

Banco Sabadell

1Q11 Results



April 28th, 2011

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1. Quarterly highlights

2. 1Q11 Results

3. Commercial activity, balance sheet and liquidity

4. Risk management

5. Real estate portfolio

1. Quarterly highlights

Capital ratios improvement

Positive change of trend in net interest margin

Continued success in attracting new customers and deposits

Important improvement in the commercial gap

Good cost management and efficient integration of Banco Guipuzcoano

High coverage of real estate assets

Ramped up effort to unload real estate assets

2. 1Q11 Results

1Q11 Results

	1Q10	4Q10	1Q11	Var vs 1Q10	Var vs 4Q10
Net Interest Income	374.1	332.8	379.1	1.3%	13.9%
Equity Method & Dividends	20.1	19.9	18.1	-9.9%	-8.7%
Commissions	129.3	139.5	135.7	5.0%	-2.7%
Trading Income & Forex	36.0	36.5	136.7	279.5%	274.2%
Other Operating Results	2.6	0.2	1.9	-28.9%	--
Gross Operating Income	562.2	528.8	671.6	19.5%	27.0%
Personnel Costs	-160.9	-188.1	-192.1	19.4%	2.2%
Administrative Costs	-76.0	-101.0	-98.5	29.7%	-2.5%
Depreciations	-38.4	-40.5	-32.4	-15.7%	-19.9%
Pre-provisions Income	286.9	199.3	348.5	21.5%	74.9%
Total Provisions & Impairments	-167.4	-154.2	-330.1	97.1%	114.1%
Gains on sale of assets	4.1	2.7	1.1	-72.9%	-59.9%
Profit before taxes	123.5	47.8	19.5	-84.2%	-59.2%
Taxes and others	-15.1	-8.1	64.7	--	--
Attributable Net Profit	108.4	39.7	84.2	-22.3%	112.1%

Euros in million

Extraordinary gains offset by additional provisions

Extraordinary results

Euros in million

	Pre-tax	After-tax
Debt-for-equity capital gains	87.1	60.9
Goodwill fiscal deductibility recovery	99.1	69.4
Total extraordinary gains	186.2	130.3

Offsetting against extraordinary provisions

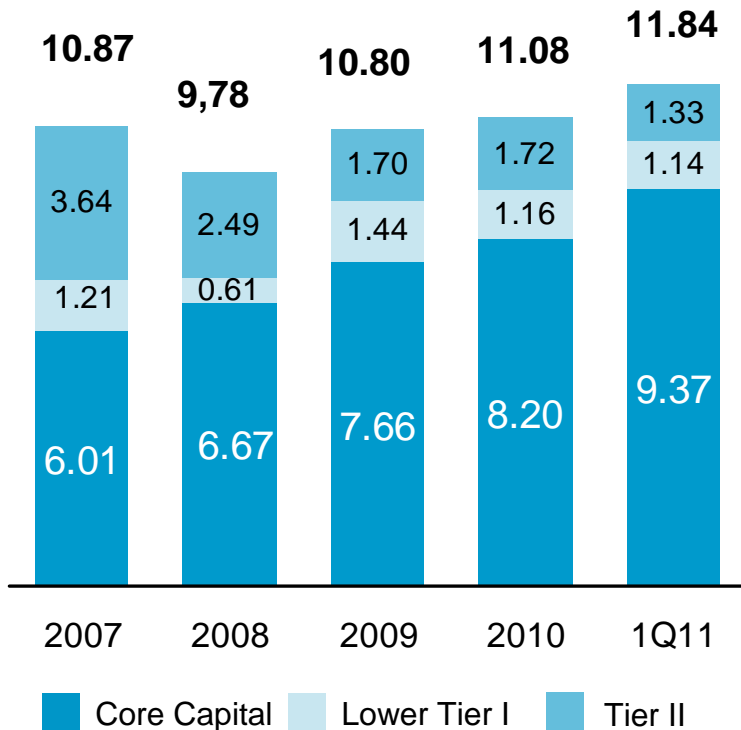
Euros in million

	Pre-tax
Additional provisions for NPLs	126.2
Additional real estate impairments	60.0
Total extraordinary provisions	186.2

Capital ratios improvement

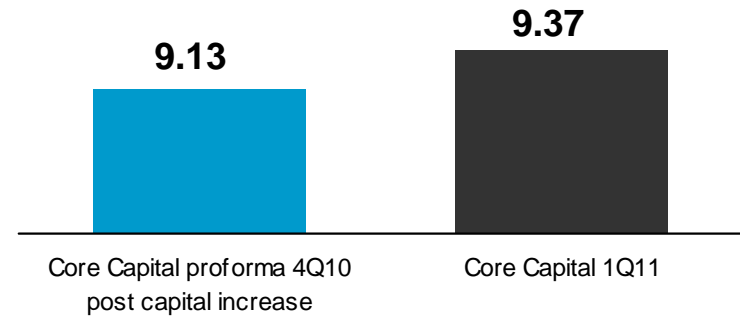
Capital ratios evolution

In %



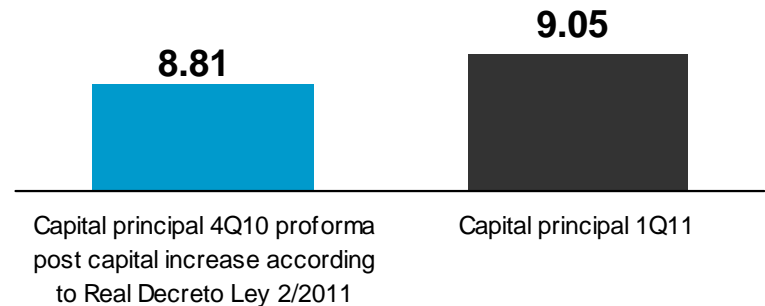
Core Capital

In %



Capital Principal

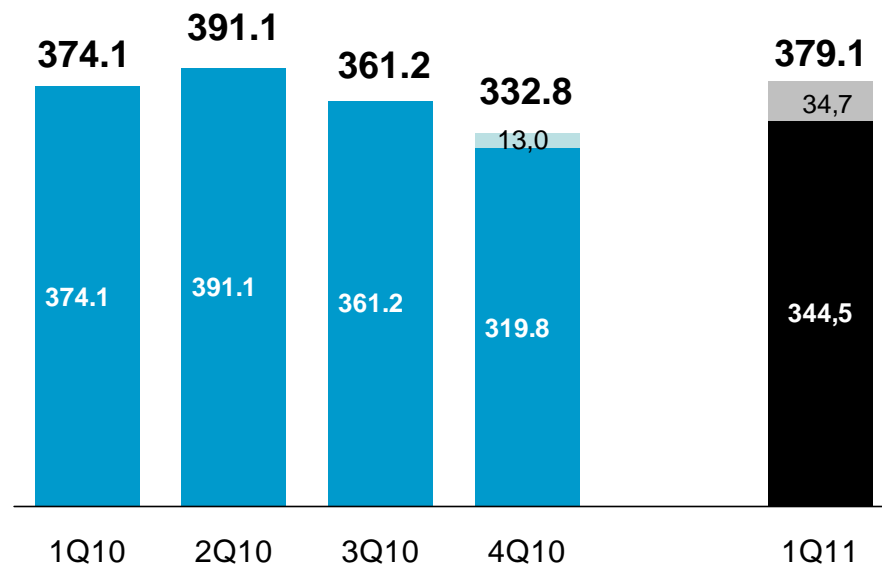
In %



Net interest income is improving ...

Net interest income evolution

Euros in million



Banco Guipuzcoano contribution

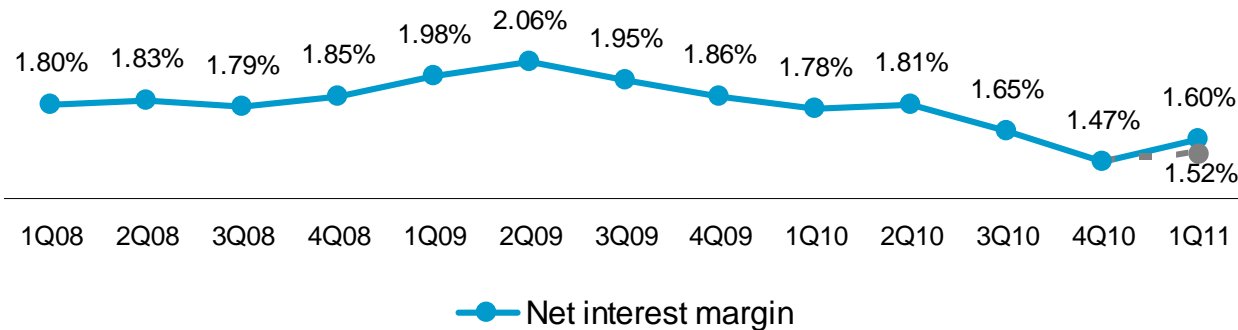
Net interest income 1Q11:
+1.3 % YoY

Net interest income 1Q11
excl. BG: -7.9% YoY

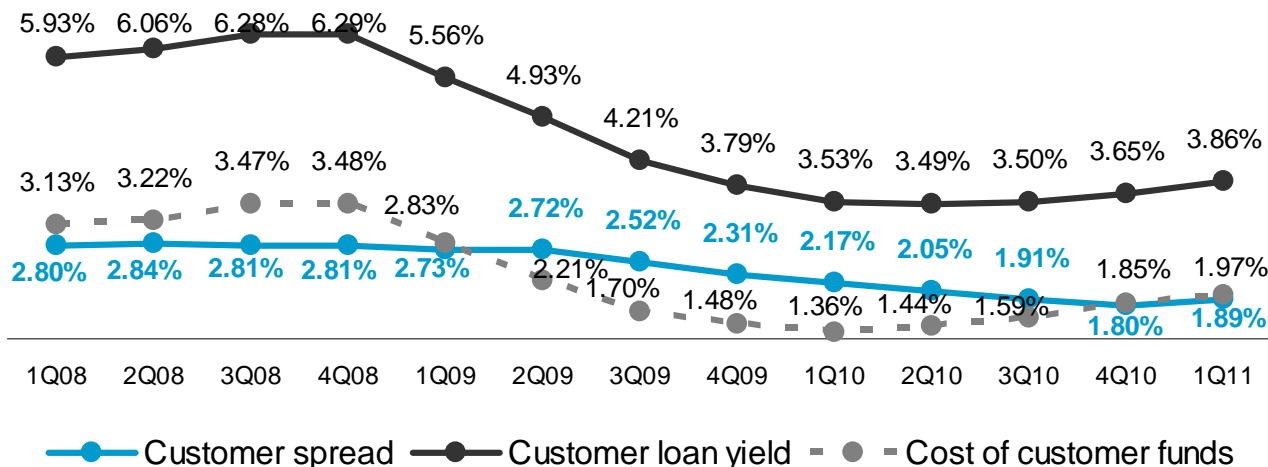
... with a pick-up in net interest margin ...

Margin evolution

In percentage



Exceeding guidance of 1.52%



Significant improvement in the customer loan yield, while the cost of customer funds shows only a modest increase

... driven by active price management

Product	Front book spreads					Back book spreads				
	Mar-10	Dec-10	Mar-11	Var QoQ	Var YoY	Mar-10	Dec-10	Mar-11	Var QoQ	Var YoY
Credits	207	225	272	+47	+65	171	194	210	+16	+39
Loans	161	215	256	+41	+95	149	177	186	+9	+37
Mortgages to individuals	84	89	124	+35	+40	74	75	76	+1	+2
Leasing	184	170	185	+15	+1	90	105	107	+2	+17
Commercial loans	222	277	309	+32	+87	253	303	328	+25	+75
Confirming	155	211	246	+35	+91	153	200	225	+25	+72
Forfaiting	232	234	266	+32	+34	143	228	222	-6	+79
Total loans	171	213	248	+35	+77	131	148	154	+6	+23
Deposits	130	165	122	-43	-8	120	185	178	-7	+58

In basis points

Total volume of repriced assets in the quarter: €10.303 m

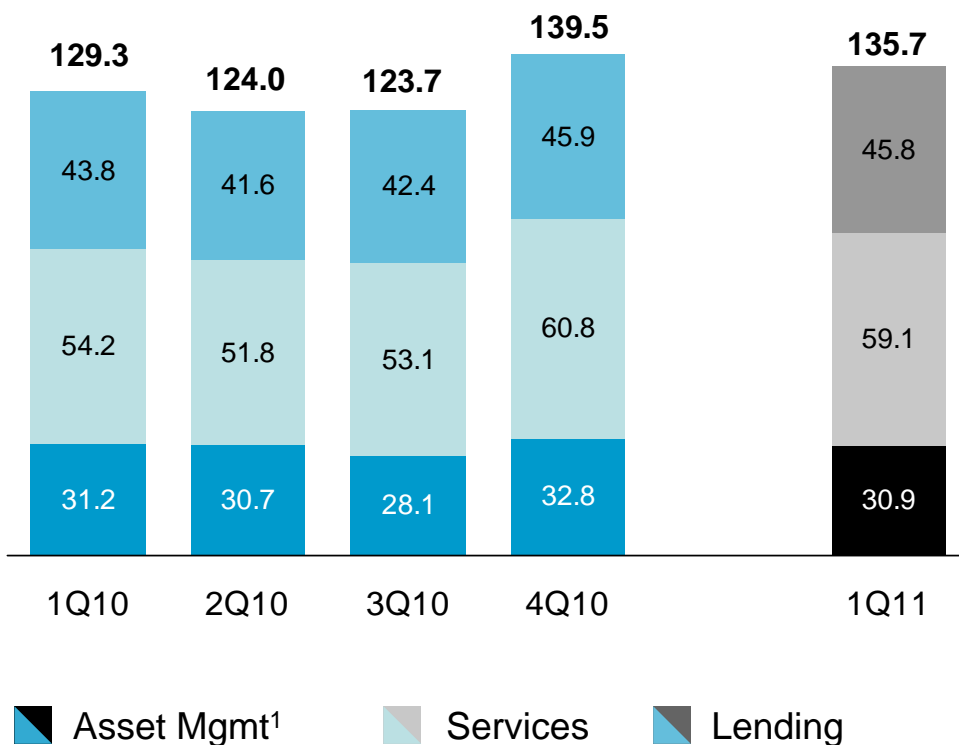
Positive impact in the stock spread due to our balance sheet flexibility

* New granted transactions with price change

Commission income supported by good customer activity

Commissions evolution

Euros in million



Commission income 1Q11:
+5.0 % YoY

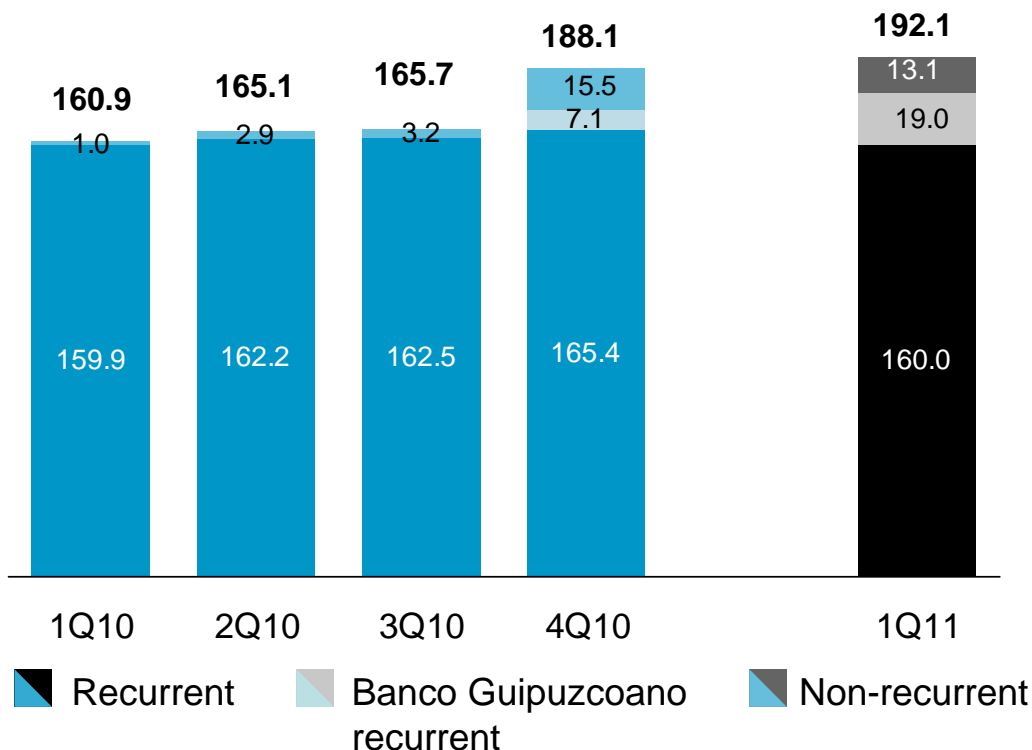
Commission income 1Q11
excl. BG: -3.1% YoY

¹ Including mutual funds commissions and pension funds and non-life insurance brokerage

Personnel expenses remain flat like-for-like...

Personnel expenses evolution

Euros in million



Personnel expenses 1Q11:
+19.4% YoY

Personnel expenses ex-BG 1Q11:
+11.9% YoY

1Q11 personnel expenses like for like:
(ex-BG and excluding non-recurrent):

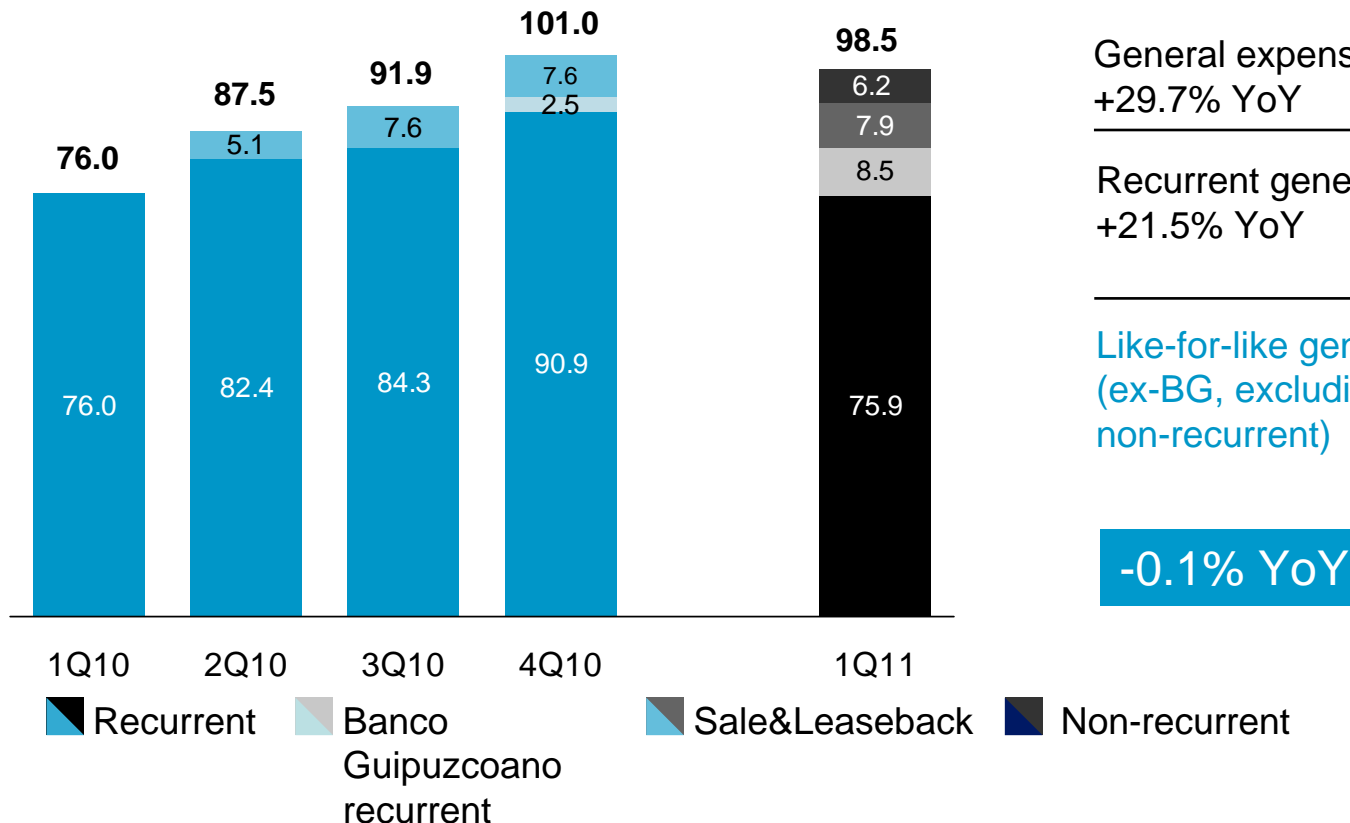
+0.0% YoY

Like-for-like cost containment (+0.0% YoY)

... as do general expenses, being flat on a like-for-like basis

General expenses evolution

Euros in million



General expenses 1Q11:
+29.7% YoY

Recurrent general expenses 1Q11:
+21.5% YoY

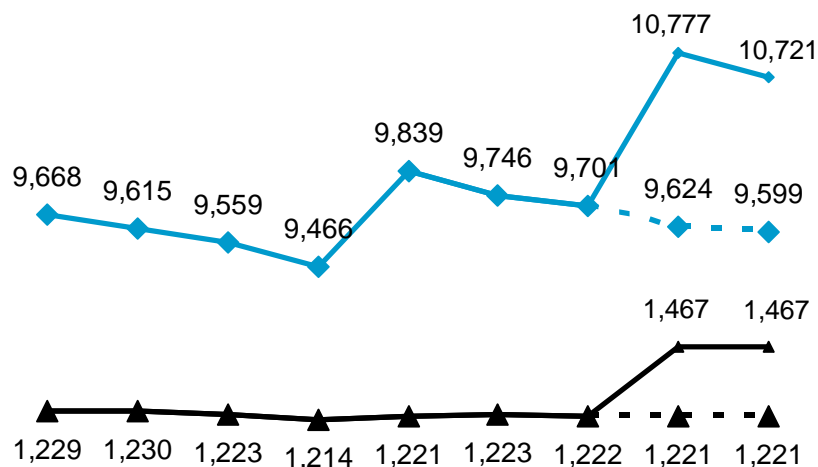
Like-for-like general expenses 1Q11
(ex-BG, excluding S&LB and non-recurrent)

-0.1% YoY

Like-for-like cost containment (-0.1% YoY)

Employee and branches evolution

In number



1Q09 2Q09 3Q09 4Q09 1Q10¹ 2Q10 3Q10 4Q10² 1Q11

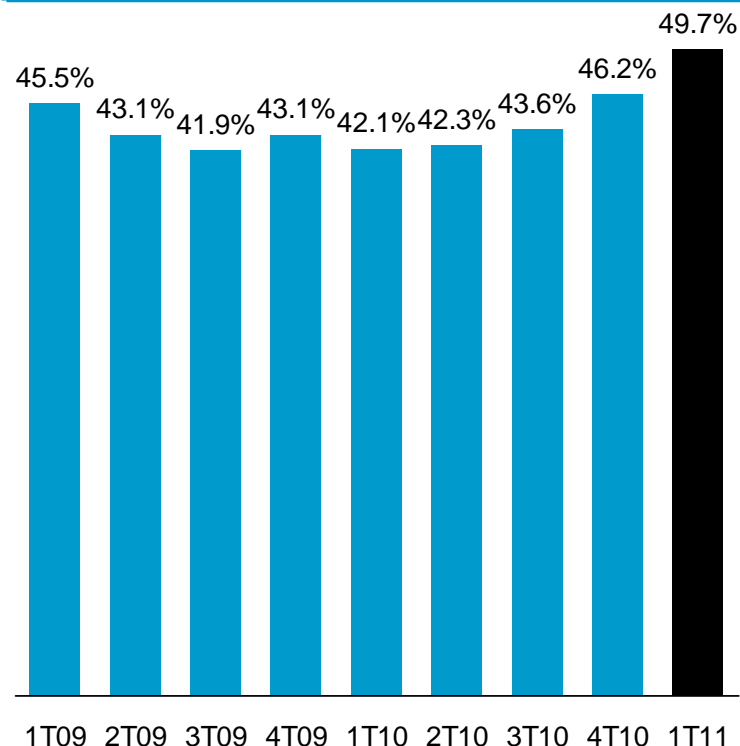
— Branches — Employees - - - Without B.GUI

¹1Q10 Acquisition of Sabadell United Bank

²4Q10 Acquisition of Banco Guipuzcoano

Cost income evolution*

In %



Efficiency ratio excluding non-recurrent items* 1Q11: 46.4%

* It excludes gains from debt-for-equity transaction and other repurchase transactions in 2010

Extraordinary gains have been offset against provisions

Provisions and write-downs evolution and breakdown

Euros in million

	1Q10	2Q10	3Q10	4Q10	1Q11
Specific	228.0	212.2	186.1	124.7	142.2
Extraordinary charge	0.0	90.0	46.0	66.0	186.2
Implementation of regulation in loans (3/2010)	0.0	0.0	-120.0	0.0	0.0
Substandard	-54.2	-31.2	-61.9	-30.3	-32.8
Metrovacesa	0.0	0.0	0.0	76.1	0.0
Real estate assets	46.0	209.8	160.9	49.9	30.0
BCP	0.0	38.5	0.0	16.2	1.2
Goodwill and others	8.9	5.3	12.2	4.2	0.8
Subtotal	228.6	524.6	223.3	306.8	327.6
Generic	-61.2	1.7	-103.2	-152.6	2.5
Total provisions and impairments	167.4	526.3	120.1	154.2	330.1

With an NPL coverage at 51%

3. Commercial activity, balance sheet and liquidity

We continue to gather excellent results in customer acquisition ...

Remarkable success in customer gathering

	Mar-10	Mar-11	% Var.
Individuals	50,133	72,975	+46%
Companies	11,674	15,356	+32%

With two market-leading products paving the way in 1Q11

Cuenta Expansión:
49,611 new accounts

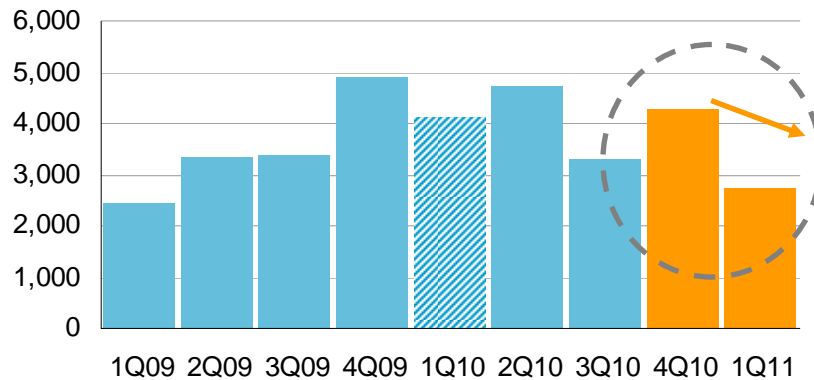
Cuenta Expansión Negocios:
21,289 new accounts

Quarterly increase of new customers ahead of CREA forecast

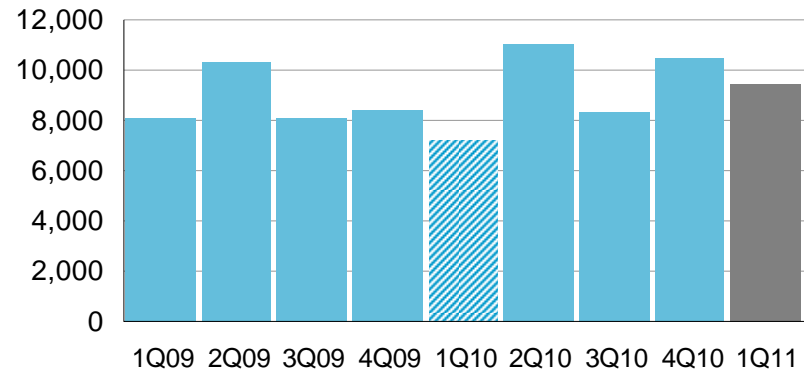


... and lending activity is holding up ...

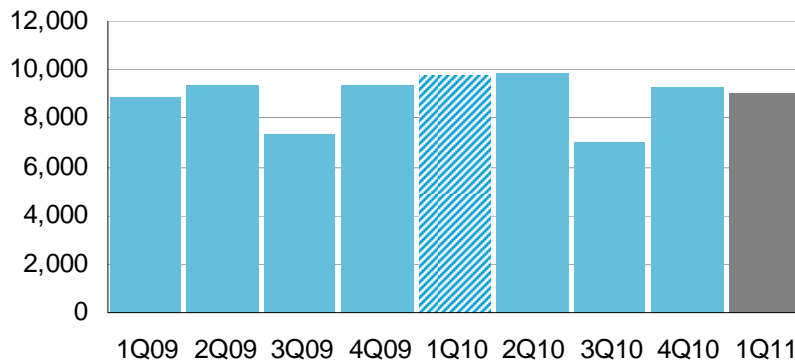
Mortgages



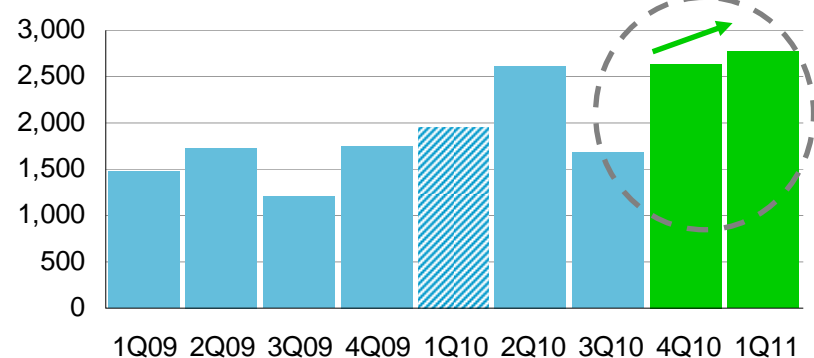
Loans



Credit lines



Working capital financing*



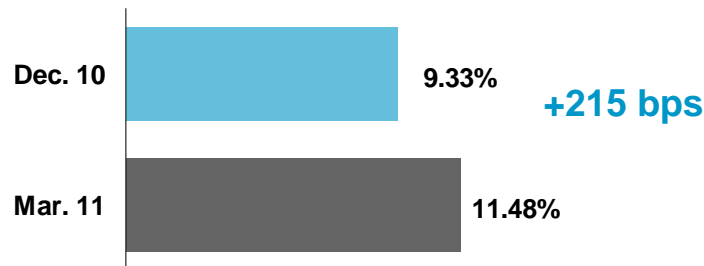
Number of new contracts * CreditGlobal product



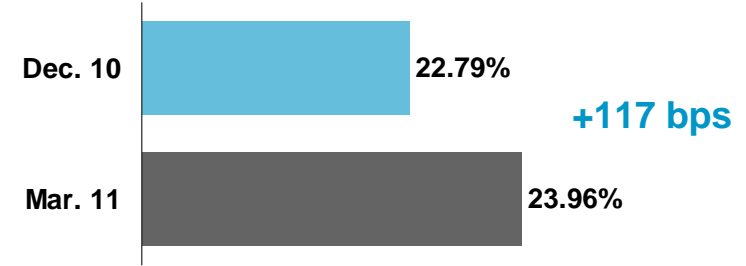
Lending -1.8% vs. CREA forecast

... achieving an increase in market shares ...

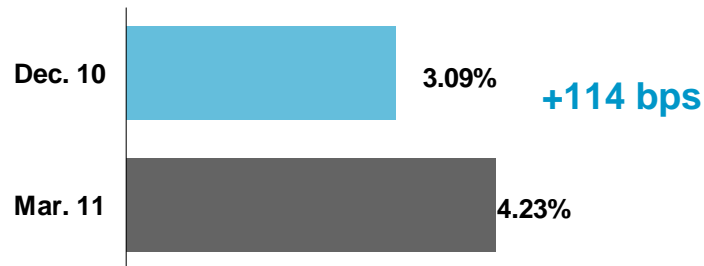
ICO loans (public subsidy loans)



Export documentary credit



Brokerage volume¹



Transactionality²

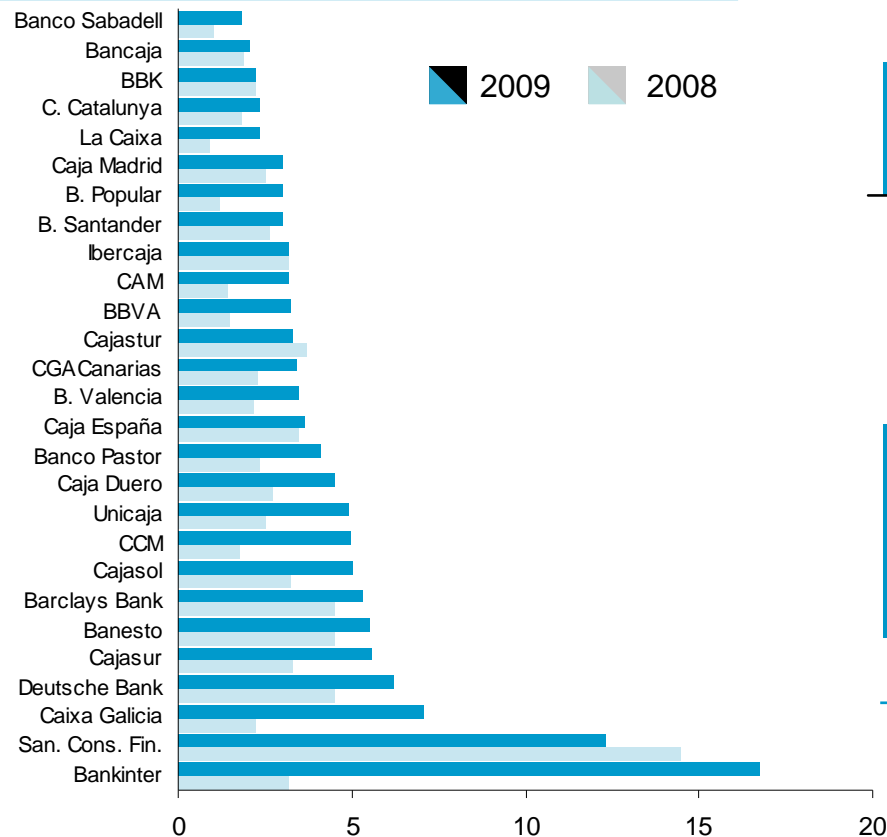


¹ Buy-sell amounts

² Includes cheques, transfers, SEPA transfers, receivables and promissory notes

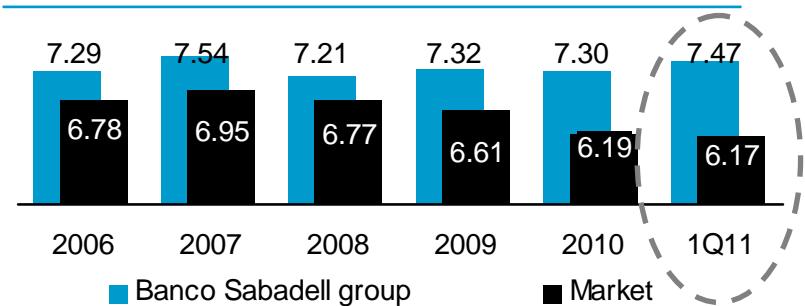
Leaders in quality of service

Claims ratio amongst sizable institutions by Bank of Spain *



Source: Bank of Spain, Service Quality Annual Reports 2009 and 2008.
 *Number of claims by volume of activity (average of deposit and credit volumes) and refers to the number of claims passed on by the Bank of Spain to be contented by each entity. Only refers to larger institutions.

Most valued by the customers



Source: STIGA, "RCB Objective Quality in Retail Banking Networks" Quarterly report preview, 1Q11

Four consecutive years (2007-2010) increasing the gap vs. the system

Renewal of the Global Award of European Excellence



An increase in customer funds ...

Customer funds evolution

	Dec-10	Mar-11	% Var.
On-balance sheet customer funds*	49,374	51,245	3.8%
Fix-term deposits	30,092	31,495	4.7%
Sight deposits	18,285	18,752	2.6%
Off-balance sheet funds	18,834	18,685	-0.8%
Mutual funds	8,853	8,733	-1.4%
Pension funds	3,016	2,935	-2.7%
Third party insurance products	5,727	5,787	1.0%
Gross loans to customers ex repos	73,058	72,074	-1.3%

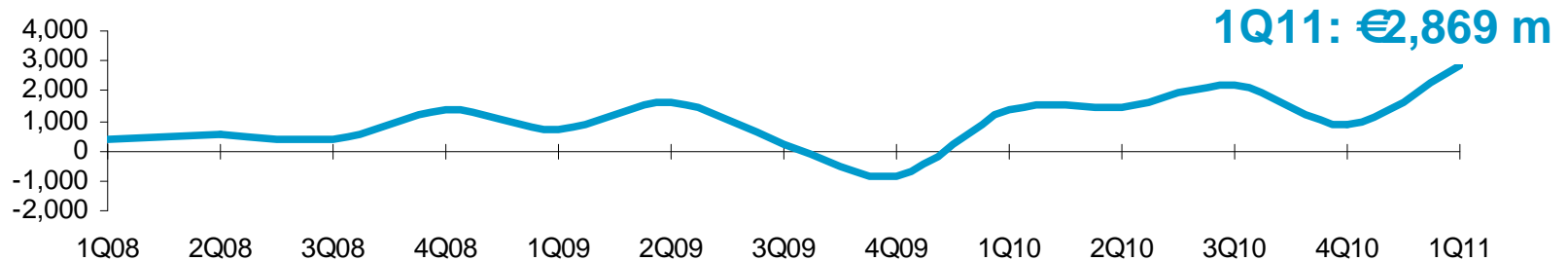
* Excludes repos, includes preference shares and mandatory convertible bond placed in the retail network

Euros in million

... continuing to improve the commercial gap quarter after quarter ...

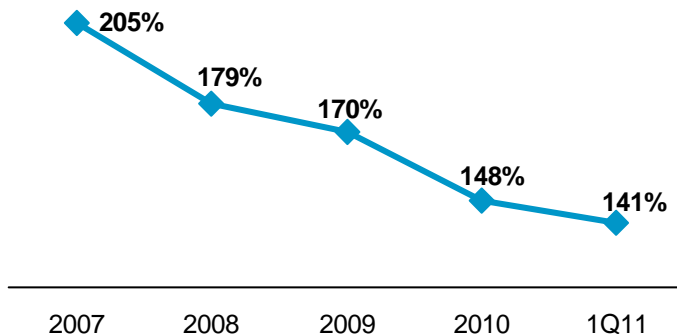
Change in the commercial gap

Euros in million



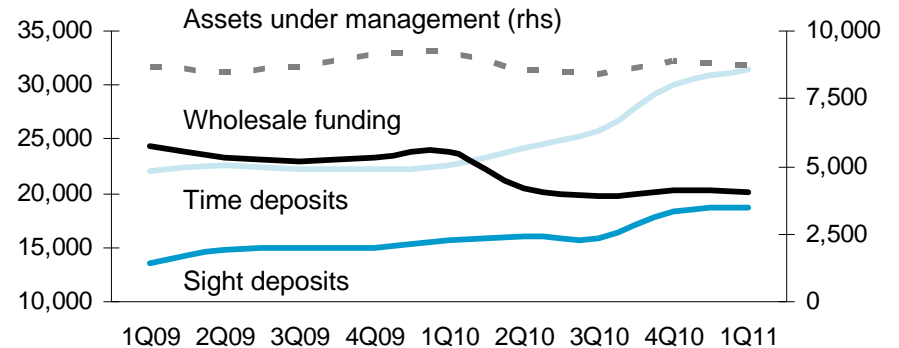
Loan to deposit ratio*

In %



Customer funds evolution

Euros in million



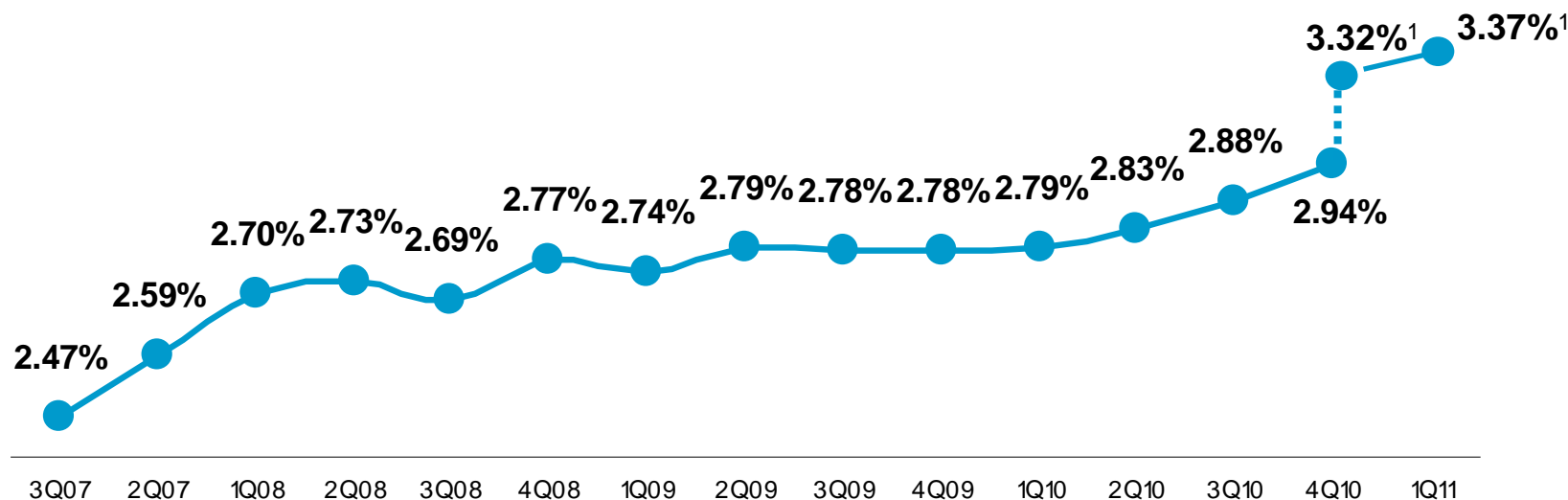
* Excludes repos

Commercial gap above CREA's forecast to date

... which is reflected in the market share evolution

Customer deposit market share evolution

In %



Relates to domestic customer deposits only

¹ Includes Banco Guipuzcoano

Results in line with our ^BCrea plan

- + Net new customers in the quarter above forecast
- + Active asset and liability management, with a positive impact on margins
- + Mortgage subrogation levels 6.2 percentage points above forecast
- + Deposit volumes +1.8% above an already-demanding forecast
- + Liquidity: Commercial GAP improvement better than forecast
- Lending volumes -1.8% below forecast, albeit holding up our market share
- Low mortgage production in line with current market trend

In a demanding environment we continue to command comfortable liquidity levels

Liquidity position 4Q10	10,570
Commercial gap BS change	2,869
Real estate portfolio change	-178
Issues maturity	-1,649
New issues	1,517
Net short term issues change	711
Increase of available ECB eligible assets	-343
Other	-480
Liquidity position 1Q11	13,017*

* Includes € 10,043 million in liquid assets and € 2,974 millions in structural liquidity
Euros in million

We continue to improve the commercial gap

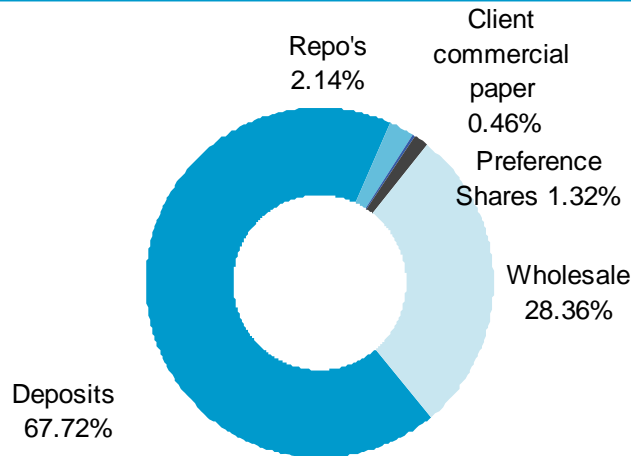
We have issued €1,517m in the wholesale markets

No reliance on ECB funds

BS has a balanced funding structure ...

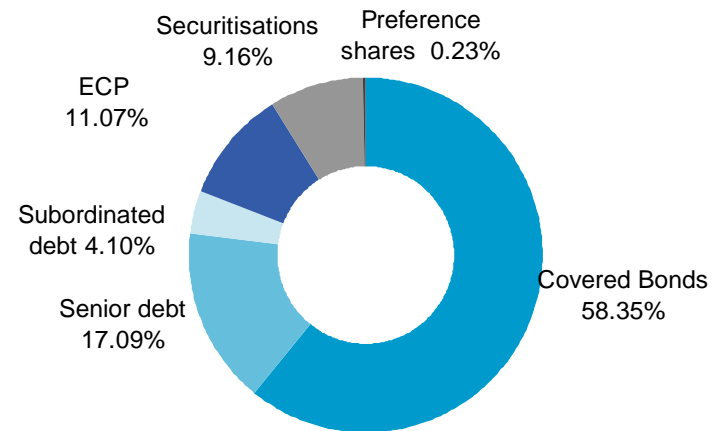
Funding structure

In %



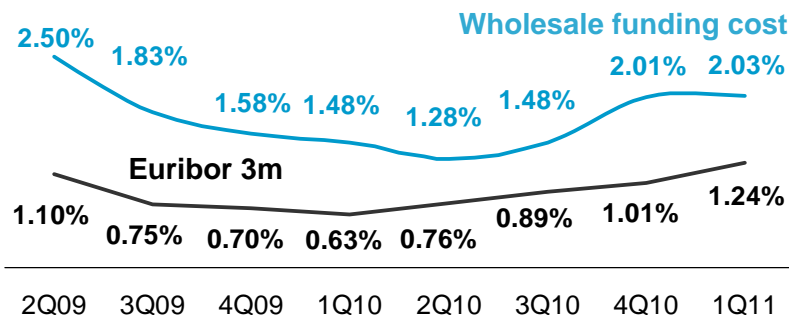
Breakdown of wholesale funding

In %



Wholesale funding cost evolution

In %



Covered bonds and guaranteed debt issuance buffer

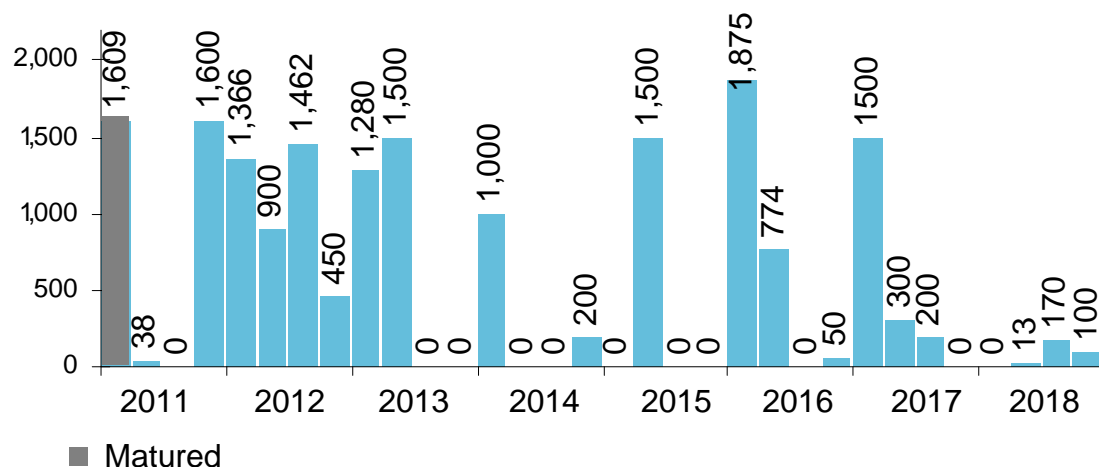
Euros in million

CH issuing capacity	2,524
CT issuing capacity	1,111
State backed guarantees available	5,601

... and a comfortable maturity calendar

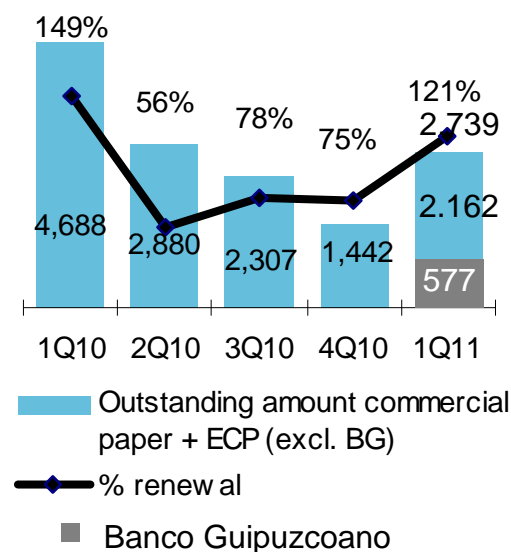
Wholesale funding maturity calendar

Includes Banco Guipuzcoano. Euros in million



Short term funding

Euros in million and percentage



Maturity by product type

Euros in million

	2011		2012		2013		>2013	
	BS	BG	BS	BG	BS	BG	BS	BG
Bonds and covered bonds	1,800		1,739		2,780		7,320	600
Senior debt	1,047	400	1,809				50	25
Government-guaranteed issues				400				
Subordinated and preference shares							943	125
Other mid and long term instruments				230			92	

4. Risk management

Credit exposure and NPLs according to purpose

	Mar-11				Dec-10	
	Total	Normal	Substandard	NPLs	NPL ratio*	NPL ratio*
Real Estate development and/or construction purposes	10,790	6,737	1,874	2,180	19.98%	15.44%
Construction purposes non-related to real estate dev.	822	776	0	47	2.69%	3.74%
Large corporates	19,795	18,764	505	526	2.24%	2.51%
SME and small retailers and self-employed	20,447	19,229	342	876	4.04%	4.08%
Individuals with 1st mortgage guarantee assets	16,334	15,810	1	523	3.20%	3.09%
Of which						
Purchase of 1st residence	13,239	12,876	1	362	2.73%	2.64%
Other real guarantees assets	3,095	2,934	0	161	5.20%	5.03%
Individuals with other guarantees	437	431	0	6	1.26%	0.99%
Individuals other	1,830	1,714	0	116	5.88%	7.21%
Subtotal gross loans to customers	70,456					
Other gross loans to customers ¹	1,746					
Total gross loans	72,202				5.46%	5.01%

*Includes off-balance sheet items

¹Includes caption 4: public entities; caption 8: other assets and deferral adjustments.

Sustained level of coverage

Coverage levels by type

Euros in million and %

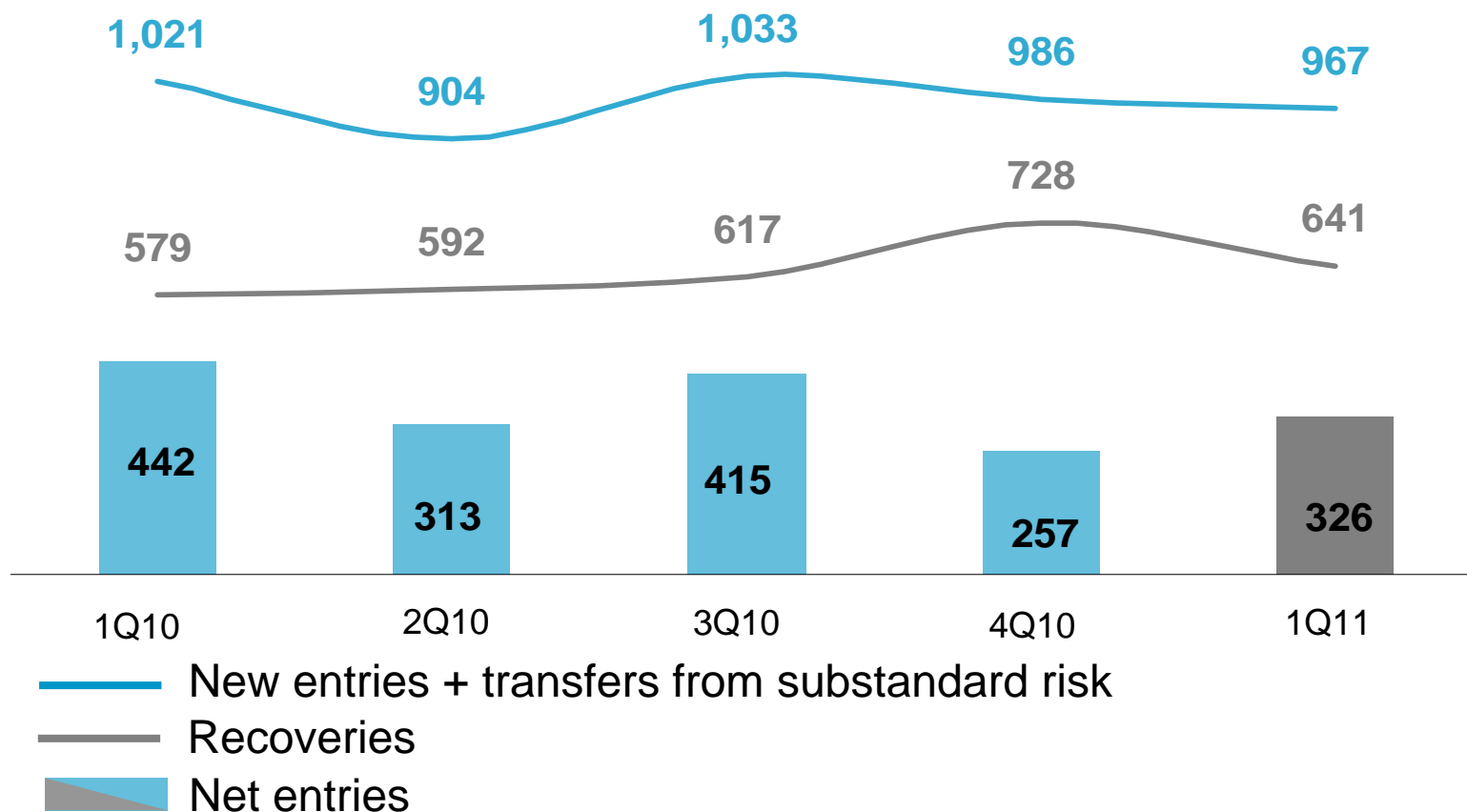
	Amount	Fund	Coverage
NPLs	4,389	1,269	29%
Substandard	2,819	501	18%
Acquired and repossessed RE assets	3,058	964	32%
Write-offs	1,001	1,001	100%
Generic		454	
Potentially problematic exposure	11,267	4,190	37%
Global coverage ratio	4,389	2,225	51%

Coverage ratio including mortgage guarantees at 114%

New entries trend unchanged

Entries and recoveries evolution*

Euros in million



* Excluding Banco Guipuzcoano as well as assets in process of being repossessed

Increase in NPLs explained by extraordinary items

	1Q10	2Q10	3Q10	4Q10	1Q11
Total net entries	442	313	415	257	326
Write-offs	-183	-93	-201	-31	-333
Subtotal	258	219	214	227	-7
Net entries Banco Guipuzcoano				-7	56
Non performing real estate assets in process of repossession					265
Total net change	258	219	214	220	315
Incorporating Banco Guipuzcoano				450	

Euros in million

Remarkable effort in provisioning for on-balance sheet real estate assets

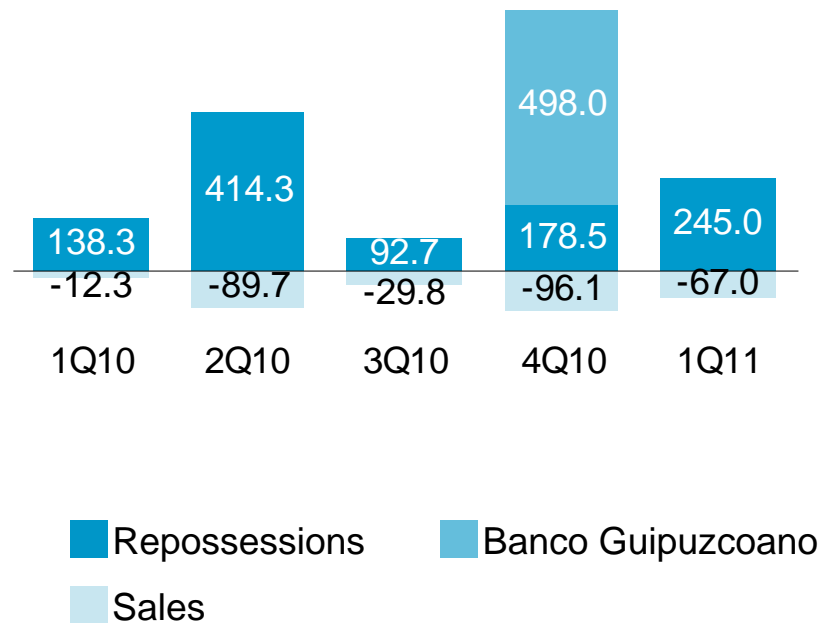
Real estate assets evolution of coverage levels

Euros in million

	4Q10	1Q11
Gross portfolio	2,880	3,058
Total fund	888	964
Net portfolio	1,992	2,094
Coverage	31%	32%

Real estate assets. Quarterly additions

Euros in million



5. Real estate portfolio management

SOLVIA

- A heavily specialised team with an average of 12 years experience in the sector
 - A business structure suited to current real estate sector dynamics:
 - Finished product sales management
 - Special purpose vehicles
 - Real estate development
 - Proprietary real estate management
 - Real estate subsidiaries
 - Manages a total of 458 real estate projects
-

66% of the portfolio is first residence

Real estate portfolio breakdown

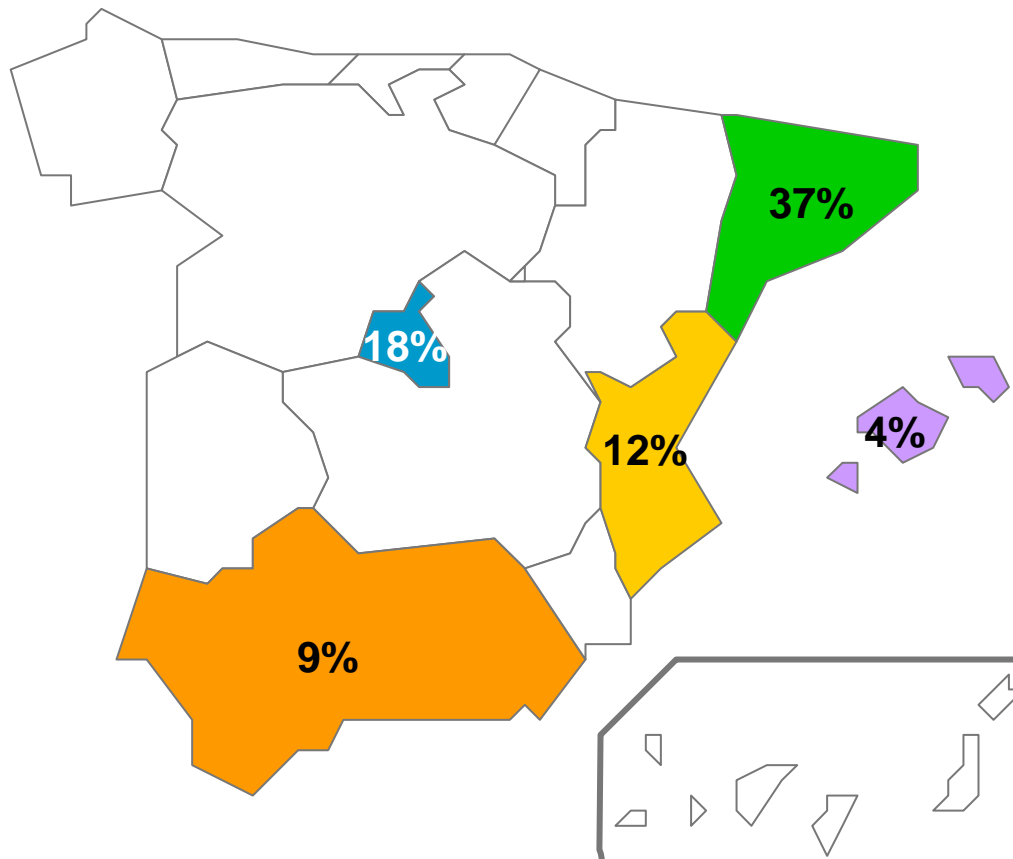
Euros in million

	Finished property	Land under development	Land	Total	%
1st residence	592	935	487	2,014	66%
2nd residence	143	109	38	291	9%
Industrial	133	37	143	314	10%
Commercial	65	200	43	308	10%
Hotels	71	25	13	109	4%
Other	19	2	1	22	1%
Gross portfolio	1,024	1,308	726	3,058	100%
Provisions	282	422	260	964	32%
Net portfolio	742	886	466	2,094	

More than half of our real estate assets are in Catalonia and Madrid

Distribution of real estate assets

In %



Catalonia	37%
Metropolitan area of Barcelona	32%
Madrid	18%
Valencia	12%
Andalusia	9%
Balearic Islands	4%

80%

54% of the portfolio has a time to market of less than 2 years

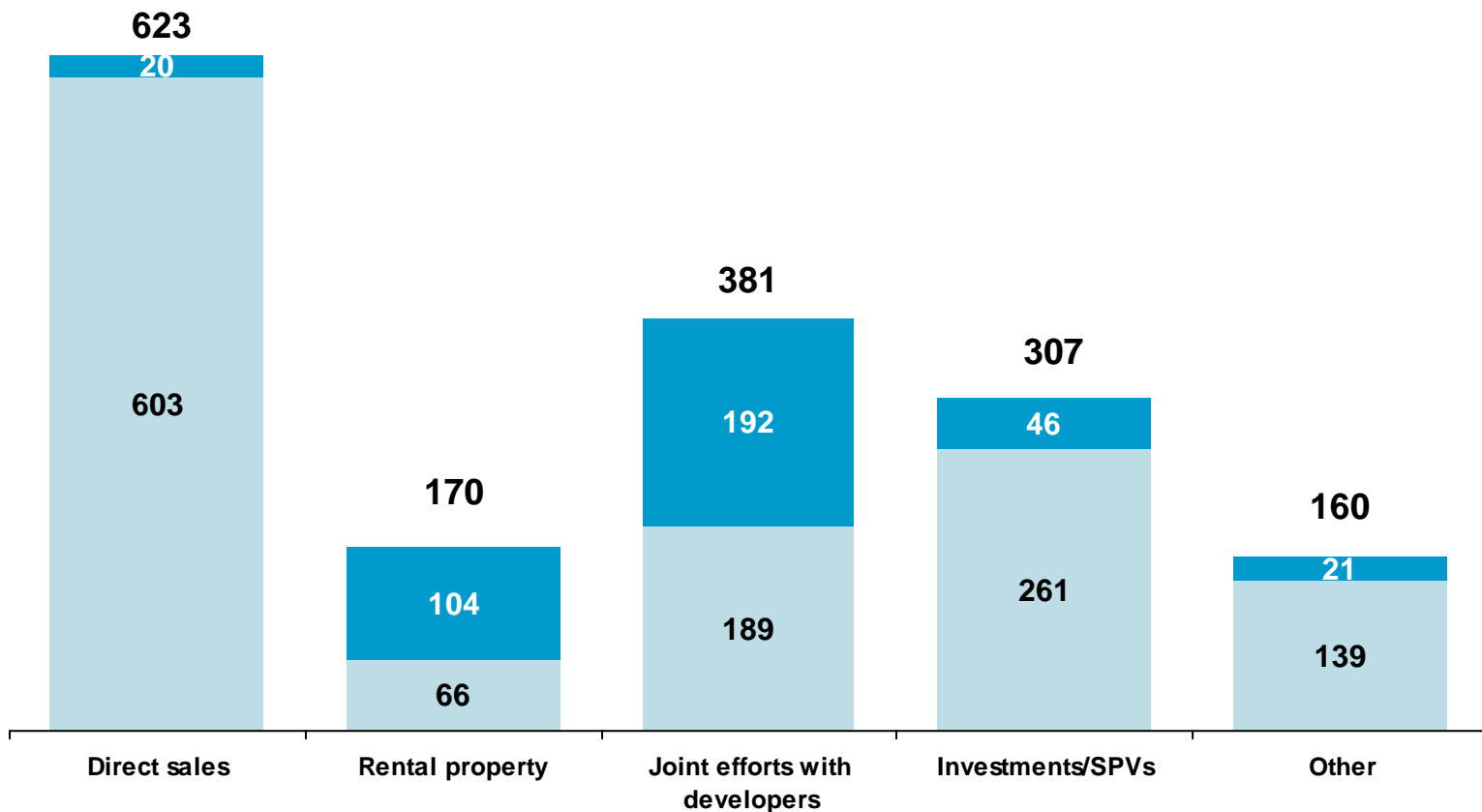
	Gross portfolio	Provisions	Net portfolio
Portfolio by time to market	3,058	964	2,094
Time to market: short term	1,641	520	1,121
Direct sales	623	173	450
Rental properties	170	46	124
Joint efforts with developers	381	132	249
Investments/SPVs	307	109	198
Government Subsidised housing	160	60	100
Time to market: 2-4 years	686	199	487
Time to market: >4 years	731	245	486

Euros in million

Pipeline of real estate assets ready to be sold

Breakdown of real estate assets with a time to market of < 2 years

Euros in million



■ Real estate assets in the process of being sold: € 383 million (23%)

Real estate assets are sold at prices in line with current book value

Real estate asset sales evolution

Euros in million and %

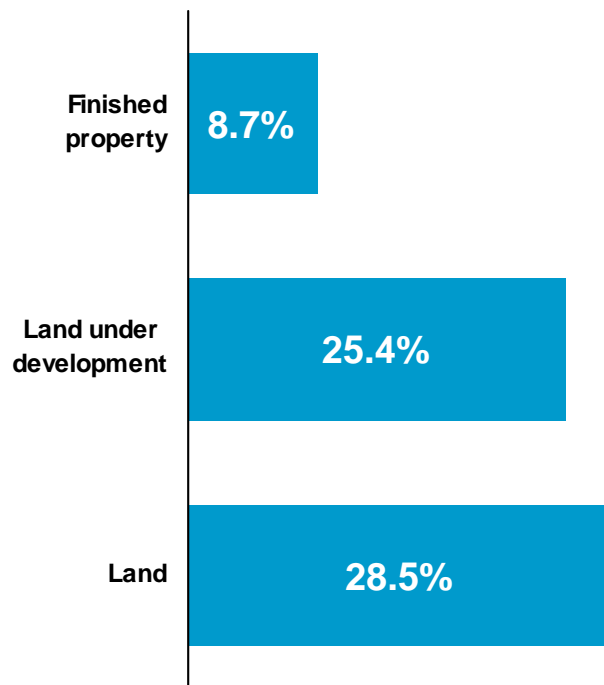
	2009	2010	1Q11
Sales price	42	174	48
Pre-provision cost*	55	228	67
Discount to pre-provision costs	23%	24%	27%
Provisions built up	12%	23%	29%
% of sales price not covered by provisions	11%	1%	-1%

* Including acquisition, development, and any transaction costs related to the sale of the asset

Declines in asset prices largely reflected in book values

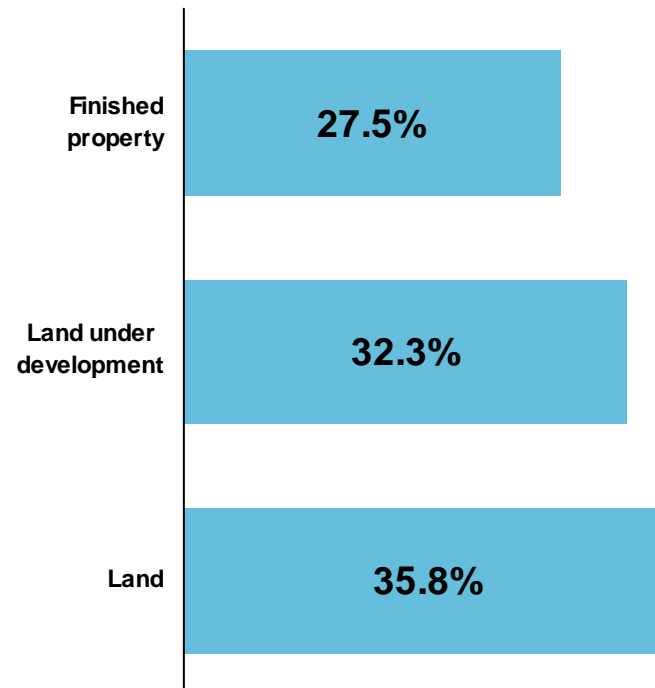
Price decline at time of incorporation

In %



Accumulated provisions

In %



Total decline vs. peak

In %

33.8%

49.5%

54.1%

Note: Price declines since peak valuations in July 2007



Barcelona: 22@

- ✓ 20,000 m² of office space and underground parking
- ✓ Turn-key project signed in March 2011
- ✓ Expected to be finished in 2013

Madrid: Av. América 115

- ✓ 5 office blocks with a total office space of 50,000m²
- ✓ Next to Madrid airport
- ✓ Readily available to be let out



Example: Joint effort with developers

Sant Cugat del Vallès (Barcelona)



-  Mercados
-  C. Comercial
-  A2, A7 i E9
-  CAP Asepeyo
-  E, St Cugat E. Mirasol
-  Estación Vullpelleres
-  ESADE Business School
-  Escuela de Arquitectura

Residential development to build 36 apartments and parking space

Illa de Mar - Barcelona



- ✓ Residential apartment complex in the Barcelona waterfront
- ✓ 114 luxury apartments
- ✓ Currently 41 apartments are already let out, half of which with purchase option

