by Euros 0.9 million.

The customer spread was 2.72%, practically the same as in the preceding quarter (-1 basis point). In 1Q09, the customer spread declined by -8 basis points quarter-on-quarter.

The combined customer spread, which includes wholesale funding costs, increased by 19 basis points with respect to 1Q09, to 2.60%.

As a result of the aforementioned effects, net interest income in 2Q09 represented 2.06% of average total assets, 8 basis points more than in 1Q09.

In comparison with the second quarter of 2008, net interest income increased by Euros 55.5 million (+15.3%) for similar reasons to the variation with respect to 1Q09.

Net fees and commissions

(€'000)	2Q08	1Q09	2Q09	Change (%) 2Q08	Change (%) 1Q09
Asset transactions	30,634	27,033	27,629	-9.8	2.2
Guarantees	18,556	18,155	18,461	-0.5	1.7
Transferred to other entities	-663	-769	-764	15.2	-0.7
Risk transaction fees	**48,527**	**44,419**	**45,326**	**-6.6**	**2.0**
Cards	13,998	13,823	14,380	2.7	4.0
Payment orders	10,675	9,129	9,954	-6.8	9.0
Securities	7,713	8,129	8,529	10.6	4.9
Demand accounts	14,182	8,680	8,964	-36.8	3.3
Other transactions	14,946	20,854	10,991	-26.5	-47.3
Commissions for services	**61,514**	**60,615**	**52,818**	**-14.1**	**-12.9**
Mutual funds	31,432	22,289	22,575	-28.2	1.3
Pension funds and insurance brokerage	9,356	7,537	11,504	23.0	52.6
Mutual and pension fund and insurance commissions	**40,788**	**29,826**	**34,079**	**-16.4**	**14.3**
Total	**150,829**	**134,860**	**132,223**	**-12.3**	**-2.0**

Net fees and commissions amounted to Euros 132.2 million in 2Q09, i.e. 2.0% less than in the preceding quarter.

Although the general economic and financial situation persisted in the second quarter of this year, pension fund and insurance commercialization fees increased by 52.6% with respect to the first quarter, driven by performance in fees on multi-investment products, which amounted to Euros 5.2 million, compared with Euros 1.7 million in the first quarter of 2009. Mutual fund fees increased by 1.3% with respect to the previous quarter due to higher reimbursement fees.

Risk transaction fees rose by 2.0% with respect to the previous quarter as a result of a greater contribution from fees on specialised business finance products and growth in fees for sureties and other guarantees.

Service fees declined by 12.9% overall, although this change is attributable entirely to a number of one-time fees in the first quarter (listed under "Other transactions" in the table). Apart from that, other service fees increased between the first and second quarters; in particular, fees for payment orders increased by 9.0% due to growth in volume, and securities fees increased by 4.9%, driven by growth in both the number of trades and trading volume.

The year-on-year comparison reflects a decrease of 12.3% in net fees and commissions; this is primarily due to a 28.2% reduction in mutual fund fees, in line with market performance in the last 12 months.

Pension fund and insurance commercialization fees rose by 23.0% with respect to the same period of 2008 as a result of multi-investment product fee revenues in the second quarter of 2009.

Conversely, risk transaction fees fell by 6.6% year-on-year, in line with the slowdown in lending in the last 12 months.

Service fees declined by 14.1% with respect to the second quarter of 2008, primarily because of a number of one-time fees collected in that quarter (on demand accounts and other services). Nevertheless, securities fees increased by 10.6% due to the larger contribution from asset management and custody fees in 2Q09.

Administrative expenses

(€'000)	2Q08	1Q09	2Q09	Change (%) 2Q08	Change (%) 1Q09
Personnel expenses	**-163,021**	**-189,697**	**-180,837**	**10.9**	**-4.7**
IT	-12,788	-10,542	-12,704	-0.7	20.5
Communications	-5,622	-5,699	-5,376	-4.4	-5.7
Advertising	-8,208	-4,165	-5,746	-30.0	38.0
Premises	-16,097	-18,101	-17,275	7.3	-4.6
Stationery and office supplies	-2,539	-2,531	-2,476	-2.5	-2.2
Taxes other than income tax	-11,323	-11,279	-13,383	18.2	18.7
Others	-21,650	-21,392	-21,971	1.5	2.7
Other general expenses	**-78,227**	**-73,709**	**-78,931**	**0.9**	**7.1**
Total	**-241,248**	**-263,406**	**-259,768**	**7.7**	**-1.4**

Administrative expenses (personnel + general) amounted to Euros 259.8 million in the second quarter of 2009. In recurrent terms, administrative expenses increased by 0.9% with respect to the first quarter of 2008, i.e. less than the year-on-year increase registered in the first quarter of this year (+2.7%).

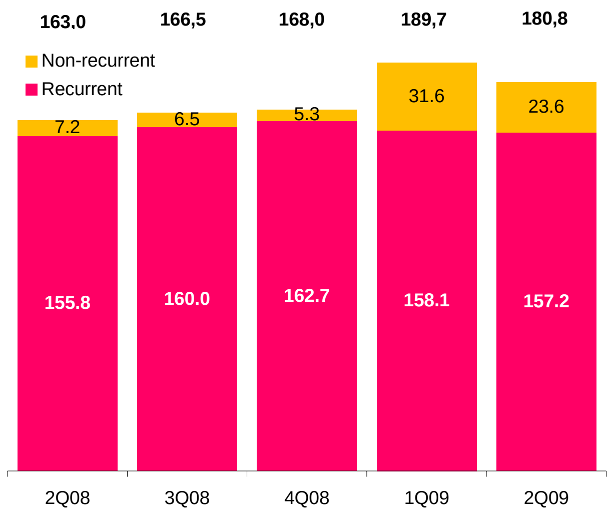
The figures show the trend in administrative expenses by quarter, distinguishing between recurrent and non-recurrent amounts.

Compared with the second quarter of 2008, recurrent personnel expenses increased by just 0.9%. Despite the 2% wage increase in 2009 under the collective wage agreement, personnel expenses were contained as a result of austerity measures and the operating efficiency programme. Moreover, recurrent personnel expenses declined by 0.6% with respect to the first quarter of 2009.

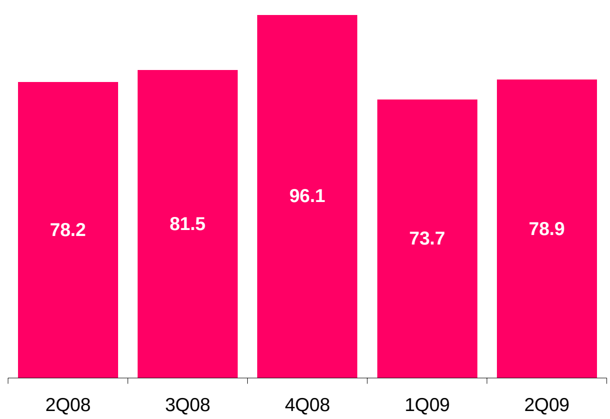
General administration expenses rose by 0.9% with respect to the same quarter of 2008, basically as a result of pro rating the VAT and the lease expenses associated with the sale-and-leaseback programme that commenced this year.

In recurrent terms, and adjusting for changes in consolidation scope, administrative expenses (personnel + general) increased by 1.2% in the first half of 2009 with respect to the first half of 2008. Specifically, recurrent personnel expenses rose by 1.5% while general administration expenses grew more slowly (+0.5%) due to cost control measures and implementation of the operational efficiency programme.

Personnel expenses (€mn)



Other general expenses (€mn)



Provisions for NPLs and others impairments

(€'000)	2Q08	1Q09	2Q09	Change (%) 2Q08	Change (%) 1Q09
Generic provisions	-3,797	0	129,399	--	--
Specific provisions	-39,374	-147,751	-235,936	499.2	59.7
Others	-17,869	5,899	3,255	--	-44.8
Provisions for NPLs (net)	**-61,040**	**-141,852**	**-103,282**	**69.2**	**-27.2**
Other provisions and impairments (net)	18,048	-6,737	-49,309	--	--
Impairment losses on other assets (net)	0	-331	-52,642	--	--
Other provisions	1	-125	-4,597	--	--
Total	**-42,991**	**-149,045**	**-209,830**	**388.1**	**40.8**

Provisions for non-performing loans amounted to Euros 103.3 million in 2Q09, of which Euros 87.5 million were voluntary special provisions (*dotaciones subestándar*). A total of Euros 129.4 million were released from the generic provision, matching the accumulated amount of the voluntary special provision.

The other provisions in the period were mainly due to the calendar effect, and only Euros 16.2 million were attributable to loans and advances being reclassified as doubtful.

Provisions for non-performing loans declined by Euros 38.6 million, mainly due to the release of generic provisions and the sharp increase in the recovery of non-performing loans.

The other provisions and impairments (net) item is mainly for writedowns of equity securities (principally the impairment of Metrovacesa shares) and, to a lesser extent, fixed-income securities. The "Impairment losses on other assets" line corresponds to provisions for real estate.

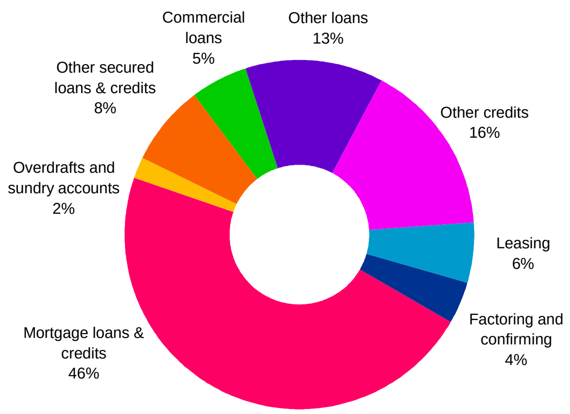
Balance sheet

(€'000)	30.06.08	31.12.08	30.06.09	Change (%) YoY
Cash and balance with Central Banks	795,501	2,357,573	972,059	22.2
Trading and derivatives portfolios and other financial assets	758,544	1,959,492	1,841,514	142.8
Available-for-sale financial assets	4,578,882	5,759,158	8,607,214	88.0
Loans and advances	68,684,571	65,629,692	64,411,043	-6.2
Balances with financial institutions	4,593,127	2,623,491	2,076,421	-54.8
Loans to customers	64,091,444	63,006,201	62,334,622	-2.7
Investments in associated companies	401,006	587,966	655,433	63.4
Property, plant and equipment	1,008,770	1,080,917	1,116,811	10.7
Intangible assets	740,414	718,536	715,867	-3.3
Other assets	3,558,734	2,284,731	2,672,202	-24.9
Total assets	**80,526,422**	**80,378,065**	**80,992,143**	**0.6**
Trading and derivatives portfolios	870,360	1,692,628	1,668,952	91.8
Financial liabilities at amortised cost	70,854,835	73,348,773	73,766,851	4.1
Central banks and credit institutions	6,596,589	8,722,043	7,915,112	20.0
Customer deposits	35,234,579	39,199,242	39,849,290	13.1
Capital markets	25,240,347	22,024,260	22,267,802	-11.8
Subordinated liabilities	2,225,472	2,093,687	2,442,347	9.7
Other financial liabilities	1,557,848	1,309,541	1,292,300	-17.0
Liabilities under insurance contracts	90,852	161,763	174,061	91.6
Provisions	375,133	366,904	366,948	-2.2
Other liabilities	3,869,211	359,932	432,418	-88.8
Subtotal liabilities	**76,060,391**	**75,930,000**	**76,409,230**	**0.5**
Shareholders' equity	4,654,862	4,627,216	4,750,985	2.1
Valuation adjustments	-207,195	-193,214	-181,930	-12.2
Minority interest	18,364	14,063	13,858	-24.5
Equity	**4,466,031**	**4,448,065**	**4,582,913**	**2.6**
Total liabilities and equity	**80,526,422**	**80,378,065**	**80,992,143**	**0.6**
Contingent risks	7,655,350	7,680,760	7,408,644	-3.2
Contingent liabilities	23,226,980	18,880,975	16,619,624	-28.4
Total memorandum accounts	**30,882,330**	**26,561,735**	**24,028,268**	**-22.2**

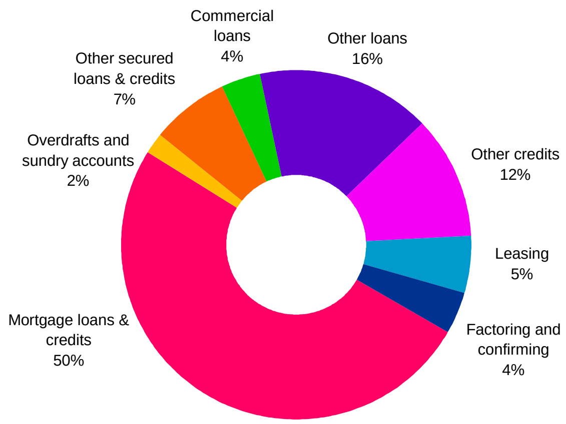
Loans to customers

(€'000)	30.06.08	31.12.08	30.06.09	Change (%) YoY
Mortgage loans & credits	30,364,173	31,075,671	31,255,534	2.9
Other secured loans & credits	4,854,586	4,601,610	4,359,342	-10.2
Commercial loans	3,423,411	2,825,425	2,385,069	-30.3
Other loans	8,396,392	8,912,499	9,852,697	17.3
Other credits	10,256,581	8,664,743	7,175,100	-30.0
Leasing	3,665,539	3,473,593	3,183,275	-13.2
Factoring	1,428,065	1,425,741	1,292,051	-9.5
Confirming	1,072,423	1,082,564	1,119,108	4.4
Overdrafts and sundry accounts	1,128,204	1,006,036	1,256,330	11.4
Reverse repos	0	0	0	--
Non-performing loans	608,732	1,626,892	2,218,135	264.4
Accruals	163,763	9,466	132,209	-19.3
Gross loans and advances to customers	**65,361,869**	**64,704,240**	**64,228,850**	**-1.7**
NPL and country-risk provisions	-1,270,425	-1,698,039	-1,894,228	49.1
Loans to customers	**64,091,444**	**63,006,201**	**62,334,622**	**-2.7**
Pro memoria: total securitisation	7,682,806	11,443,903	10,354,615	34.8
Of which: mortgage backed	4,316,992	7,011,776	6,223,387	44.2
Other securitised assets	3,365,814	4,432,127	4,131,228	22.7
Of which: securitised after 01.01.04	7,401,307	11,222,422	10,181,483	37.6
Of which: mortgage backed	4,062,174	6,809,498	6,060,414	49.2
Other securitised assets	3,339,133	4,412,924	4,121,069	23.4

Loans and advances, 30.06.08 (%) (*)

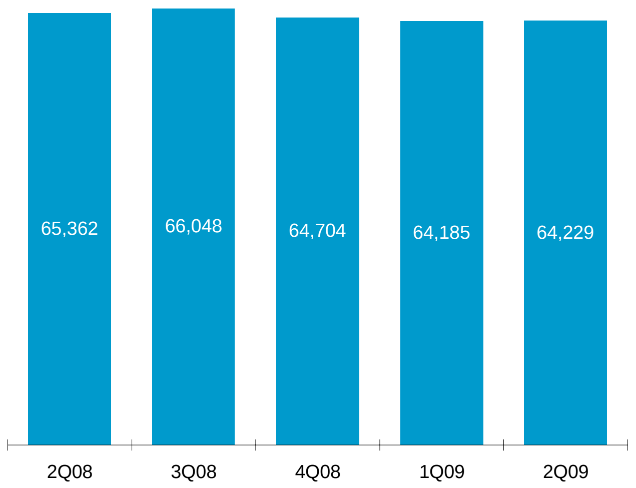


Loans and advances, 30.06.09 (%) (*)

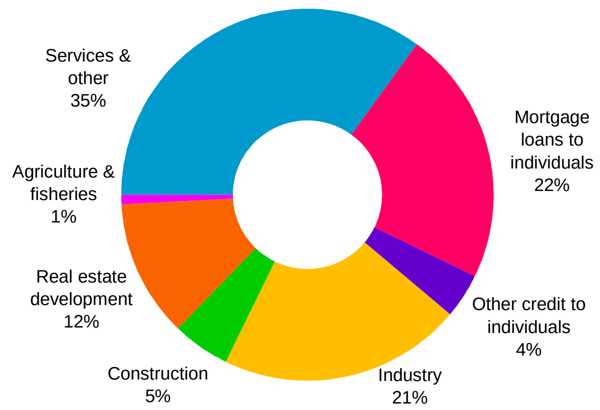


(*) Excluding doubtful assets and accrual adjustments.

Gross loans and advances to customers (€mn)



Gross loans and advances to customers, by segment, 30.06.09 (%)



Credit risk management

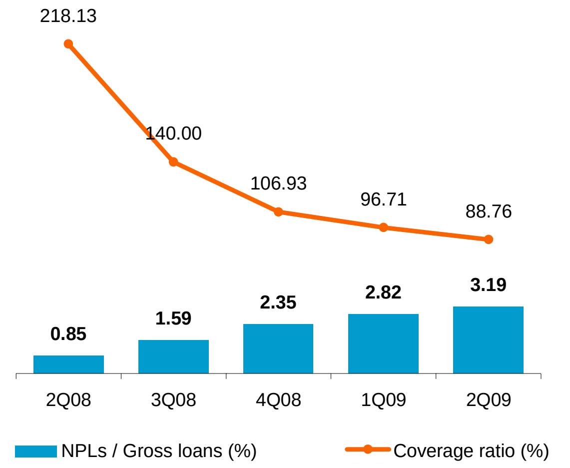
(€'000)	30.06.08	31.12.08	30.06.09	Change (%) YoY
Opening balance (1st January)	331,673	331,673	1,698,182	412.0
Increase due to new loan defaults	457,215	1,831,166	1,630,331	256.6
Recoveries on loans previously written off	-102,151	-360,350	-1,013,019	--
Write-offs	-63,898	-104,307	-27,105	-57.6
Total bad and doubtful debts	**622,839**	**1,698,182**	**2,288,389**	**267.4**
Gross loans and advances to customers	65,361,869	64,704,240	64,228,850	-1.7
Contingent risks	7,655,350	7,680,760	7,408,644	-3.2
Total risks	**73,017,219**	**72,385,000**	**71,637,494**	**-1.9**
Specific provisions	166,654	645,416	990,999	494.6
Generic provisions	1,191,963	1,170,427	1,040,139	-12.7
Total provisions for NPLs	**1,358,617**	**1,815,843**	**2,031,138**	**49.5**
NPLs / Gross loans (%)	**0.85**	**2.35**	**3.19**	
Coverage ratio (%)	**218.13**	**106.93**	**88.76**	

The NPLs/gross loans ratio rose by 37 basis points with respect to 1Q09; this was less than the industry average due to the strong increase in recovery of delinquent balances (at the end of the first quarter, they accounted for over 280% of the total amount recovered in 2008).

57% of all doubtful debt balances are secured by means of mortgages and the remainder by personal guarantees or other sureties. Of the latter, 89% correspond to exposure to companies, for which the Group has a highly specialised recovery unit.

The coverage ratio was 88.76% in the second quarter of 2009, partly as a result of extraordinary provisions and the release of generic provisions. Generic provisions for NPLs totalled Euros 1,040 million as of 30 June 2009, representing approximately 2% of total loans and advances.

NPLs/Gross loans and coverage ratio (%)



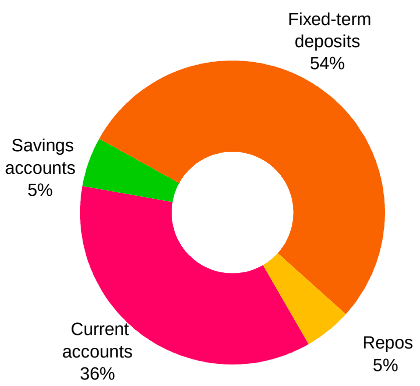
(€'000)	2Q08	3Q08	4Q08	1Q09	2Q09
Increase due to new loan defaults	243,972	625,429	748,522	806,668	823,663
Recoveries on loans previously written off	-42,238	-35,067	-223,132	-480,085	-532,934
Write-offs	-24,461	-40,859	450	-1,746	-25,359
Net change in bad and doubtful debts	**177,273**	**549,503**	**525,840**	**324,837**	**265,370**
Total bad and doubtful debts	**622,839**	**1,172,342**	**1,698,182**	**2,023,019**	**2,288,389**

Funds under management

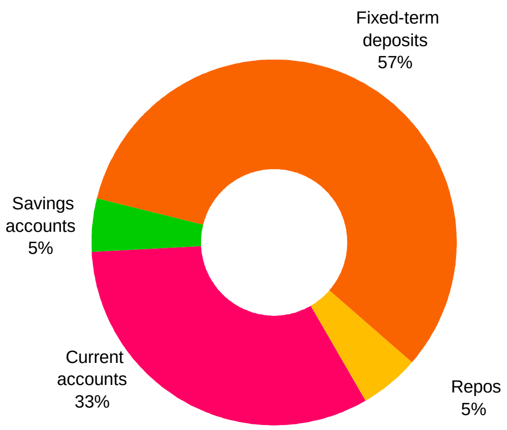
(€'000)	30.06.08	31.12.08	30.06.09	Change (%) YoY
Customer-based funding on balance sheet (1)	**33,245,147**	**36,134,150**	**37,834,010**	**13.8**
Customer deposits	35,234,579	39,199,242	39,849,290	13.1
Current accounts	12,607,783	13,077,811	12,846,698	1.9
Savings accounts	1,853,930	1,806,032	1,872,380	1.0
Fixed-term deposits	18,783,434	21,250,307	22,614,932	20.4
Repos	1,785,739	2,757,162	2,130,908	19.3
Accruals	197,816	250,455	298,832	51.1
Derivative hedging adjustments	5,877	57,475	85,540	--
Debt and other tradable securities	25,240,347	22,024,260	22,267,802	-11.8
Subordinated liabilities	2,225,472	2,093,687	2,442,347	9.7
Liabilities under insurance contracts (2)	3,330,514	161,763	174,061	--
On-balance sheet funds	**66,030,912**	**63,478,952**	**64,733,500**	**-2.0**
Mutual funds	12,301,224	9,436,042	8,417,567	-31.6
Equity funds	674,283	278,837	273,495	-59.4
Balanced funds	814,840	494,153	373,735	-54.1
Fixed-income funds	3,425,602	2,883,755	2,603,587	-24.0
Guaranteed return funds	2,581,238	2,333,811	2,122,797	-17.8
Real estate funds	1,036,058	1,022,411	950,740	-8.2
Dedicated investment companies	1,914,421	1,534,788	1,259,731	-34.2
Third-party funds	1,854,782	888,287	833,482	-55.1
Pension funds	3,100,111	2,440,533	2,296,950	-25.9
Individual	1,925,004	1,298,616	1,161,963	-39.6
Company	1,138,593	1,110,759	1,105,145	-2.9
Group	36,514	31,158	29,842	-18.3
Third-party insurance products	0	4,086,151	5,162,524	55.0
Managed accounts	1,570,981	973,222	816,652	-48.0
Funds under management	**83,003,228**	**80,414,900**	**81,427,193**	**-1.9**

(1) Includes customer deposits (ex-repos) and preference shares placed by the branch network.
(2) At 30.06.08, the amount of insurance products sold was included under insurance contracts, which formed part of on-balance sheet funds at that date. The year-on-year change (55.0%) includes insurance policy liabilities at 30.06.08.

Customer deposits, 30.06.08 (%) (*)

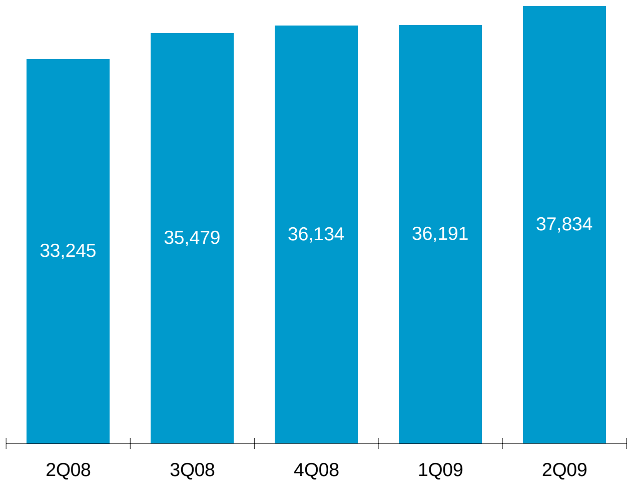


Customer deposits, 30.06.09 (%) (*)

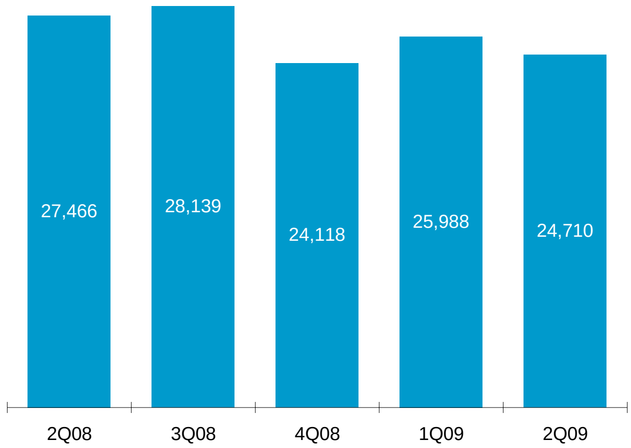


(*) Excluding adjustments for accruals and hedges with derivatives.

Customer-based funding on balance sheet (€mn)



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



Shareholder’s equity

(€'000)	**30.06.08**	**31.12.08**	**30.06.09**	**Change (%) YoY**
Shareholders' equity	4,654,862	4,627,216	4,750,985	2.1
Issued capital	153,002	150,000	150,000	-2.0
Reserves	4,182,474	4,019,967	4,374,278	4.6
Other equity instruments	0	0	0	--
Less: treasury shares	-109,099	-22,665	-105,334	-3.5
Attributable net profit	428,485	673,835	332,041	-22.5
Less: dividends and payments	0	-193,921	0	--
Valuation adjustments	-207,195	-193,214	-181,930	-12.2
Minority interest	18,364	14,063	13,858	-24.5
Equity	**4,466,031**	**4,448,065**	**4,582,913**	**2.6**

BIS ratio

(€'000)	30.06.08	31.12.08	30.06.09	Change (%) YoY
Issued capital	153,002	150,000	150,000	-2.0
Reserves	4,296,747	4,336,383	4,450,986	3.6
Minority interest	18,203	19,296	19,769	8.6
Deductions	-645,288	-584,990	-621,425	-3.7
Core capital	**3,822,664**	**3,920,689**	**3,999,330**	**4.6**
Core capital (%)	**6.38**	**6.67**	**6.63**	
Preference shares and deductions	341,405	362,843	697,484	104.3
Primary capital	**4,164,069**	**4,283,532**	**4,696,814**	**12.8**
Tier I (%)	**6.95**	**7.28**	**7.78**	
Computing generic provisions	308,999	329,306	342,168	10.7
Subordinated debt	1,330,000	1,318,000	1,224,900	-7.9
Valuation adjustments	0	15,000	13,218	--
Deductions	-215,369	-195,678	-209,509	-2.7
Secondary capital	**1,423,630**	**1,466,628**	**1,370,777**	**-3.7**
Tier II (%)	**2.38**	**2.49**	**2.27**	
Total capital	5,587,699	5,750,160	6,067,591	8.6
Minimum capital requirement	4,790,679	4,704,740	4,828,300	0.8
Capital surplus	797,020	1,045,420	1,239,291	55.5
Ratio BIS (%) (*)	**9.33**	**9.78**	**10.05**	
Risk weighted assets (RWA)	**59,883,488**	**58,809,250**	**60,353,750**	**0.8**

(*) Calculated according to Basel II criteria with Bank of Spain-approved models and the regulatory minimum floor.

Credit ratings

Agencia	Fecha	Largo Plazo	Corto plazo	Individual	Apoyo	Perspectiva financiera	Fortaleza
Fitch	17.12.2008	A+	F1	B	3	Negativa	
Standard & Poor's (1)	03.04.2009	A	A1			Estable	
Moody's	15.06.2009	A2	Prime 1			Negativa	C-

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 transfer prices are charged where one business distributes products, services or systems for another. The ultimate impact on the Group profit and loss account is zero.

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

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

30.06.2008	**Gross operating income** (€'000)	**Profit before tax** (€'000)	**Average total assets** (€'000)		**ROE**	**Cost / income ratio**	**Employees**	**Domestic branches**
Commercial banking	891,237	338,327	52,497,319		18.5%	47.2%	7,120	1,215
Corporate banking and global operations	80,352	82,037	8,109,004		19.8%	23.8%	126	2
Banco Urquijo	34,547	18,005	1,295,561		13.1%	51.3%	277	15
Asset management	24,403	16,857	12,301,224	(*)	85.7%	36.7%	155	--

30.06.2009	**Gross operating income** (€'000)	**Profit before tax** (€'000)	**Average total assets** (€'000)		**ROE**	**Cost / income ratio**	**Employees**	**Domestic branches**
Commercial banking	971,332	267,313	51,087,006		15.6%	43.7%	7,057	1,191
Corporate banking and global operations	83,324	60,701	8,320,975		12.6%	20.2%	123	2
Banco Urquijo	24,649	8,757	1,141,650		6.3%	66.3%	250	14
Asset management	19,133	9,930	8,401,832	(*)	29.9%	48.2%	134	--

(*) Mutual fund assets.

Share price performance

	30.06.08	31.12.08	30.06.09	Change (%) YoY
Shareholders and trading				
Number of shareholders	82,511	88,289	88,194	6.9
Number of shares	1,224,013,680	1,200,000,000	1,200,000,000	-2.0
Average daily trading volume (number of shares)	5,461,666	5,158,259	2,756,634	-49.5
Share price (€)				
Opening session	7.41	7.41	4.85	
High	7.39	7.39	5.20	
Low	5.33	4.60	2.94	
Closing session	5.37	4.85	4.45	
Market capitalisation (€ '000)	6,572,953	5,820,000	5,340,000	
Stock market multiples				
Earnings per share (EPS) (€)	0.70	0.56	0.55	
Book value per share (€) (1)	3.80	3.86	3.96	
Price /Book value (times)	1.41	1.26	1.12	
Price /earnings ratio (P/E) (times)	7.67	8.64	8.04	

(1) Calculated on the basis of equity.

Market close: SAB and IBEX-35

Base 100: 30.06.08