

# Quarterly financial report

Third quarter, 2009



Introduction	3
Key figures	8
Profit & loss account	9
Balance sheet	16
Results by business units	23
Share price performance	24

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## Introduction

### Macroeconomic environment

#### Global economic and financial background

Economic activity in the developed countries is showing signs of recovery, supported mainly by government stimulus programmes. The pace of contraction has slowed notably in the US and UK in recent months, and their real estate and labour markets are beginning to stabilise. The rate of decline by the euro area economy also slowed significantly in the second quarter, supported by Germany and France, where activity benefited from stimulus plans for the automobile industry. The latest industrial production and foreign sector numbers from Japan confirm the incipient recovery. As for prices, inflation is still generally negative in the main economic blocs as a result of the base effect caused by commodity prices. The G-20 summit confirmed its decision to strengthen global growth and favour a return to balance and sustainability. The G-20 is also determined to reinforce the regulatory framework for the international financial system (higher capital requirements, changes in executive compensation, regulation and centralisation of unstructured markets, and design of methods for liquidating systemically important financial institutions) and to advance with the reform of the international financial institutions to give emerging countries a greater say.

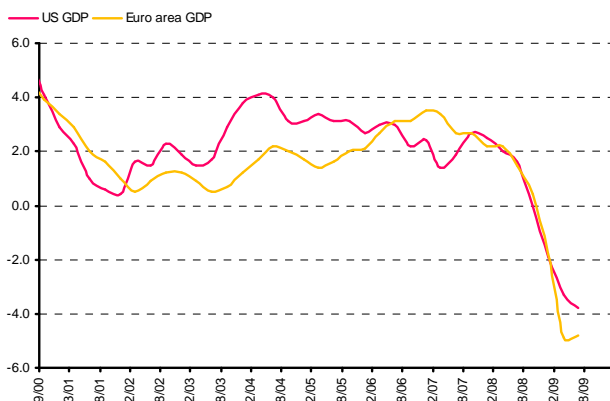
#### Fixed income markets

The central banks continued to apply unconventional monetary policies and some authorities have devised additional unorthodox programs. The Federal Reserve has

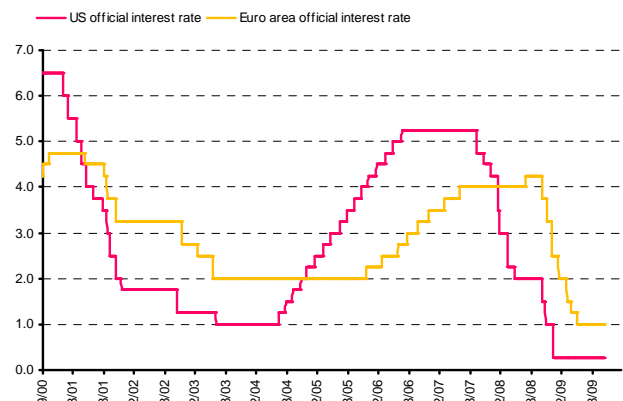
kept its base rate in the 0.00%-0.25% range since December and it continues to expect that economic conditions will justify keeping rates exceptionally low for a lengthy period. The Fed decided to extend its liquidity programmes aimed at sustaining lending and the real estate market, while programmes to provide liquidity to financial institutions were curtailed in view of lower demand. The Fed reduced the amount of the swaps it had arranged with other central banks in order to provide dollars to the international financial markets. The European Central Bank (ECB) kept its base rate stable at 1.00%, while insisting that this is the right level. The ECB was more optimistic about economic growth but remained prudent about the recovery. It has implemented the unconventional monetary policies announced in the previous quarter (12-month funding transactions, and purchase of mortgage covered bonds), although it has observed lower need for liquidity. The ECB has indicated it is too early to apply its exit strategy.

Market doubts about the solidity of the recovery after the stimulus programmes expire are hurting government bond yields in the main economic areas, which have been quite volatile in the last quarter. This has occurred despite improved economic activity and confidence indicators and the steady deterioration in government accounts. The US 10-year bond yield reached 3.31%, down from 3.53% at the end of June. In the euro area, the German 10-year bond yield was 3.22%, compared with 3.39% at the end of the previous quarter.

GDP – USA vs. Euro area (%)



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



## Currency markets

The US dollar continues to depreciate, having fallen around 4% against the euro to end the quarter at 1.46 USD/EUR. This is the result of lower risk aversion, lower net inflows of capital into the US and doubts about the dollar's role as the international reserve currency in view of statements and actions by emerging countries and international agencies. In Japan, the slowing pace of deterioration plus contradictory statements by the new Finance Minister as to the yen's performance have led it to appreciate against the dollar to 89.7 JPY/USD. The pound sterling depreciated against the euro, to 0.91 GBP/EUR. This movement has been favoured by poorer-than-expected economic data and the Bank of England's aggressively loose monetary policy.

## Emerging markets

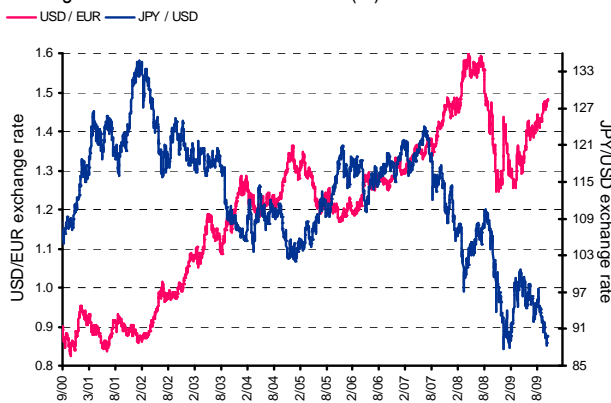
Asia is leading the world economic recovery. China's Gross Domestic Product (GDP) increased by 7.9% y/y in the second quarter due mainly to the implementation of the stimulus package approved in November. Brazil's economic situation continues to improve, and Moody's recently upgraded its rating to investment grade (Standard & Poor's and Fitch had granted it an investment grade rating about a year ago). Additionally, the recovery is in sight for countries such as Mexico, Poland, the Czech Republic and Turkey, all of which have good initial economic fundamentals and have been able to implement major anti-cyclical policies in recent months. Despite the

economic improvement, the authorities are maintaining expansive monetary policies on the grounds that the recovery is not yet solid. In this context, emerging markets have been favoured by greater appetite for risk worldwide, falling external borrowing requirements and the steady support of the international financial institutions. As a result, country-risk premiums are now lower than they were before Lehman Brothers collapsed. Concerns are now focused on countries' rising indebtedness and on governments' ability to reverse this trend in the medium term.

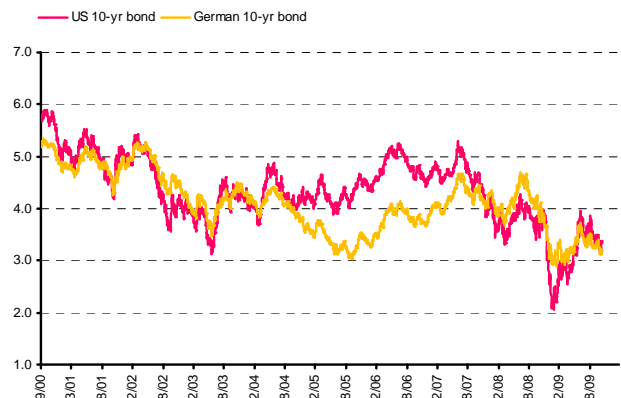
## Equity markets

The equity markets ended the third quarter with considerable gains. Better macroeconomic data, positive surprises in the second-quarter earnings season and the revival of M&A have sustained strong equity performance to new highs for the year. In the US, Standard & Poor's 500® gained +10.32% and the NASDAQ +10.97%, both in euro terms. The tone of earnings season was positive, with the result that analysts upgraded their earnings estimates. In Europe, the Dow Jones STOXX 50® appreciated by +16.95%, and Spain's IBEX 35® gained +20.11%. Santander announced a capital increase of between Euros 4.340 billion and Euros 4.930 billion at its Brazilian subsidiary in order to float 16.21% of that company. In Latin America, the Brazilian index gained 27.36% and the Mexican index +12.37%, both in euro terms. In Japan, the NIKKEI 300 closed +0.88% higher in euro terms.

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



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



## Key developments in 3Q09

- Income attributed to the group amounted to Euros 468.4 million, compared with Euros 762.2 million in the first nine months of 2008. In recurrent terms, adjusting for the capital gain on the sale of 50% of the insurance business in September 2008 and other non-recurrent items in 2009, net income attributed to the group increased by 4.6% year-on-year.
- Net interest income: a 12.7% increase year-on-year since the effect of falling asset costs exceeded the impact of repricing customer loans and advances. The impact of repricing assets at lower rates is beginning to be felt in 3Q09.
- Trends in customer deposits and loans: customer funds on the balance sheet increased by 8.0% while gross loans and advances to customers declined by 2.4%. Gross loans and advances, excluding the real estate industry, increased by 2.1%.
- Net fees and commissions: declined by 9.1% year-on-year, mainly due to a 29.9% reduction in mutual fund fees.
- Results from financial transactions: includes Euros 96.8 million from redeeming preference shares (2Q09), Euros 89.9 million from selling government bonds, and Euros 23.3 million from the sale of shares in Antena 3.
- Total administrative expenses (personnel + general): increased by 0.5% year-on-year in recurrent like-for-like terms.

Personnel expenses include Euros 65.8 million in indemnities. Recurrent personnel expenses increased by 0.9% in like-for-like terms.

Other general administration expenses fell by 0.3% in like-for-like terms as a result of the impact of cost-control measures and steps to improve operating efficiency.

- Provisions for NPLs and others impairments: specific provisions amounted to Euros -810.9 million, including an extraordinary provision of Euros -388.1 million. Generic provisions amounting to Euros 444.9 million were released. Financial assets, real estate and other assets were written down by a total of Euros -230.5 million.
- The NPL ratio was 3.47%, and the NPL coverage ratio was 83.31%. The coverage ratio with mortgage collateral is 135.54%.
- Capital gains on asset disposals amounted to Euros 64.9 million, of which Euros 20.3 million were realised on the sale of a building on calle Serrano, Madrid, and Euros 37.4 million on a sale-and-leaseback transaction.
- Income tax includes a Euros 61 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 business (in 2008) and of Landscape (in 2006).
- The Tier I ratio was 9.79% (8.60% at the end of September 2008), including the generic provisions that were booked, net of taxes (8.94% in September 2009 excluding generic provisions). The adjusted core capital ratio was 8.55%, compared with 8.02% in September 2008 (7.70% in September 2009 excluding generic provisions).

## Financial review

### Basis of presentation

The consolidated profit and loss account and balance sheet as of 30 September 2009, together with the heading breakdowns shown in this Financial Report, are presented in accordance with the format established in Bank of Spain Circular 4/04, of 22 December, partially amended by Circular 6/2008, of 26 November.

For purposes of comparison with the 2009 profit and loss account, the profit and loss account for the period ended 30 September 2008 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.

### Balance y resultados

Banco Sabadell obtained positive results in the first nine months of 2009, beating market expectations against the backdrop of the general economic situation. Containment of recurrent costs, a delinquency rate below the industry average and solid capital ratios are the three basic pillars sustaining the bank's good financial performance.

Net interest income amounted to Euros 1,215.4 million, a 12.7% increase with respect to the same period of 2008.

Income before provisions amounted to Euros 1,064.4 million, a 26.1% increase year-on-year.

Net income attributed to the group amounted to Euros 468.4 million, compared with Euros 762.2 million in 2008 (-38.5%). In recurrent terms, adjusting for the capital gain on the sale of 50% of the insurance business in September 2008 and other non-recurrent items in 2009, net income attributed to the group increased by 4.6% with respect to the same period of 2008.

#### Balance sheet

At the end of September 2009, the total assets of Banco Sabadell and its Group amounted to Euros 81,748.3 million, having increased by 1.7% year-on-year.

At 30 September 2009, gross loans and advances to customers totalled Euros 64,458.1 million, 2.4% less than at 30 September 2008. Gross loans and advances, excluding the real estate industry, increased by 2.1% year-on-year.

The ratio of NPLs to total computable loans was 3.47%, i.e. still below the Spanish industry average. Coverage of doubtful and non-performing assets was 83.31%. The coverage ratio with mortgage collateral is 135.54%.

Customer funds on the balance sheet continued the rising trend observed since the beginning of the year. This amounted to Euros 38,309.8 million at 30 September 2009, compared with Euros 35,479.2 million one year earlier (+8.0%). That increase is coherent with the bank's policy of focusing on capturing funds for investment.

#### Income and profit performance

In a context of falling interest rates and strong competition in the industry, net interest income amounted to Euros

1,215.4 million at 30 September 2009. That was an increase of 12.7% with respect to the same period of 2008, attributable to good adaptation of deposit costs to asset trends, the bank's strong position in capital markets, as well as macrohedges and asset hedges.

Dividends and income from equity-accounted affiliates increased by 24.1% overall, with a significant contribution from the bancassurance companies and Dexia Sabadell, among other investees. Notable this year were the dividends from Banco Comercial Portugués (Euros 3.5 million) and Servired (Euros 3.1 million).

Net fees and commissions declined by 9.1%, mainly as a result of a 29.9% reduction in mutual fund fees.

Income from financial transactions amounted to Euros 242.2 million, including Euros 96.8 million on the redemption of preference shares, Euros 89.9 million from the sale of government bonds and other fixed-income securities, and Euros 23.3 million from the sale of shares in Antena 3. As a result, gross income amounted to Euros 1,943.5 million, 16.9% more than in the same period of 2008.

Operating costs amounted to Euros 774.2 million in the first nine months of 2009, including Euros 65.8 million in indemnities. In like-for-like terms, recurrent operating costs increased by 0.5% year-on-year. This moderate increase resulted from the impact of cost-control measures and steps taken to improve operating efficiency. At the end of September 2009, the efficiency ratio excluding non-recurrent costs was 38.36% (after eliminating Euros 96.8 million from the redemption of preference shares), i.e. an improvement with respect to both 2Q09 and September 2008 (when the ratio was 42.19%).

Net income before provisions increased by 26.1% year-on-year.

Provisions for NPLs amounted to Euros 359.6 million, including an extraordinary provision of Euros 388.1 million and the release of Euros 444.9 million in generic provisions. Additionally, financial assets and real estate were written down by Euros 230.5 million in the first nine months of 2009.

After income from fixed asset disposals and the tax credits in the period (Euros 61 million), net income attributed to the group amounted to Euros 468.4 million.

In recurrent terms (i.e. adjusting for the capital gain on the sale of 50% of the insurance business in 2008 and other non-recurrent items in 2009), net income attributed to the group was 4.6% higher than in the same period of 2008.

The Tier I ratio was 9.79% at 30 September 2009, including generic provisions net of taxes (or 8.94% excluding such provisions); the ratio was 8.60% at the end of 3Q08. The adjusted core capital ratio was 8.55% in September 2009 (7.70% excluding generic provisions), compared with 8.02% at the end of September 2008.

## Adjusted profit and loss account

(€ million)	9M08	9M09	Absolute change	Non-recurrent items	Recurrent change	Recurrent change (%)
<b>Net interest income</b>	<b>1,078.1</b>	<b>1,215.4</b>	<b>137.4</b>		<b>137.4</b>	<b>12.7</b>
Dividend income and income from equity method	45.4	56.3	10.9		10.9	24.1
Net fees and commissions	424.3	385.8	-38.5		-38.5	-9.1
Results from financial transactions and foreign exchange (net)	97.5	279.8	182.3	-96.8	85.5	87.7
Other operating income/expense	16.8	6.1	-10.7		-10.7	-63.7
<b>Gross operating income</b>	<b>1,662.0</b>	<b>1,943.5</b>	<b>281.4</b>	<b>-96.8</b>	<b>184.6</b>	<b>11.1</b>
General expenses	-715.0	-774.2	-59.2	52.0	-7.2	1.0
Amortization & depreciation	-103.1	-104.9	-1.8		-1.8	1.7
<b>Net income before provisions</b>	<b>843.9</b>	<b>1,064.4</b>	<b>220.5</b>	<b>-44.8</b>	<b>175.7</b>	<b>20.8</b>
Provisions for NPLs	-424.6	-359.6	65.0		65.0	-15.3
Other provisions and impairments (net)	-40.2	-230.5	-190.3		-190.3	473.9
Gains on sale of assets	25.2	64.9	39.7	-39.7	0.0	0.0
Income tax and minority interest	-70.4	-70.7	-0.3	-5.0	-5.3	7.6
Net result from discontinued transactions	428.4	0.0	-428.4	418.4	-10.0	-2.3
<b>Attributable net profit</b>	<b>762.2</b>	<b>468.4</b>	<b>-293.7</b>	<b>328.8</b>	<b>35.1</b>	<b>4.6</b>

## Other key developments

### Issue of convertible bonds

On 17 July 2009, Banco Sabadell notified the National Securities Market Commission (CNMV) that, upon conclusion of the period for subscription of the mandatory convertible subordinated bonds 1/2009, the total amount subscribed was Euros 500 million.

On 29 July 2009, Banco Sabadell announced that the bank's Executive Committee had decided to set the conversion price of the bonds at Euros 4.983 per share, calculated in accordance with the terms of the securities note for the bond issue.

On 19 August 2009, Banco Sabadell announced that the bonds had been listed on that date on the electronic market in fixed-income securities of the Barcelona, Madrid and Valencia stock exchanges, and they commenced trading on 20 August 2009.

### Acquisition of Mellon United National Bank

On 23 July 2009, Banco Sabadell signed an agreement with The Bank of New York Mellon Corporation to acquire 100% of the shares of the latter's subsidiary in Miami (Florida), Mellon United National Bank, which would become the property of Banco Sabadell once the necessary administrative and regulatory authorisations had been obtained.

The agreement provides that the final price to be paid by Banco Sabadell to The Bank of New York Mellon Corporation may not exceed USD 142 million (Euros 101 million), although the final price will be adjusted on the completion date on the basis of the volume of business actually transferred.

## Key figures

	30.09.08	31.12.08	30.09.09	Change (%) YoY
<b>Balance sheet (€ '000)</b>				
Total assets	80,379,330	80,378,065	81,748,341	1.7
Gross loans and advances to customers (1)	66,048,292	64,704,240	64,458,061	-2.4
On-balance sheet funds	66,083,929	63,478,952	63,959,685	-3.2
Of which:				
Customer-based funding on balance sheet (2)	35,479,170	36,134,150	38,309,764	8.0
Mutual funds	10,894,867	9,436,042	8,622,350	-20.9
Pension funds and third-party insurance products	6,254,644	6,526,684	7,788,372	24.5
Funds under management	84,587,726	80,414,900	80,889,724	-4.4
Shareholders' equity	4,875,353	4,627,216	5,342,888	9.6
<b>Profit and loss account (€ '000)</b>				
Net interest income	1,078,059	1,452,844	1,215,430	12.7
Gross operating income	1,662,023	2,226,845	1,943,455	16.9
Net income before provisions	843,866	1,114,613	1,064,393	26.1
Attributable net profit	762,180	673,835	468,442	-38.5
Recurrent attributable net profit				4.6
<b>Ratios (%)</b>				
ROA	1.28	0.85	0.77	
ROE (3)	24.08	16.16	13.75	
Cost / income (ex amortisation) (4)	43.02	43.97	41.92	
Cost / income ratio excluding non-recurrent expenses (4)	42.19	43.12	38.36	
Core capital (5)	6.67	6.67	7.70	
Adjusted core capital (5) (6)	8.02	8.06	8.55	
Tier I (5)	7.24	7.28	8.94	
Adjusted Tier I (5) (6)	8.60	8.68	9.79	
BIS ratio (5)	9.69	9.78	11.19	
<b>Risk management</b>				
Non-performing loans (€ '000)	1,172,342	1,698,182	2,497,304	
Provisions for NPLs (€ '000)	1,641,271	1,815,843	2,080,583	
NPLs / Gross loans (%)	1.59	2.35	3.47	
Coverage ratio (%)	140.00	106.93	83.31	
Coverage ratio with mortgage collateral	198.26	160.75	135.54	
Balance sheet provisions as % of gross loans	2.48	2.81	3.23	
<b>Share data (period end)</b>				
Number of shareholders	85,811	88,289	88,902	
Number of shares	1,224,013,680	1,200,000,000	1,200,000,000	
Share price (€)	5.45	4.85	5.06	
Market capitalisation (€ '000)	6,670,875	5,820,000	6,066,000	
Earnings per share (EPS) (€) (7)	0.83	0.56	0.52	
Price /earnings ratio (P/E) (times)	6.56	8.64	9.71	
Book value per share (€)	3.98	3.86	4.45	
Price /Book value (times)	1.37	1.26	1.14	
<b>Other data</b>				
Domestic branches	1,237	1,225	1,200	
Employees	10,015	9,929	9,559	
ATMs	1,469	1,466	1,448	

(1) On 30.09.09, gross loans and advances to customers, excluding the real estate sector, had increased by 2.1% year-on-year.

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

(3) Excluding the Euros 500 million of convertible bonds issued in July 2009, ROE at 30.09.09 was 14.22%.

(4) Personnel and other general administrative expenses / gross operating income. September 2009 figures do not include the Euros 96.8 million gain on the redemption of preference shares.

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

(6) Adjusted for generic provisions net of taxes.

(7) Annualised.



## Profit & loss account

### Profit & loss account

(€'000)	9M08	9M09	Change (%) YoY
Interest and related income	3,273,039	2,503,245	-23.5
Interest and related charges	-2,194,980	-1,287,815	-41.3
<b>Net interest income</b>	<b>1,078,059</b>	<b>1,215,430</b>	<b>12.7</b>
Dividend income	6,979	11,271	61.5
Income from equity method	38,389	45,039	17.3
Net fees and commissions	424,314	385,831	-9.1
Results from financial transactions (net)	58,392	242,237	314.8
Foreign exchange (net)	39,125	37,555	-4.0
Other operating income/expense	16,765	6,092	-63.7
<b>Gross operating income</b>	<b>1,662,023</b>	<b>1,943,455</b>	<b>16.9</b>
Personnel expenses	-483,123	-540,713	11.9
Recurrent (1)	-469,357	-474,953	1.2
Non-recurrent	-13,766	-65,760	--
Other general expenses (2)	-231,914	-233,478	0.7
Amortization & depreciation	-103,120	-104,871	1.7
<b>Net income before provisions</b>	<b>843,866</b>	<b>1,064,393</b>	<b>26.1</b>
Provisions for NPLs and other impairments	-464,782	-590,125	27.0
Gains on sale of assets	25,171	64,902	157.8
Net result from discontinued transactions (after taxes)	428,366	0	-100.0
Income tax	-68,221	-67,819	-0.6
<b>Consolidated net profit</b>	<b>764,400</b>	<b>471,351</b>	<b>-38.3</b>
Minority interest	2,220	2,909	31.0
<b>Attributable net profit</b>	<b>762,180</b>	<b>468,442</b>	<b>-38.5</b>
Pro memoria:			
Average total assets	79,834,204	81,506,560	
Earnings per share (€)	0.62	0.39	

(1) In like-for-like terms, the year-on-year change was +0.9%.

(2) In like-for-like terms, the year-on-year change was -0.3%.

## Profit and loss account – quarterly stand-alone

(€'000)	3Q08	4Q08	1Q09	2Q09	3Q09	Change (%) YoY
Interest and related income	1,164,274	1,131,500	954,147	832,990	716,108	-38.5
Interest and related charges	-796,401	-756,715	-559,591	-414,410	-313,814	-60.6
<b>Net interest income</b>	<b>367,873</b>	<b>374,785</b>	<b>394,556</b>	<b>418,580</b>	<b>402,294</b>	<b>9.4</b>
Dividend income	5,118	184	4,261	6,236	774	-84.9
Income from equity method	6,112	25,234	13,029	18,656	13,354	118.5
Net fees and commissions	134,706	133,427	134,860	132,223	118,748	-11.8
Results from financial transactions (net)	17,523	9,481	19,797	144,113	78,327	347.0
Foreign exchange (net)	14,512	12,117	9,416	12,400	15,739	8.5
Other operating income/expense	2,270	9,594	2,565	1,183	2,344	3.3
<b>Gross operating income</b>	<b>548,114</b>	<b>564,822</b>	<b>578,484</b>	<b>733,391</b>	<b>631,580</b>	<b>15.2</b>
Personnel expenses	-166,510	-168,017	-189,697	-180,837	-170,179	2.2
Recurrent	-159,996	-162,732	-158,144	-157,235	-159,574	-0.3
Non-recurrent	-6,514	-5,285	-31,553	-23,602	-10,605	62.8
Other general expenses	-81,465	-96,116	-73,709	-78,931	-80,838	-0.8
Amortization & depreciation	-37,496	-29,942	-33,800	-35,237	-35,834	-4.4
<b>Net income before provisions</b>	<b>262,643</b>	<b>270,747</b>	<b>281,278</b>	<b>438,386</b>	<b>344,729</b>	<b>31.3</b>
Provisions for NPLs and other impairments	-381,686	-414,952	-149,045	-209,830	-231,250	-39.4
Gains on sale of assets	1,529	-238	30,537	-1,655	36,020	--
Net result from discontinued transactions (after taxes)	417,393	0	0	0	0	-100.0
Income tax	34,293	55,899	36	-56,875	-10,980	--
<b>Consolidated net profit</b>	<b>334,172</b>	<b>-88,544</b>	<b>162,806</b>	<b>170,026</b>	<b>138,519</b>	<b>-58.5</b>
Minority interest	477	-199	694	97	2,118	344.0
<b>Attributable net profit</b>	<b>333,695</b>	<b>-88,345</b>	<b>162,112</b>	<b>169,929</b>	<b>136,401</b>	<b>-59.1</b>
Pro memoria:						
Average total assets	81,657,859	80,487,105	80,891,658	81,638,757	81,977,332	
Earnings per share (€)	0.27	-0.07	0.14	0.14	0.11	

## Net interest income

### Average yield

2008 (€'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	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 (net)	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
<b>Subtotal</b>	<b>70,542,277</b>	<b>5.74</b>	<b>1,007,353</b>	<b>72,439,209</b>	<b>5.85</b>	<b>1,054,347</b>	<b>74,264,977</b>	<b>6.05</b>	<b>1,130,257</b>	<b>73,124,818</b>	<b>6.02</b>	<b>1,106,973</b>
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
<b>Total</b>	<b>77,645,228</b>	<b>5.36</b>	<b>1,034,879</b>	<b>79,870,549</b>	<b>5.41</b>	<b>1,073,886</b>	<b>81,657,859</b>	<b>5.67</b>	<b>1,164,274</b>	<b>80,487,105</b>	<b>5.59</b>	<b>1,131,500</b>

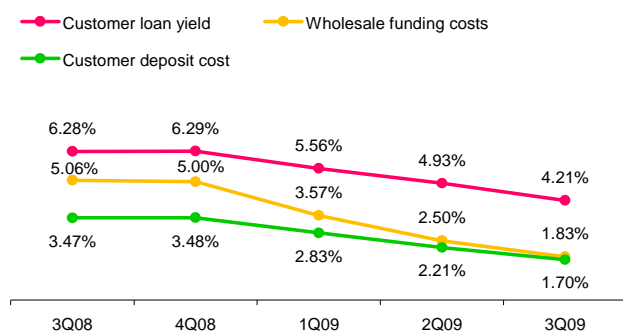
2009 (€'000)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income	Avg.balance	Rate %	Income
Cash and balance with central banks & financial	2,642,845	1.93	12,563	2,045,426	1.14	5,818	3,580,345	0.56	5,067			
Loans to customers (net)	62,593,414	5.56	857,596	62,036,536	4.93	763,181	61,696,386	4.21	655,003			
Fixed-income securities	6,981,215	3.91	67,345	8,082,132	2.58	52,071	7,609,054	2.44	46,759			
<b>Subtotal</b>	<b>72,217,474</b>	<b>5.26</b>	<b>937,504</b>	<b>72,164,094</b>	<b>4.56</b>	<b>821,070</b>	<b>72,885,785</b>	<b>3.85</b>	<b>706,829</b>			
Equity securities	1,578,454	--	--	1,954,484	--	--	1,816,355	--	--			
Tang. & intang. assets	1,838,789	--	--	1,714,315	--	--	1,698,773	--	--			
Other assets	5,256,941	1.28	16,643	5,805,864	0.82	11,920	5,576,419	0.66	9,279			
<b>Total</b>	<b>80,891,658</b>	<b>4.78</b>	<b>954,147</b>	<b>81,638,757</b>	<b>4.09</b>	<b>832,990</b>	<b>81,977,332</b>	<b>3.47</b>	<b>716,108</b>			

### Average cost of funds

2008 (€'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	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
<b>Subtotal</b>	<b>67,003,746</b>	<b>-3.95</b>	<b>-658,042</b>	<b>68,965,109</b>	<b>-3.99</b>	<b>-684,593</b>	<b>71,297,315</b>	<b>-4.22</b>	<b>-756,710</b>	<b>71,128,119</b>	<b>-4.10</b>	<b>-733,314</b>
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	--	--
<b>Total</b>	<b>77,645,228</b>	<b>-3.56</b>	<b>-687,737</b>	<b>79,870,549</b>	<b>-3.58</b>	<b>-710,842</b>	<b>81,657,859</b>	<b>-3.88</b>	<b>-796,401</b>	<b>80,487,105</b>	<b>-3.74</b>	<b>-756,715</b>

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			
Customer deposits	35,824,475	-2.83	-250,086	36,419,740	-2.21	-201,064	36,833,850	-1.70	-157,545			
Capital markets	25,854,897	-3.57	-227,787	25,930,371	-2.50	-161,817	24,779,824	-1.83	-114,280			
Repos	4,275,533	-1.72	-18,115	4,318,848	-1.04	-11,233	4,555,445	-0.78	-9,006			
<b>Subtotal</b>	<b>71,391,624</b>	<b>-3.08</b>	<b>-542,115</b>	<b>72,039,175</b>	<b>-2.23</b>	<b>-400,625</b>	<b>71,797,181</b>	<b>-1.67</b>	<b>-302,411</b>			
Other liabilities	5,205,284	-1.36	-17,476	5,099,987	-1.08	-13,785	5,182,954	-0.87	-11,403			
Shareholders' equity	4,294,750	--	--	4,499,595	--	--	4,997,197	--	--			
<b>Total</b>	<b>80,891,658</b>	<b>-2.81</b>	<b>-559,591</b>	<b>81,638,757</b>	<b>-2.04</b>	<b>-414,410</b>	<b>81,977,332</b>	<b>-1.52</b>	<b>-313,814</b>			

## Customer spread (%)



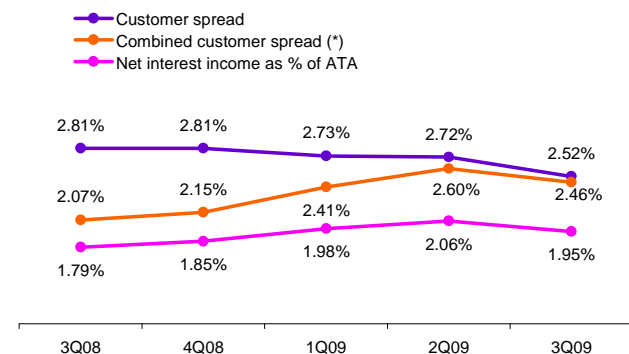
Net interest income amounted to Euros 402.3 million in the third quarter. That was an increase of Euros 34.4 million (+9.4%) with respect to the third quarter of 2008.

Net interest income declined by 3.9% with respect to the second quarter of 2009.

The average yield on customer loans was 4.21%, i.e. a decline of 72 basis points quarter-on-quarter. The impact on financial revenues of falling lending yields was Euros -99.7 million. The average volume of customer loans and advances declined by Euros 340 million in the quarter, reducing interest revenues by Euros 11.9 million.

The average cost of customer deposits was -1.70%, compared with -2.21% in 2Q09 (a difference of 51 basis points). The effect of the decline in costs was Euros 42.4 million. The average volume of customer deposits increased overall by Euros 414 million in the quarter, but there was practically no impact on income because of the change in the product mix. Customer-based funding continued to increase as a percentage of the total,

## Net interest income (%)



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

accounting for 44.9% of total average funds in the quarter (41.8% in 3Q08).

Wholesale funding costs declined by Euros 47.5 million with respect to 2Q09. The average cost was -1.83% (-2.50% in the previous quarter). The reduction in Euribor, with the resulting decline in the prices of a number of securities, reduced costs by Euros 42.8 million. The average volume of funding decreased by Euros 1,151 million, reducing costs by Euros 6.5 million.

The customer spread was 2.52%, 20 basis points less than in the preceding quarter.

The combined customer spread, which includes wholesale funding costs, decreased by 14 basis points with respect to 2Q09, to 2.46%.

In line with the foregoing, net interest income in 3Q09 represented 1.95% of average total assets, 11 basis points less than in 2Q08.

## Net fees and commissions

(€'000)	3Q08	2Q09	3Q09	Change (%) 3Q08	Change (%) 2Q09
Asset transactions	27,607	27,629	20,226	-26.7	-26.8
Guarantees	19,534	18,461	18,621	-4.7	0.9
Transferred to other entities	-632	-764	-759	20.1	-0.7
<b>Risk transaction fees</b>	<b>46,509</b>	<b>45,326</b>	<b>38,088</b>	<b>-18.1</b>	<b>-16.0</b>
Cards	15,975	14,380	15,391	-3.7	7.0
Payment orders	10,071	9,954	8,637	-14.2	-13.2
Securities	9,832	8,529	7,269	-26.1	-14.8
Demand accounts	8,691	8,964	8,262	-4.9	-7.8
Other transactions	6,604	10,991	12,544	89.9	14.1
<b>Commissions for services</b>	<b>51,173</b>	<b>52,818</b>	<b>52,103</b>	<b>1.8</b>	<b>-1.4</b>
Mutual funds	27,409	22,575	21,068	-23.1	-6.7
Pension funds and insurance brokerage	9,615	11,504	7,489	-22.1	-34.9
<b>Mutual and pension fund and insurance commissions</b>	<b>37,024</b>	<b>34,079</b>	<b>28,557</b>	<b>-22.9</b>	<b>-16.2</b>
<b>Total</b>	<b>134,706</b>	<b>132,223</b>	<b>118,748</b>	<b>-11.8</b>	<b>-10.2</b>

Net fees and commissions amounted to Euros 118.75 million in the third quarter of 2009. That represents a 10.2% decline with respect to 2Q09, mainly as a result of a reduction in unpaid items fees, mutual fund fees and commissions on the sale of pension and insurance products.

Overall, fees from mutual funds and the sale of pension plans and insurance products declined by 16.2%. The -6.7% quarter-on-quarter decline is due to the larger volume of back-end fees collected in 2Q09; in 3Q09, the volume of assets in mutual funds broke the downward trend of previous quarters and rose by 2.4% to Euros 8,622.4 million (from Euros 8,417.6 million in June 2009). Fees for the sale of pension and insurance products fell because of comparison with the higher fees collected for multi-investment products in 2Q09.

Fees for risk transactions declined by 16.0% overall as a result of less dynamic performance by asset-related fees due to the aforementioned decline in unpaid items fees. Nevertheless, fees for guarantees and other sureties increased slightly due to the higher contribution by fees on export documentary credit.

Total fees for services declined by 1.4%. Nevertheless, credit card fees performed well (+7.0%), as did other service fees (+14.1%), particularly due to the larger fee revenues from syndicated loans (mainly novation and modification fees).

Net fees and commissions fell by 11.8% with respect to the third quarter of 2008 due to the lower volume of fees on asset transactions (reduction in business volume, in line with the economic cycle), mutual funds and pension fund and insurance sales.

Specifically, mutual fund fees declined by 23.1% as a result of the 20.9% reduction in assets in funds managed by Banco Sabadell and third parties due to the trend in the financial markets. Pension and insurance product marketing fees declined by 22.1% because of comparison with higher multi-investment product fees collected in 3Q08.

Service fees increased by 1.8% overall, boosted by growth in all types of fees on syndicated loans, particularly novation and modification fees.

## Administrative expenses

(€'000)	3Q08	2Q09	3Q09	Change (%) 3Q08	Change (%) 2Q09
<b>Personnel expenses</b>	<b>-166,510</b>	<b>-180,837</b>	<b>-170,179</b>	<b>2.2</b>	<b>-5.9</b>
IT	-11,461	-12,704	-12,024	4.9	-5.4
Communications	-6,443	-5,376	-5,660	-12.2	5.3
Advertising	-7,892	-5,746	-6,459	-18.2	12.4
Premises	-17,079	-17,275	-17,973	5.2	4.0
Stationery and office supplies	-2,955	-2,476	-2,464	-16.6	-0.5
Taxes other than income tax	-13,214	-13,383	-13,228	0.1	-1.2
Others	-22,421	-21,971	-23,030	2.7	4.8
<b>Other general expenses</b>	<b>-81,465</b>	<b>-78,931</b>	<b>-80,838</b>	<b>-0.8</b>	<b>2.4</b>
<b>Total</b>	<b>-247,975</b>	<b>-259,768</b>	<b>-251,017</b>	<b>1.2</b>	<b>-3.4</b>

Administrative expenses (personnel and other general expenses) amounted to Euros 251.0 million in the third quarter of 2009. In recurrent terms, administrative expenses fell by 0.4% with respect to the same quarter of 2008. They increased by 1.8% with respect to 2Q09.

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

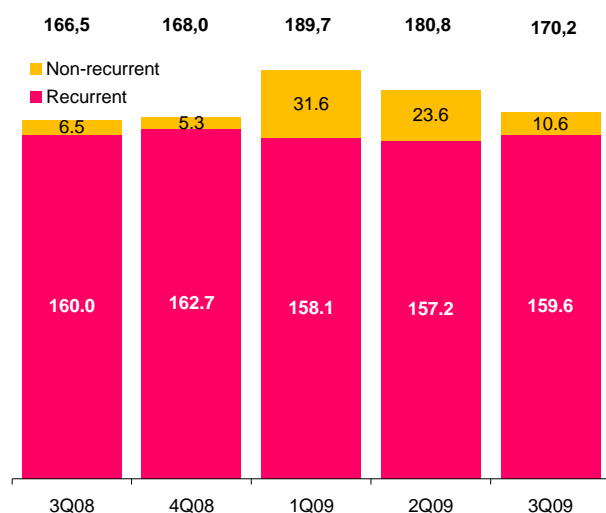
Recurrent personnel expenses fell by 0.3% with respect to 3Q08, curtailed by measures in the operating efficiency programme that were applied in 2009.

General administrative expenses declined by 0.8% with respect to 3Q08, basically as a result of a reduction in

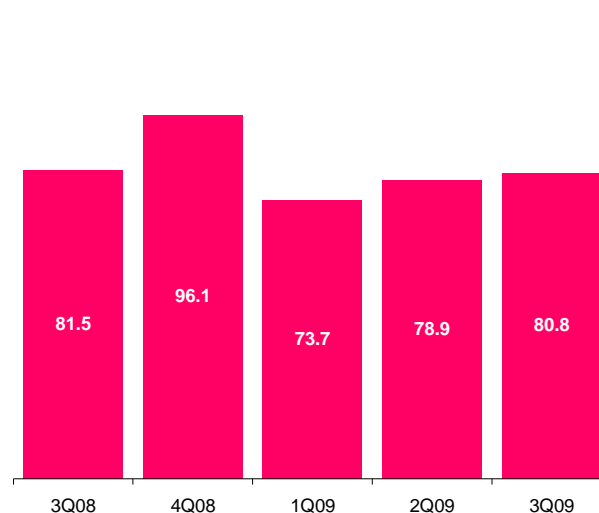
advertising expenditure due to the smaller number of campaigns, and the optimisation of processes at branches. General administrative expenses increased by 2.4% with respect to 2Q09 due to a seasonal increase in commercial actions.

Compared with the third quarter of 2008, accumulated general administrative expenses increased by 0.5% in recurrent like-for-like terms. Specifically, recurrent personnel expenses increased by 0.9%, whereas general administrative expenses declined by 0.3% as a result of the impact of cost controls and measures to improve operating efficiency.

Personnel expenses (€mn)



Other general expenses (€mn)



## Provisions for NPLs and others impairments

(€'000)	3Q08	2Q09	3Q09	Change (%) 3Q08	Change (%) 2Q09
Generic provisions	10,098	129,399	315,465	--	143.8
Specific provisions	-323,436	-235,936	-427,208	32.1	81.1
Others	-6,474	3,255	-2,755	-57.4	--
<b>Provisions for NPLs (net)</b>	<b>-319,812</b>	<b>-103,282</b>	<b>-114,498</b>	<b>-64.2</b>	<b>10.9</b>
Other provisions and impairments (net)	-35,874	-49,309	-49,084	36.8	-0.5
Impairment losses on other assets (net)	-26,000	-52,642	-66,225	154.7	25.8
Other provisions	0	-4,597	-1,443	--	-68.6
<b>Total</b>	<b>-381,686</b>	<b>-209,830</b>	<b>-231,250</b>	<b>-39.4</b>	<b>10.2</b>

NPL provisions amounted to Euros 114.5 million in the third quarter of 2009. In line with our conservative approach, we booked an extraordinary provision amounting to Euros 258.7 million, offset by releasing Euros 315.5 million of generic provisions.

In view of the deceleration in new defaults and the good pace of recoveries, only Euros 14.5 million of the specific

provision relates to new defaults. Most of the remainder is due to the calendar effect.

The other provisions and impairments (net) item is mainly for writedowns of equity securities and, to a lesser extent, fixed-income securities. The impairment losses on other assets are mainly due to impairment of investment property.

## Balance sheet

(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
Cash and balance with Central Banks	934,038	2,357,573	1,028,030	10.1
Trading and derivatives portfolios and other financial assets	785,171	1,959,492	2,022,079	157.5
Available-for-sale financial assets	3,868,804	5,759,158	7,370,793	90.5
Loans and advances	70,421,301	65,629,692	66,016,711	-6.3
Balances with financial institutions	5,901,713	2,623,491	3,496,696	-40.8
Loans to customers (net)	64,519,588	63,006,201	62,520,015	-3.1
Investments in associated companies	572,228	587,966	686,856	20.0
Property, plant and equipment	1,011,984	1,080,917	1,092,814	8.0
Intangible assets	723,793	718,536	705,967	-2.5
Other assets	2,062,011	2,284,731	2,825,091	37.0
<b>Total assets</b>	<b>80,379,330</b>	<b>80,378,065</b>	<b>81,748,341</b>	<b>1.7</b>
Trading and derivatives portfolios	657,210	1,692,628	1,834,576	179.1
Financial liabilities at amortised cost	73,857,218	73,348,773	73,556,277	-0.4
Central banks and credit institutions	6,841,859	8,722,043	8,485,173	24.0
Customer deposits	37,831,122	39,199,242	39,317,833	3.9
Capital markets	26,023,368	22,024,260	22,071,717	-15.2
Subordinated liabilities	2,115,616	2,093,687	2,393,919	13.2
Other financial liabilities	1,045,253	1,309,541	1,287,635	23.2
Liabilities under insurance contracts	113,823	161,763	176,216	54.8
Provisions	386,766	366,904	362,667	-6.2
Other liabilities	699,866	359,932	547,984	-21.7
<b>Subtotal liabilities</b>	<b>75,714,883</b>	<b>75,930,000</b>	<b>76,477,720</b>	<b>1.0</b>
Shareholders' equity (1)	4,875,353	4,627,216	5,342,888	9.6
Valuation adjustments	-228,997	-193,214	-97,157	-57.6
Minority interest	18,091	14,063	24,890	37.6
<b>Equity</b>	<b>4,664,447</b>	<b>4,448,065</b>	<b>5,270,621</b>	<b>13.0</b>
<b>Total liabilities and equity</b>	<b>80,379,330</b>	<b>80,378,065</b>	<b>81,748,341</b>	<b>1.7</b>
Contingent risks	7,700,441	7,680,760	7,435,938	-3.4
Contingent liabilities	21,753,381	18,880,975	16,475,364	-24.3
<b>Total memorandum accounts</b>	<b>29,453,822</b>	<b>26,561,735</b>	<b>23,911,302</b>	<b>-18.8</b>

(1) At 30.09.09, this balance includes Euros 500 million of mandatory convertible bonds.

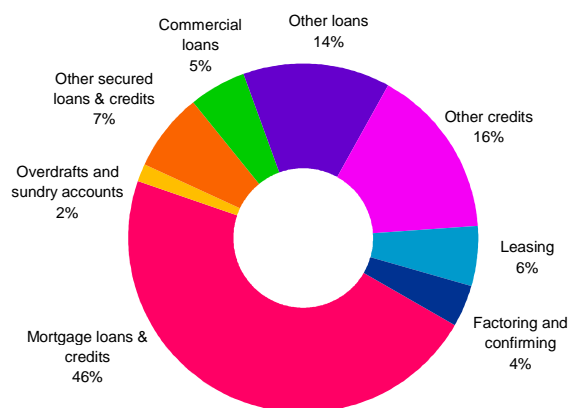


## Loans to customers

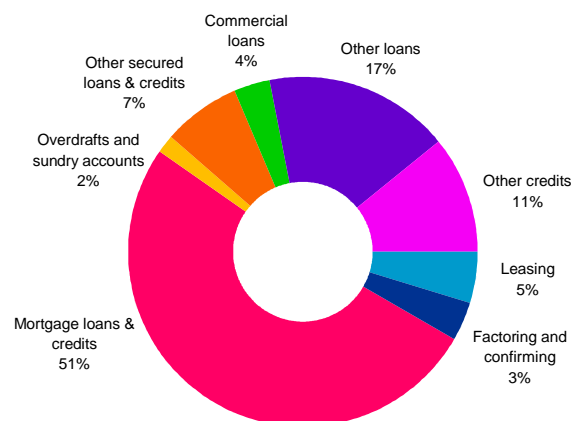
(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
Mortgage loans & credits	30,352,307	31,075,671	31,766,493	4.7
Other secured loans & credits	4,816,729	4,601,610	4,386,952	-8.9
Commercial loans	3,255,310	2,825,425	2,204,249	-32.3
Other loans	8,886,561	8,912,499	10,543,495	18.6
Other credits	10,316,055	8,664,743	6,694,482	-35.1
Leasing	3,601,504	3,473,593	3,055,431	-15.2
Factoring	1,386,807	1,425,741	1,280,484	-7.7
Confirming	1,066,133	1,082,564	870,885	-18.3
Overdrafts and sundry accounts	1,034,278	1,006,036	1,105,824	6.9
Non-performing loans	1,139,033	1,626,892	2,409,165	111.5
Accruals	193,575	9,466	140,601	-27.4
<b>Gross loans and advances to customers (1)</b>	<b>66,048,292</b>	<b>64,704,240</b>	<b>64,458,061</b>	<b>-2.4</b>
NPL and country-risk provisions	-1,528,704	-1,698,039	-1,938,046	26.8
<b>Loans to customers (net)</b>	<b>64,519,588</b>	<b>63,006,201</b>	<b>62,520,015</b>	<b>-3.1</b>
Pro memoria: total securitisation	8,297,283	11,443,903	10,552,088	27.2
Of which: mortgage backed	4,687,385	7,011,776	6,732,273	43.6
Other securitised assets	3,609,898	4,432,127	3,819,815	5.8
Of which: securitised after 01.01.04	8,063,042	11,222,422	10,395,627	28.9
Of which: mortgage backed	4,475,372	6,809,498	6,583,794	47.1
Other securitised assets	3,587,670	4,412,924	3,811,833	6.2

(1) On 30.09.09, gross loans and advances to customers, excluding the real estate sector, had increased by 2.1% year-on-year.

Loans and advances, 30.09.08 (%) (\*)

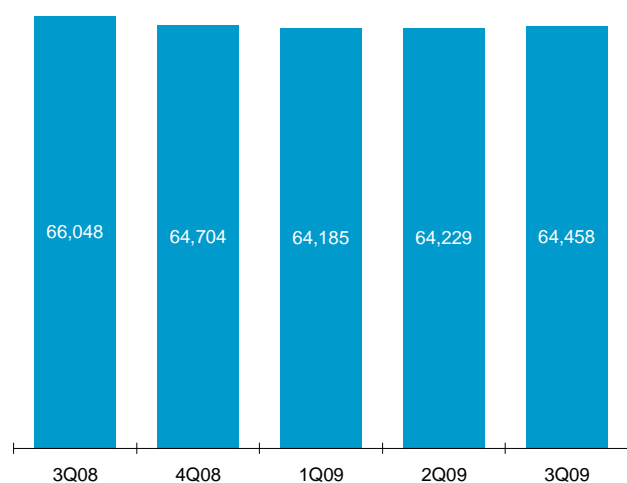


Loans and advances, 30.09.09 (%) (\*)

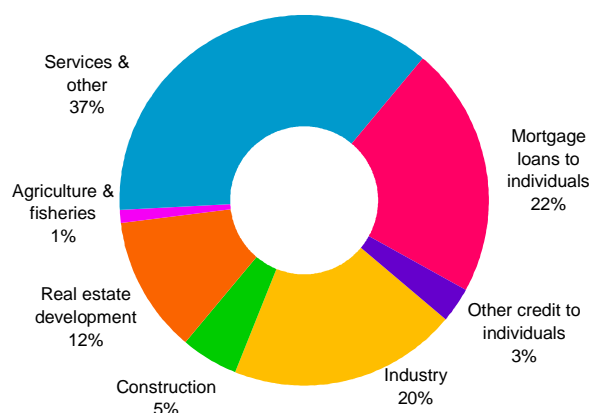


(\*) Excluding doubtful assets and accrual adjustments.

Gross loans and advances to customers (€mn)



Gross loans and advances to customers, by segment, 30.09.09 (%)



## Credit risk management

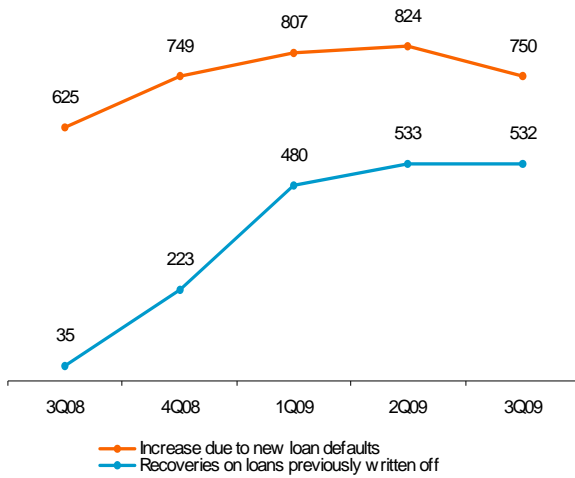
(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
Opening balance (1st January)	331,673	331,673	1,698,182	412.0
Increase due to new loan defaults	1,082,644	1,831,166	2,380,311	119.9
Recoveries on loans previously written off	-137,218	-360,350	-1,544,914	--
Write-offs	-104,757	-104,307	-36,275	-65.4
<b>Total bad and doubtful debts</b>	<b>1,172,342</b>	<b>1,698,182</b>	<b>2,497,304</b>	<b>113.0</b>
Gross loans and advances to customers (1)	66,048,292	64,704,240	64,458,061	-2.4
Contingent risks	7,700,441	7,680,760	7,435,938	-3.4
<b>Total risks</b>	<b>73,748,733</b>	<b>72,385,000</b>	<b>71,893,999</b>	<b>-2.5</b>
Specific provisions	457,527	645,416	1,357,024	196.6
Generic provisions	1,183,744	1,170,427	723,559	-38.9
<b>Total provisions for NPLs</b>	<b>1,641,271</b>	<b>1,815,843</b>	<b>2,080,583</b>	<b>26.8</b>
<b>NPLs / Gross loans (%)</b>	<b>1.59</b>	<b>2.35</b>	<b>3.47</b>	
<b>Coverage ratio (%)</b>	<b>140.00</b>	<b>106.93</b>	<b>83.31</b>	

The NPL ratio increased by 28 basis points with respect to the 2Q09, i.e. less than the industry-average increase due to the deceleration in new defaults and the strong level of NPL recoveries.

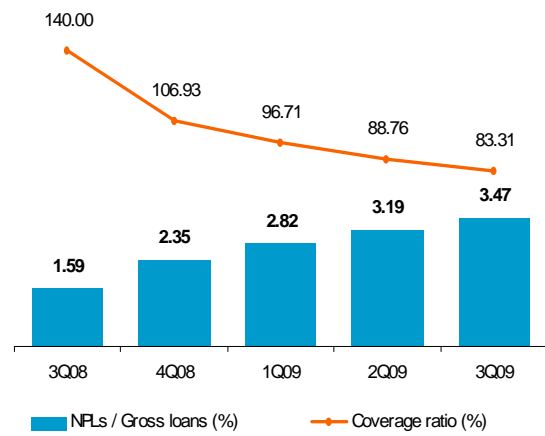
56% of total doubtful balances are secured by mortgages and the remainder have personal guarantees or other sureties (that remainder is mainly exposure to companies, for which the Bank has a highly-specialised recovery unit).

The coverage ratio was 83.31% at the end of the third quarter of 2009 as a result of extraordinary provisions and the release of generic provisions in 3Q09. The coverage ratio with mortgage collateral was 135.54%. The generic NPL allowance amounted to Euros 724 million at 30 September 2009.

Defaults and recoveries (€mn)



NPLs/Gross loans and coverage ratio (%)



(€'000)

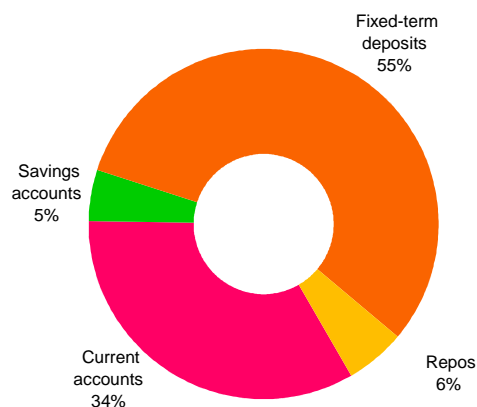
	3Q08	4Q08	1Q09	2Q09	3Q09
Increase due to new loan defaults	625,429	748,522	806,668	823,663	749,980
Recoveries on loans previously written off	-35,067	-223,132	-480,085	-532,934	-531,895
Write-offs	-40,859	450	-1,746	-25,359	-9,170
<b>Net change in bad and doubtful debts</b>	<b>549,503</b>	<b>525,840</b>	<b>324,837</b>	<b>265,370</b>	<b>208,915</b>
<b>Total bad and doubtful debts</b>	<b>1,172,342</b>	<b>1,698,182</b>	<b>2,023,019</b>	<b>2,288,389</b>	<b>2,497,304</b>

## Funds under management

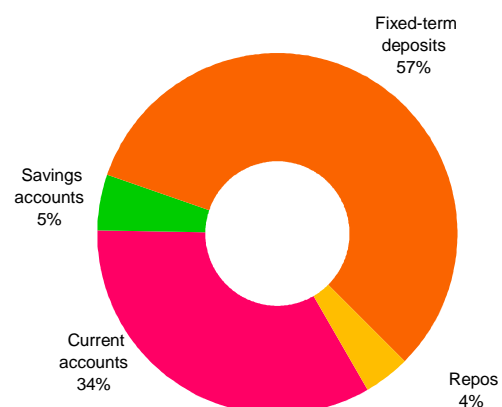
(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
<b>Customer-based funding on balance sheet (1)</b>	<b>35,479,170</b>	<b>36,134,150</b>	<b>38,309,764</b>	<b>8.0</b>
Customer deposits	37,831,122	39,199,242	39,317,833	3.9
Current accounts	12,635,469	13,077,811	13,140,664	4.0
Savings accounts	1,803,508	1,806,032	1,889,113	4.7
Fixed-term deposits	21,040,193	21,250,307	22,279,987	5.9
Repos	2,083,605	2,757,162	1,651,102	-20.8
Accruals	271,696	250,455	272,532	0.3
Derivative hedging adjustments	-3,349	57,475	84,435	--
Debt and other tradable securities	26,023,368	22,024,260	22,071,717	-15.2
Subordinated liabilities	2,115,616	2,093,687	2,393,919	13.2
Liabilities under insurance contracts	113,823	161,763	176,216	54.8
<b>On-balance sheet funds</b>	<b>66,083,929</b>	<b>63,478,952</b>	<b>63,959,685</b>	<b>-3.2</b>
Mutual funds	10,894,867	9,436,042	8,622,350	-20.9
Equity funds	456,449	278,837	339,000	-25.7
Balanced funds	650,522	494,153	394,049	-39.4
Fixed-income funds	3,158,311	2,883,755	2,614,650	-17.2
Guaranteed return funds	2,546,210	2,333,811	2,125,026	-16.5
Real estate funds	1,039,198	1,022,411	955,320	-8.1
Dedicated investment companies	1,772,977	1,534,788	1,337,834	-24.5
Third-party funds	1,271,200	888,287	856,471	-32.6
Managed accounts	1,354,286	973,222	519,317	-61.7
Pension funds	2,839,197	2,440,533	2,442,076	-14.0
Individual	1,691,919	1,298,616	1,236,424	-26.9
Company	1,112,920	1,110,759	1,175,111	5.6
Group	34,358	31,158	30,541	-11.1
Third-party insurance products	3,415,447	4,086,151	5,346,296	56.5
<b>Funds under management</b>	<b>84,587,726</b>	<b>80,414,900</b>	<b>80,889,724</b>	<b>-4.4</b>

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

Customer deposits, 30.09.08 (%) (\*)

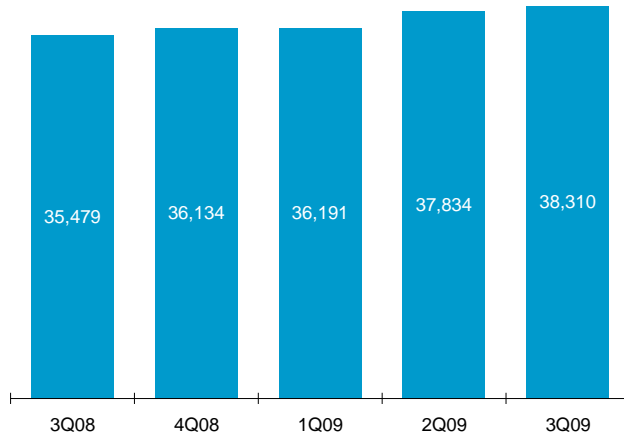


Customer deposits, 30.09.09 (%) (\*)

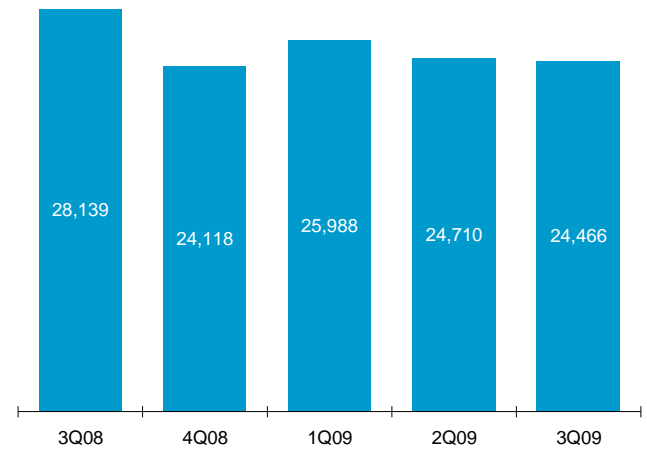


(\*) Excluding adjustments for accruals and hedges with derivatives.

Customer-based funding on balance sheet (€mn)



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



## Shareholder's equity

(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
Shareholders' equity	4,875,353	4,627,216	5,342,888	9.6
Issued capital	153,002	150,000	150,000	-2.0
Reserves	4,184,047	4,019,967	4,378,382	4.6
Other equity instruments (1)	0	0	500,000	--
Less: treasury shares	-125,955	-22,665	-69,936	-44.5
Attributable net profit	762,180	673,835	468,442	-38.5
Less: dividends and payments	-97,921	-193,921	-84,000	-14.2
Valuation adjustments	-228,997	-193,214	-97,157	-57.6
Minority interest	18,091	14,063	24,890	37.6
<b>Equity</b>	<b>4,664,447</b>	<b>4,448,065</b>	<b>5,270,621</b>	<b>13.0</b>

(1) Mandatory convertible bonds

## BIS ratio

(€'000)	30.09.08	31.12.08	30.09.09	Change (%) YoY
Issued capital	153,002	150,000	150,000	-2.0
Reserves	4,529,617	4,336,383	4,514,073	-0.3
Mandatory convertible bonds	0	0	500,000	
Minority interest	20,182	19,296	28,655	42.0
Deductions	-633,715	-584,990	-657,286	3.7
<b>Core capital</b>	<b>4,069,086</b>	<b>3,920,689</b>	<b>4,535,442</b>	<b>11.5</b>
<b>Core capital (%)</b>	<b>6.67</b>	<b>6.67</b>	<b>7.70</b>	
Preference shares and deductions	349,353	362,843	732,538	109.7
<b>Primary capital</b>	<b>4,418,439</b>	<b>4,283,532</b>	<b>5,267,980</b>	<b>19.2</b>
<b>Tier I (%)</b>	<b>7.24</b>	<b>7.28</b>	<b>8.94</b>	
Computing generic provisions	336,597	329,306	333,200	-1.0
Subordinated debt	1,330,000	1,318,000	1,183,700	-11.0
Valuation adjustments	0	15,000	24,464	--
Deductions	-171,649	-195,678	-216,436	26.1
<b>Secondary capital</b>	<b>1,494,948</b>	<b>1,466,628</b>	<b>1,324,928</b>	<b>-11.4</b>
<b>Tier II (%)</b>	<b>2.45</b>	<b>2.49</b>	<b>2.25</b>	
Total capital	5,913,387	5,750,160	6,592,908	11.5
Minimum capital requirement	4,883,268	4,704,740	4,715,105	-3.4
Capital surplus	1,030,119	1,045,420	1,877,803	82.3
<b>Ratio BIS (%) (*)</b>	<b>9.69</b>	<b>9.78</b>	<b>11.19</b>	
<b>Risk weighted assets (RWA)</b>	<b>61,040,850</b>	<b>58,809,250</b>	<b>58,938,813</b>	<b>-3.4</b>

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

## Credit ratings

Agency	Date	Long term	Short term	Individual	Support	Outlook	Strength
Fitch	17.12.2008	A+	F1	B	3	Negative	
Standard & Poor's <sup>(1)</sup>	03.04.2009	A	A1			Stable	
Moody's	15.06.2009	A2	Prime 1			Negative	C-

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## 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.

30.09.2008	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,331,754	335,468	52,945,386	12.2%	46.8%	6,913	1,220
Corporate banking and global operations	128,061	40,763	9,289,065	6.2%	21.7%	104	2
Banco Urquijo	45,829	17,562	2,284,000	8.5%	59.2%	280	15
Asset management	31,058	19,346	10,892,450 (*)	51.7%	42.3%	154	--

30.09.2009	Gross operating income (€'000)	Profit before tax (€'000)	Average total assets (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,399,547	311,498	51,094,661	12.2%	45.1%	6,979	1,184
Corporate banking and global operations	146,049	67,213	9,479,339	9.8%	17.0%	99	2
Banco Urquijo	38,047	13,306	2,126,000	6.3%	63.8%	199	14
Asset management	25,621	11,877	8,604,000 (*)	27.0%	53.7%	137	--

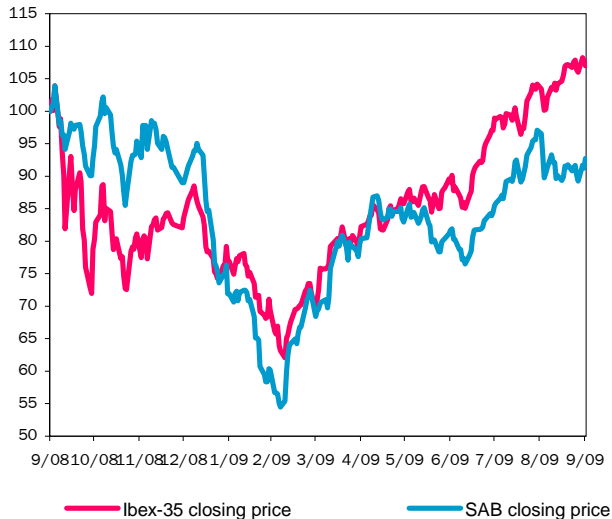
(\*) Mutual fund assets.

## Share price performance

	30.09.08	31.12.08	30.09.09	Change (%) YoY
<b>Shareholders and trading</b>				
Number of shareholders	85,811	88,289	88,902	3.6
Number of shares	1,224,013,680	1,200,000,000	1,200,000,000	-2.0
Average daily trading volume (number of shares)	5,490,466	5,158,259	2,685,838	-51.1
<b>Share price (€)</b>				
Opening session	7.410	7.410	4.850	
High	7.390	7.390	5.300	
Low	4.860	4.600	2.940	
Closing session	5.450	4.850	5.055	
Market capitalisation (€ '000)	6,670,875	5,820,000	6,066,000	
<b>Stock market multiples</b>				
Earnings per share (EPS) (€)	0.83	0.56	0.52	
Book value per share (€) (1)	3.98	3.86	4.45	
Price /Book value (times)	1.37	1.26	1.14	
Price /earnings ratio (P/E) (times)	6.56	8.64	9.71	

(1) Calculated on the basis of equity.

Market close: SAB and IBEX-35



Base 100: 30.09.08