



3Q10 Results



21st October 2010

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1. 3Q10 Results

2. Commercial activity and liquidity

3. Risk Management

3Q10 in summary



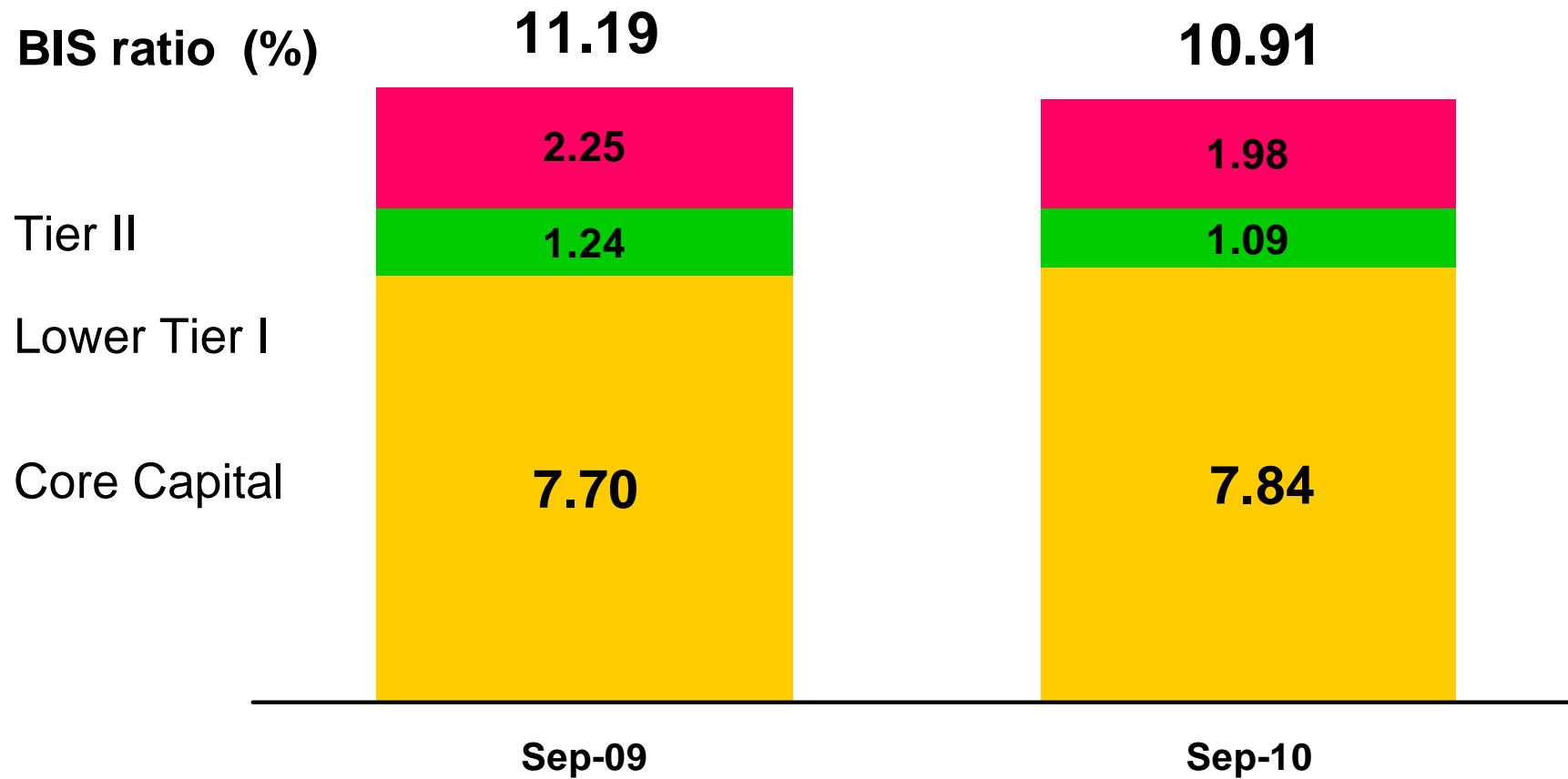
- ✓ Net interest margin reflects a higher cost of funding
- ✓ Good cost control
- ✓ Improved coverage ratio of real estate assets portfolio
- ✓ Net NPL entries maintain a decreasing trend
- ✓ Important growth in the number of customers and deposits
- ✓ Generating commercial GAP
- ✓ Comfortable liquidity position

9M Results

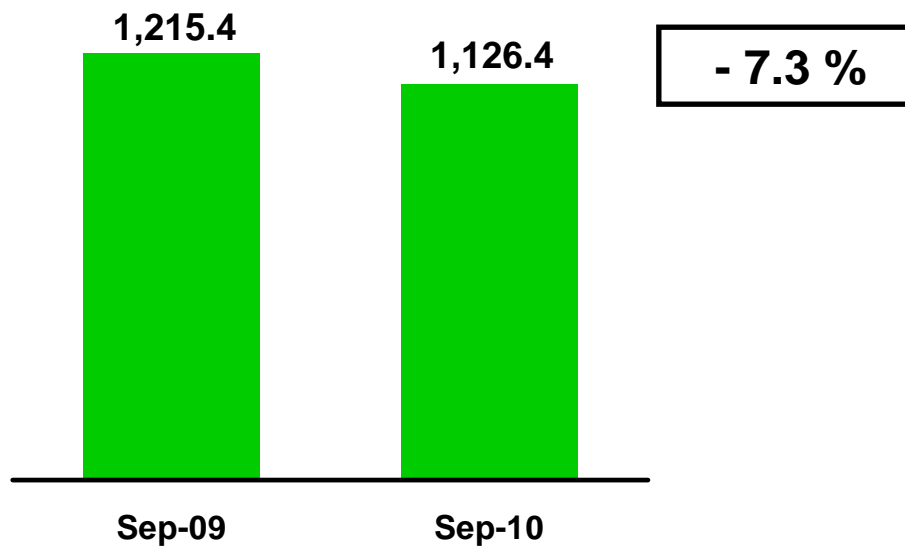
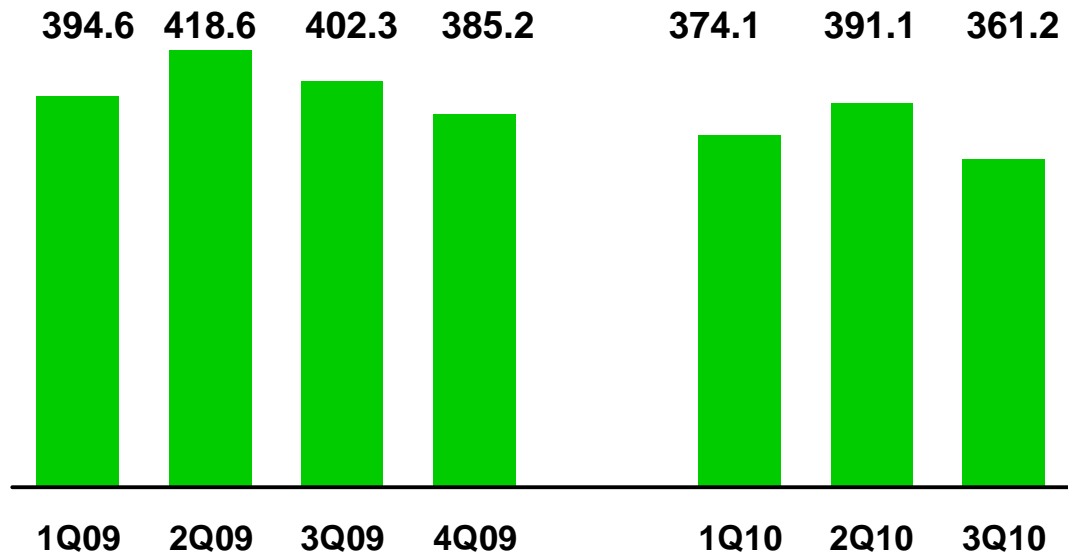


	Sep-09	Sep-10	10/09 (%)
Net Interest Income	1,215.4	1,126.4	-7.3%
Equity Method & Dividends	56.3	67.3	19.5%
Commissions	385.8	377.0	-2.3%
Trading Income & Forex	279.8	226.2	-19.2%
Other Operating Results	6.1	5.7	-6.6%
Gross Operating Income	1,943.5	1,802.5	-7.3%
Personnel Costs	-540.7	-491.7	-9.1%
Administrative Costs	-233.5	-255.3	9.3%
Depreciations	-104.9	-118.5	13.0%
Pre-provisions Income	1,064.4	937.0	-12.0%
Total Provisions & Impairments	-590.1	-813.9	37.9%
Gains on sale of assets	64.9	293.4	-
Profit before taxes	539.2	416.5	-22.7%
Taxes and others	-70.7	-76.2	7.7%
Attributable Net Profit	468.4	340.3	-27.4%

Strong capital position

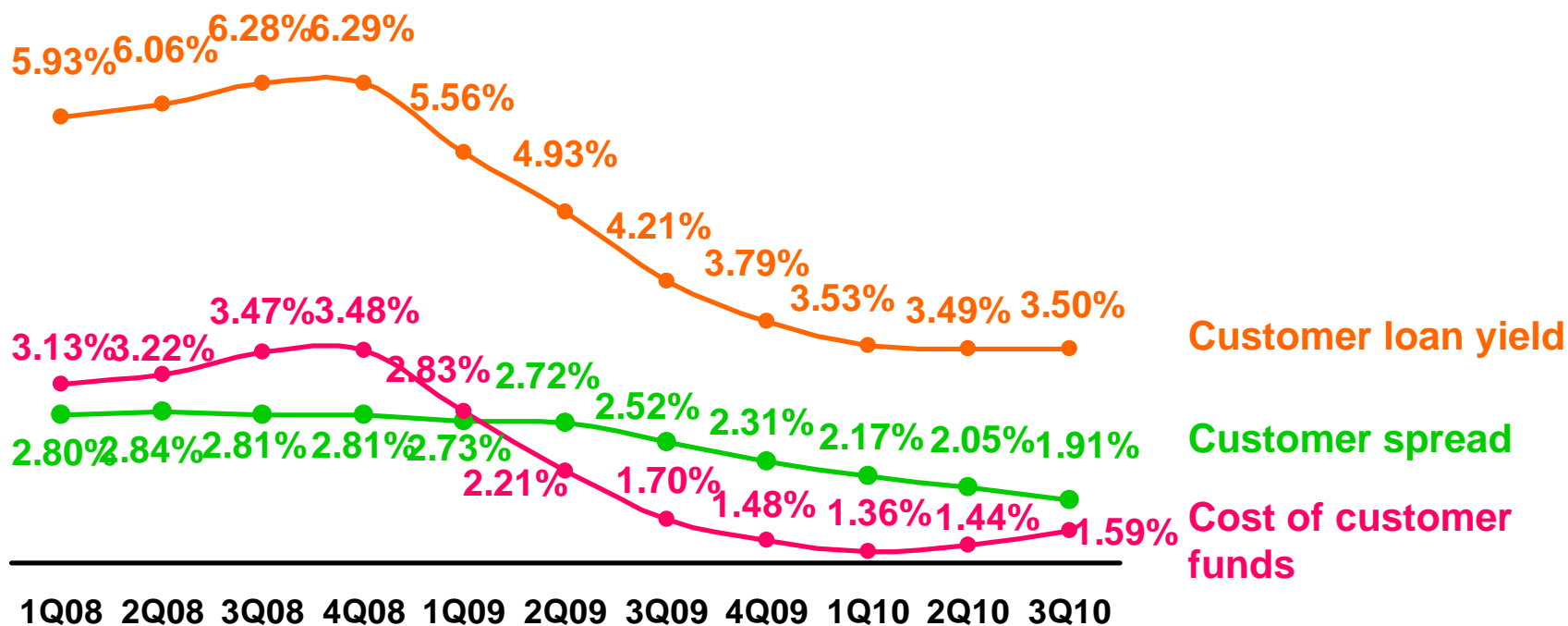
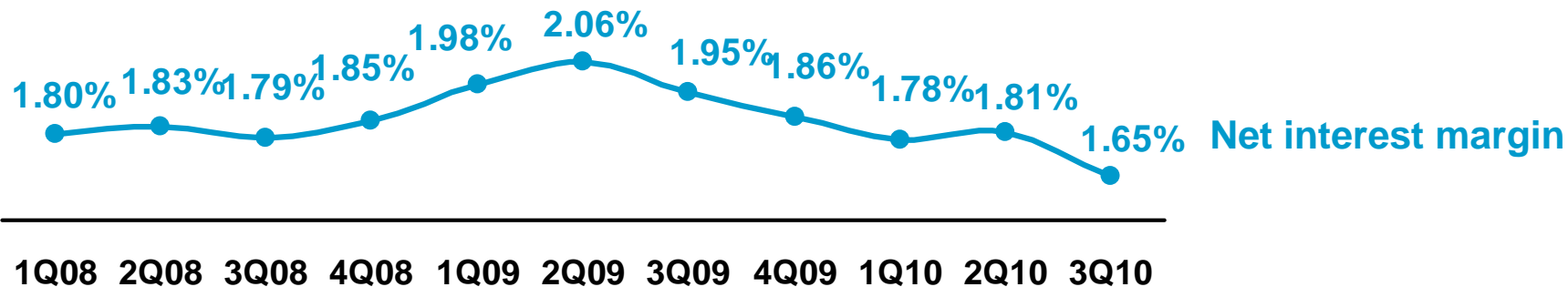


Net interest margin reflects the higher cost of funding ...



Euros in million

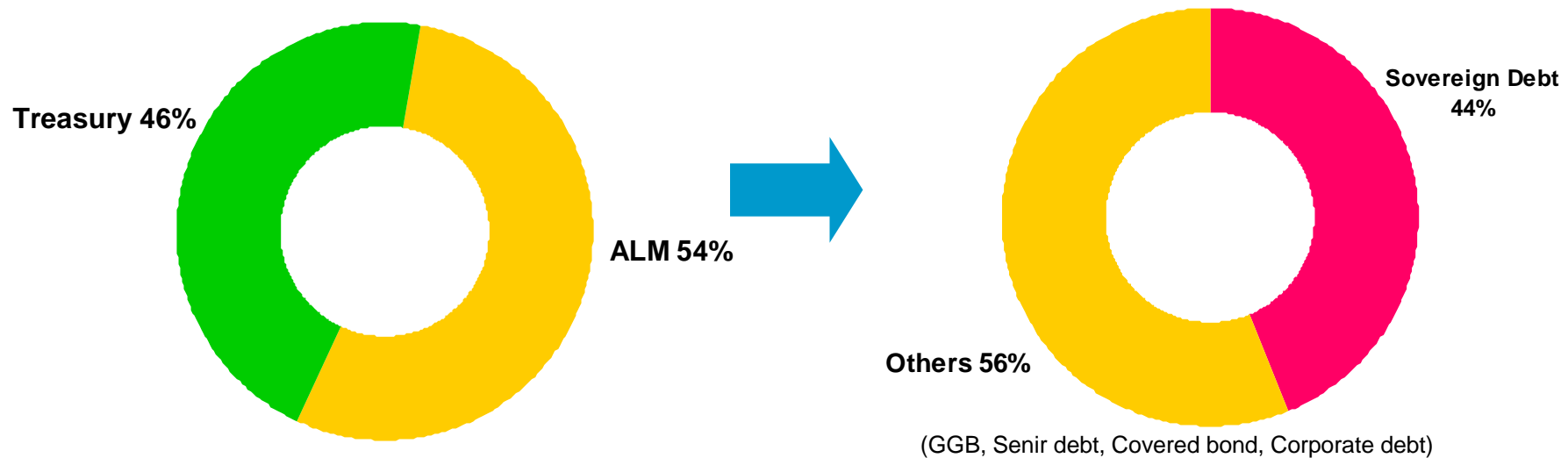
... putting pressure on the customer spread



Stable contribution from ALM portfolio

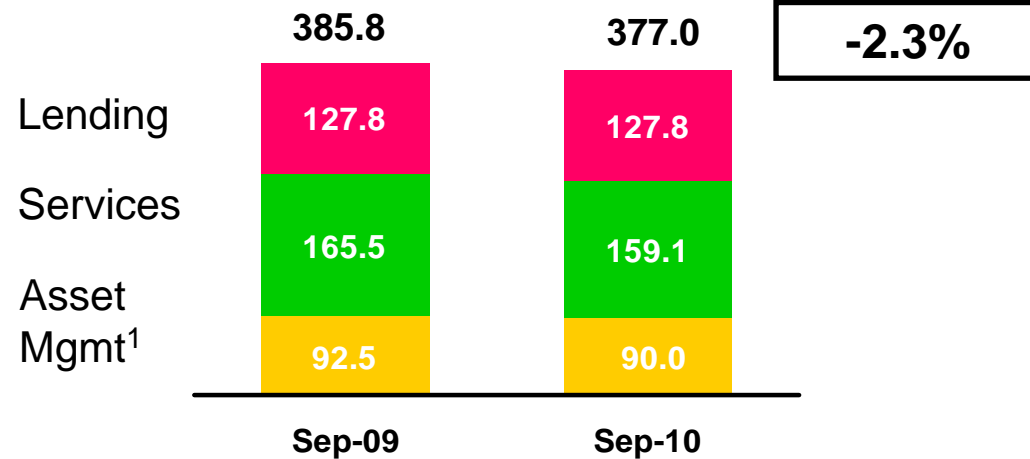
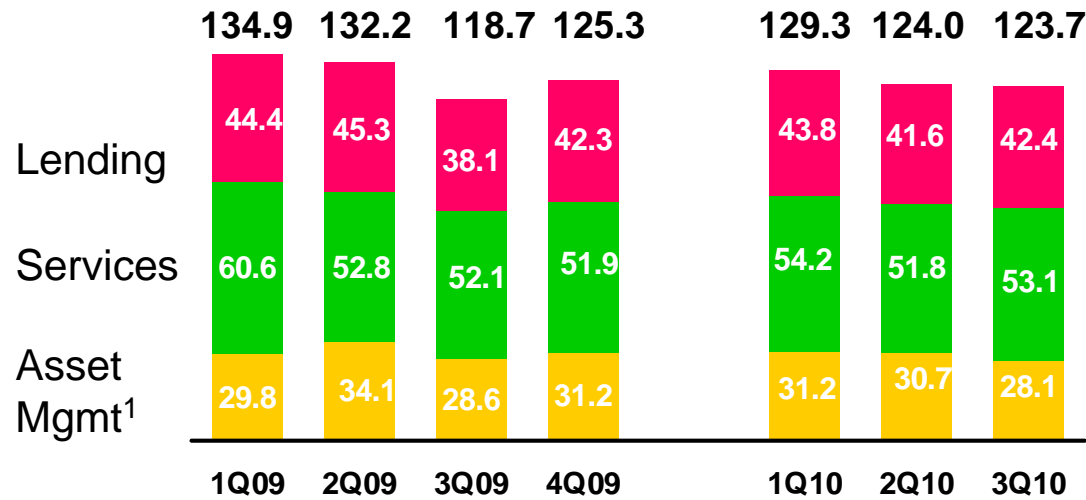


Debt securities: AFS portfolio breakdown (€10.1bn)



Proven quality of the ALM portfolio, with a stable contribution and duration

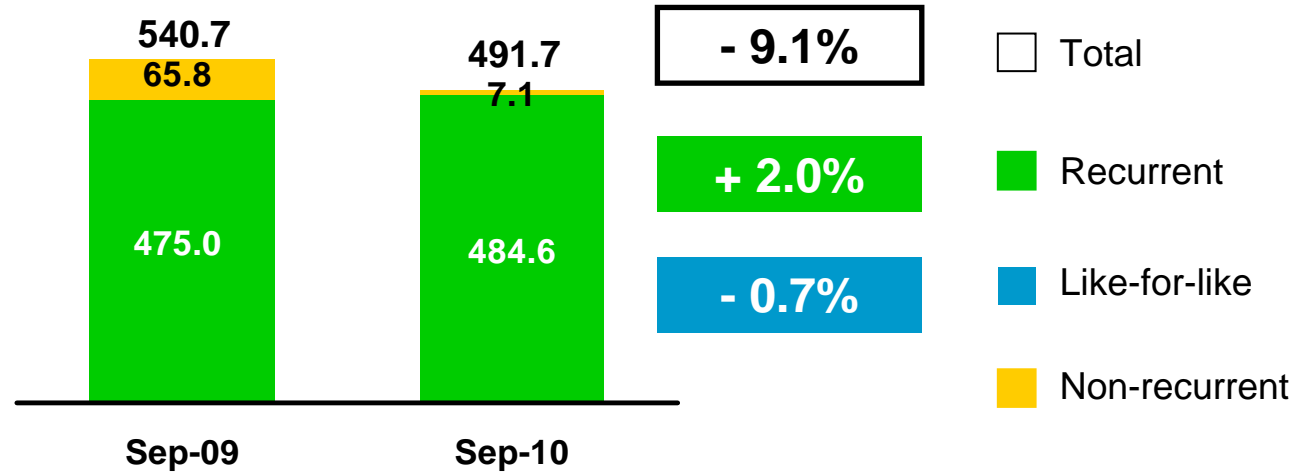
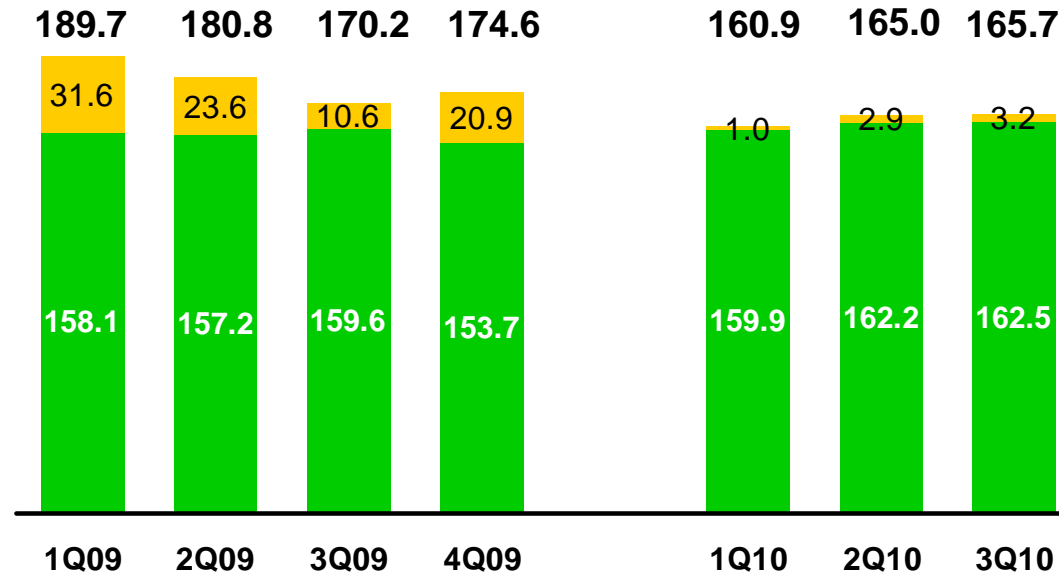
Commissions stay flat and show an improvement vs. 3Q09



Personnel expenses reflect good cost control...



Personnel expenses

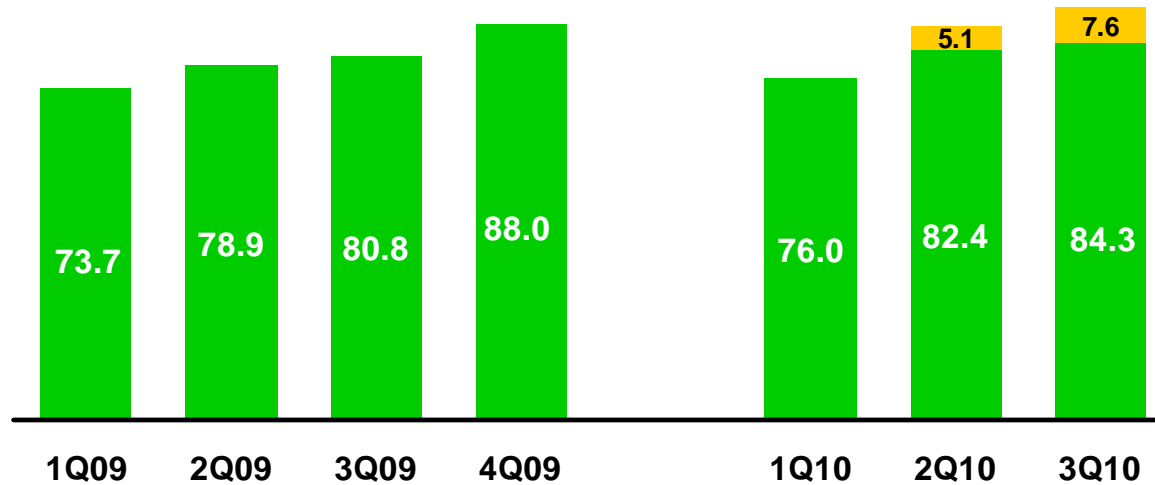


Euros in million

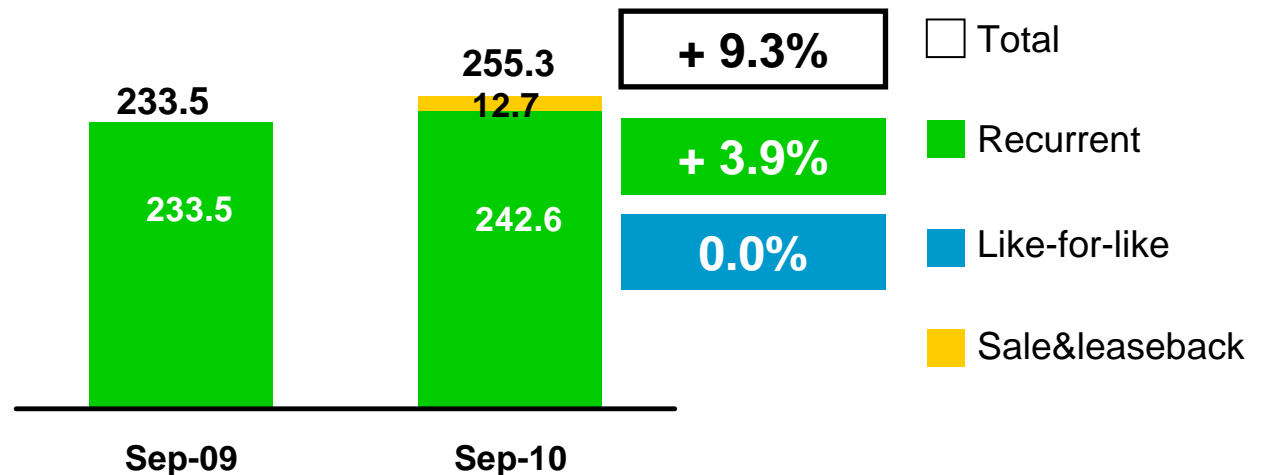
... while higher administrative costs are explained by the sale&leaseback transaction



Administrative costs



**Sale and leaseback
12-month impact :
€30m**



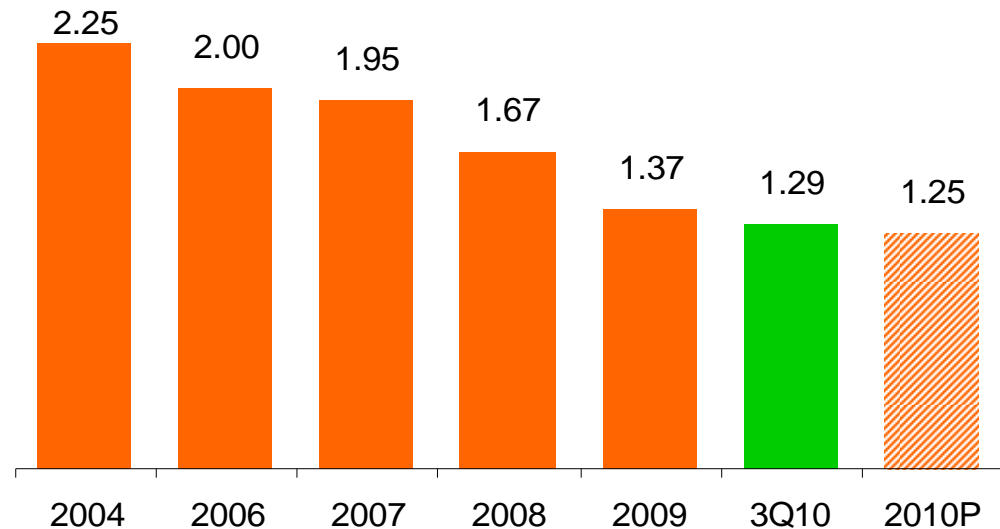
The transformation plan continues to move forward ...



Cost reduction measures

- ✓ Start up of an outsourcing center, that additionally to cost optimization, enables us to free-up capacity and take on new network administrative tasks
- ✓ Strengthening the self-service channels and focusing on Internet and mobile phone banking
- ✓ Internet based transactions are increasing by 14% and the number of Internet/mobile users has increased by 10%

FTEs* administrative by branch



*FTE= Full Time Equivalents

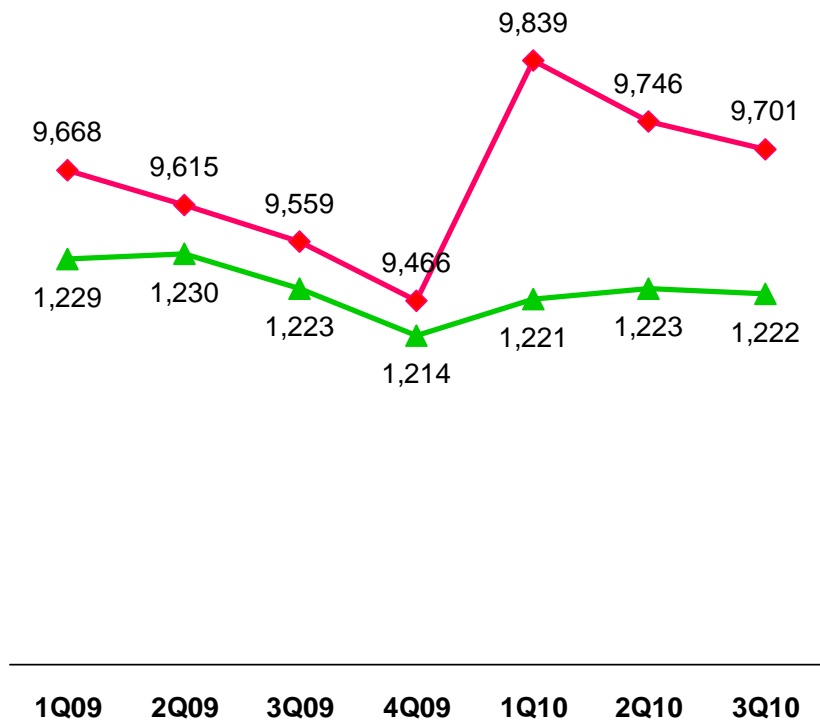
Accumulated reduction -752 FTE

The operating efficiency process keeps the trend in reducing back office time at the branch level

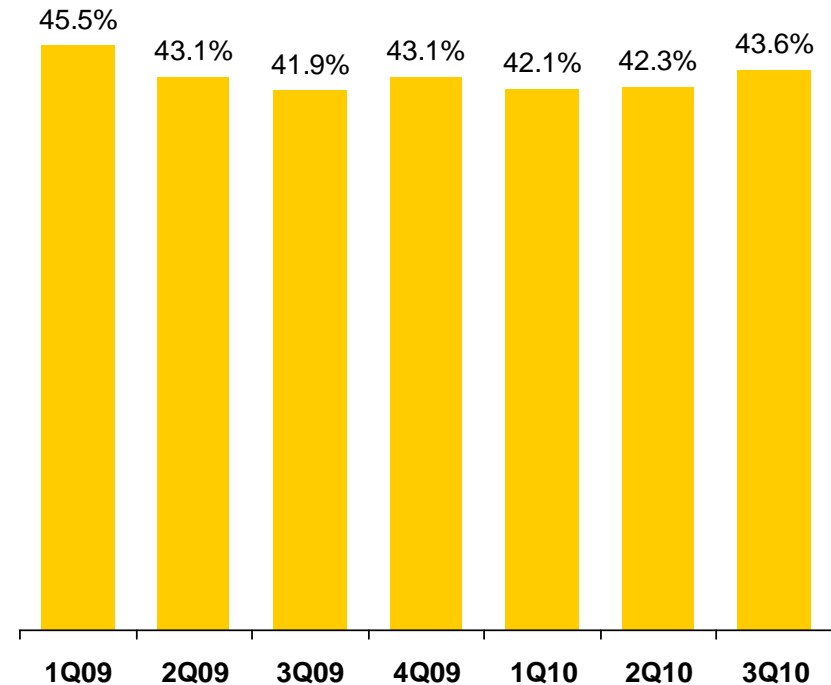
... and has a continued positive impact in the company's structure



Number of employees and branches*



Cost / income ratio



* 1Q10 Sabadell United Bank acquisition

Lower provisions in the quarter



Total provisions and impairments

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	2Q10
Specific	105.9	148.4	168.5	141.0	228.0	212.2	186.1
of which:							
NPLs entry	11.0	16.2	14.5	4.1	50.5	26.0	24.0
Calendar effect	80.8	121.7	155.2	174.8	164.6	175.6	144.3
Extraordinary charge	0.0	0.0	0.0	0.0	0.0	90.0	46.0
New regulation in loans	0.0	0.0	0.0	0.0	0.0	0.0	-120.0
Substandard	41.9	87.5	258.7	3.4	-54.2	-31.2	-61.9
Metrovacesa	0.0	46.7	43.4	94.3	0.0	0.0	0.0
Real estate assets	0.3	57.0	67.1	57.2	46.0	209.8	160.9
BCP	0.0	0.0	0.0	210.0	0.0	38.5	0.0
Goodwill and others	1.0	-0.3	9.1	53.5	8.9	5.3	12.2
Subtotal	149.1	339.2	546.8	559.4	228.6	524.6	223.3
Generic	0.0	-129.4	-315.5	-311.8	-61.2	1.7	-103.2
Total prov. and impair.	149.1	209.8	231.3	247.6	167.4	526.3	120.1

The new regulation prompts a provision release in loans and a higher provision in real estate

1. 3Q10 Results

2. Commercial activity and liquidity

3. Risk Management

Strong commercial activity ...



	Sep-09	Sep-10	% Var.
On-balance sheet customer funds*	38,310	42,608	+11.2%
Fix-term deposits	22,280	25,824	+15.9%
Off-balance sheet funds	16,930	17,827	+5.3%
Mutual funds	8,622	8,393	-2.7%
Pension funds	2,442	2,760	+13.0%
Third party insurance products	5,346	5,605	+4.8%
Loans to customers	64,458	64,579	+0.2%
Loans to customers excluding real estate			+7.4%

A strong commercial activity in a difficult environment allows us to increase market share

* Excluding repos and including preference shares placed in the retail network and convertible bond issue. Euros in million

... driven by successful campaigns to attract clients ...



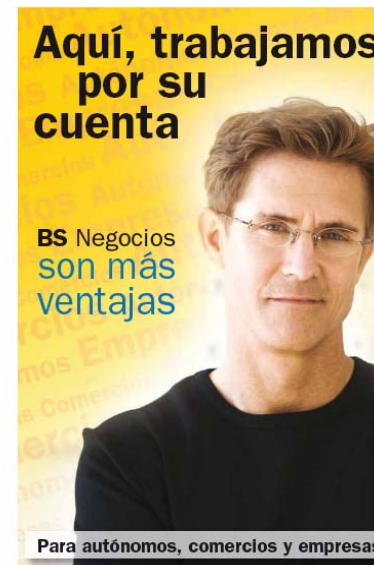
Significant success in gaining new customers:

	Sep-09	Sep-10	% Var.
Individuals	97,156	142,526	+47%
Companies	18,751	30,227	+61%

Two major campaigns to attract clients:



66,183 new accounts

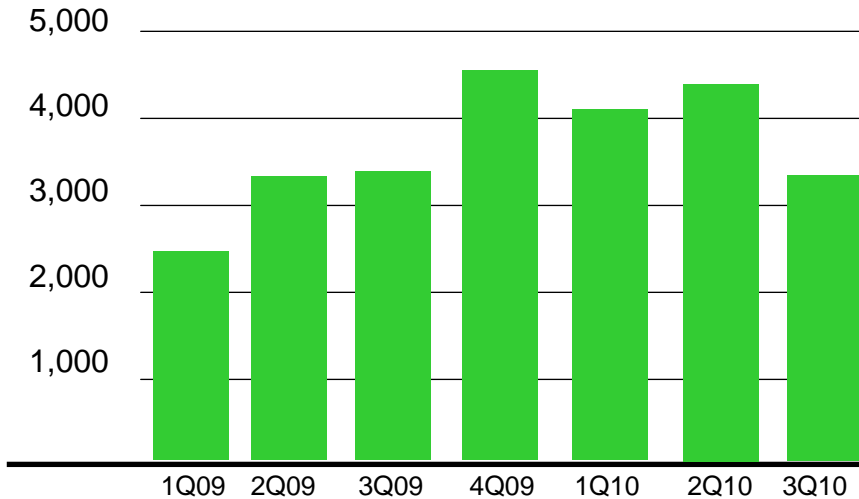


36,076 new accounts

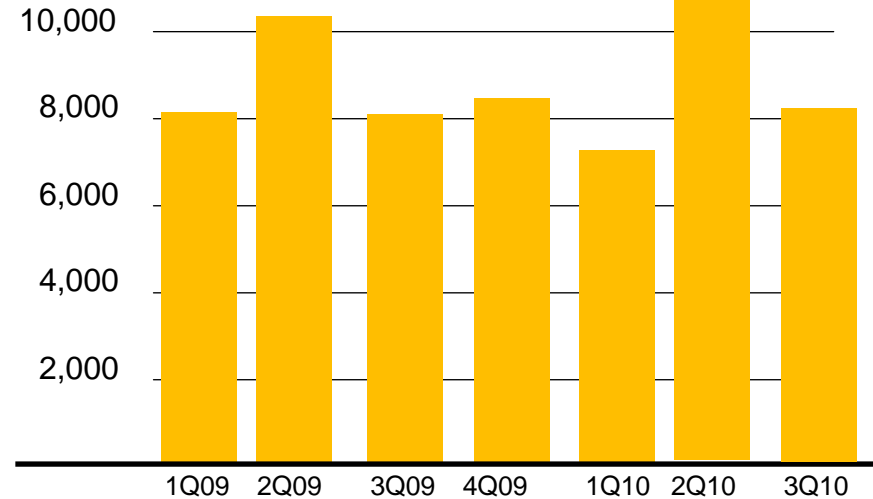
... maintaining the level of transactions on the asset side ...



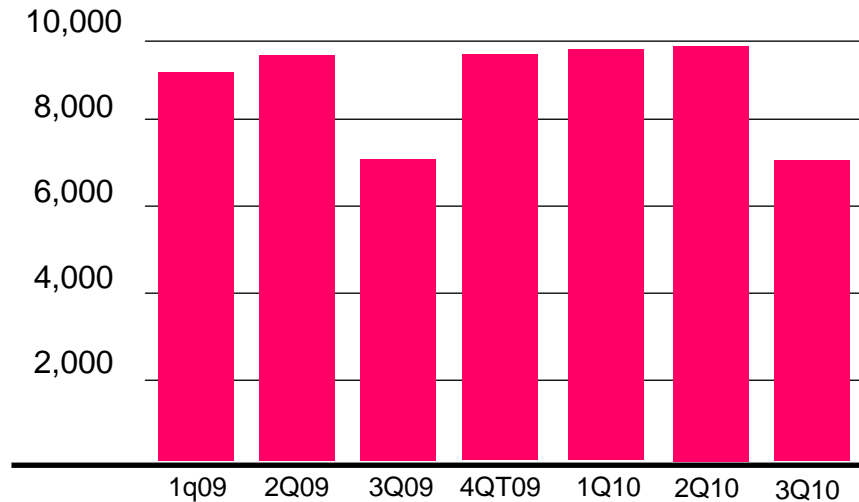
Mortgages (number of new contracts)



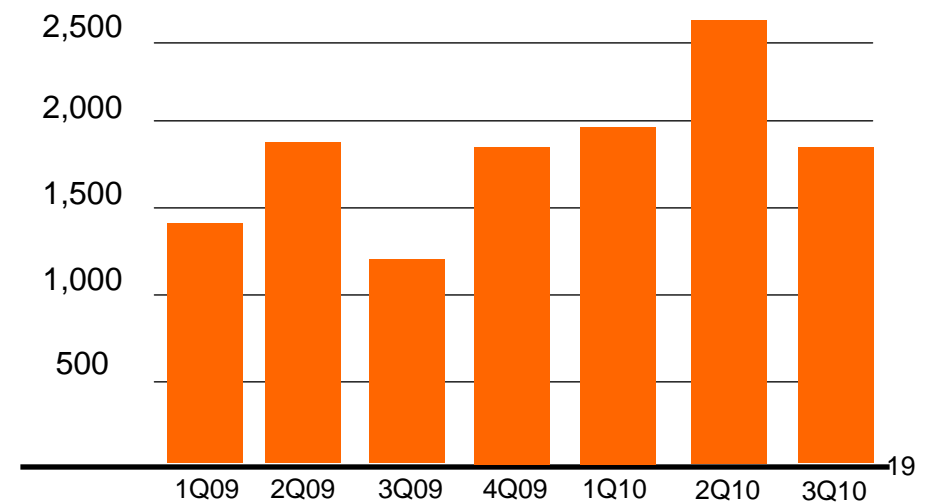
Loans (number of new contracts)



Credit lines (number of new contracts)



CrediGlobal (number of new contracts)



... improving market shares related to foreign trade ...



BS has improved its market shares:

	Dec-09	Sep-10
Documentary letter of credit, exports	21.33%	23.07%
Documentary letter of credit, imports	15.02%	15.72%

The Spanish export/import sector shows strong growth:

	Jan-Aug '10	YoY change
Exports	€ 119,023 million	+ 17.0 %

Improved market shares in international trade, an important driver of the Spanish economic recovery

... and with an important success in deposits ...



3Q10 deposit attraction

Flexible Deposit

€ 760.8 milion

Platinum Deposit

€ 1,237.3 milion

18 months Deposit

€ 664.4 milion

Cross selling

Mass market

4.3 products per client

Personal Banking

7.5 products per client

Important efforts in cross selling through new deposits campaigns (30% of the new deposits have also salary account)

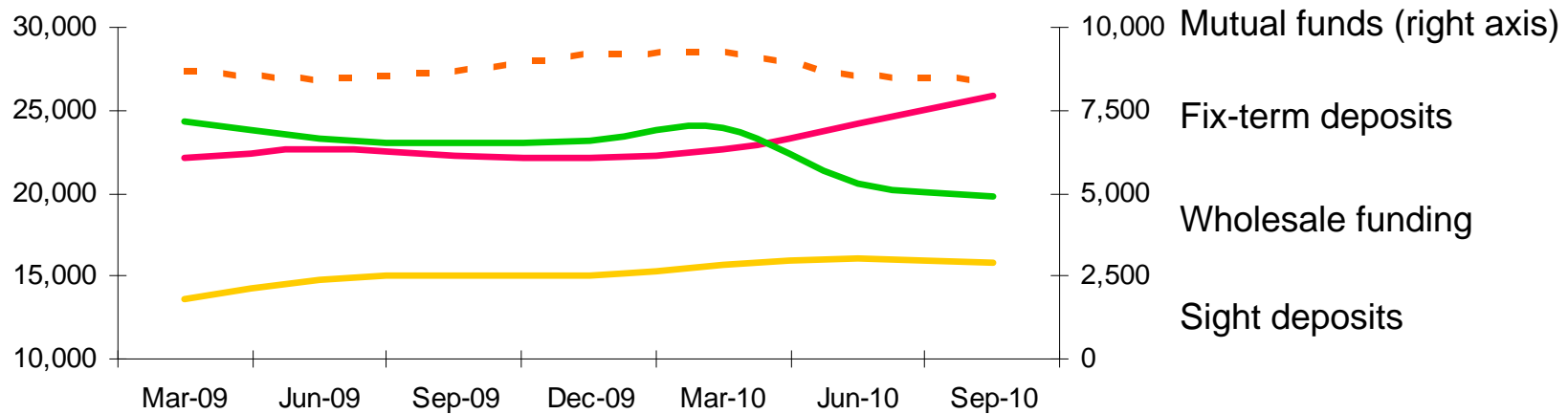
... that generates an important commercial GAP ...



Positive commercial GAP



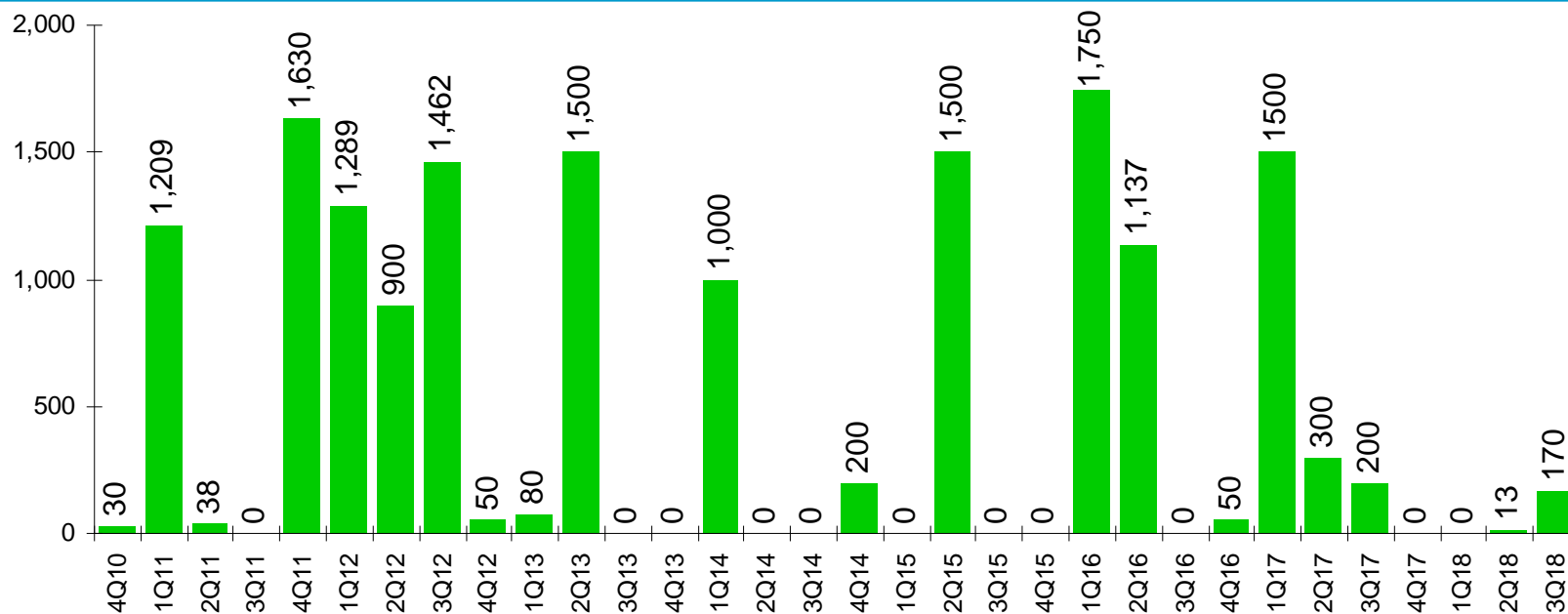
Funds evolution



... and provide us with a comfortable liquidity position for the coming quarters



Wholesale funding maturity calendar



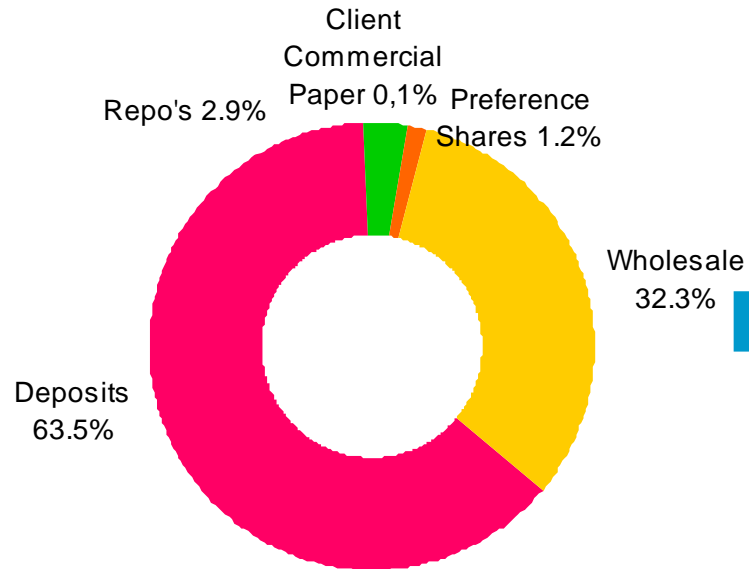
9M10 issues:

Covered bonds	€2,000m
Subordinated debt	€ 500m
Senior debt	€ 182m
Total issues	€2,682m

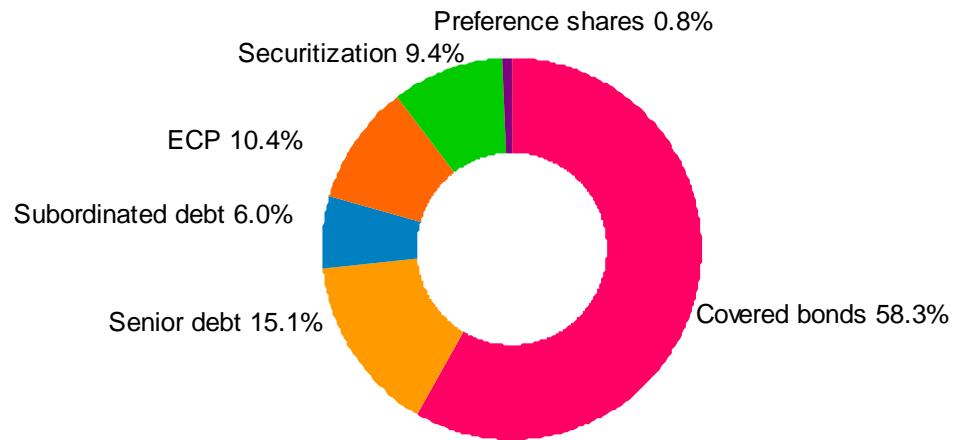
Balanced funding structure



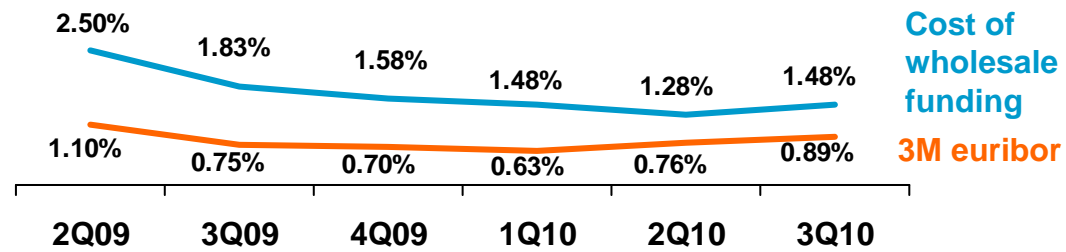
Funding structure



Wholesale funding breakdown



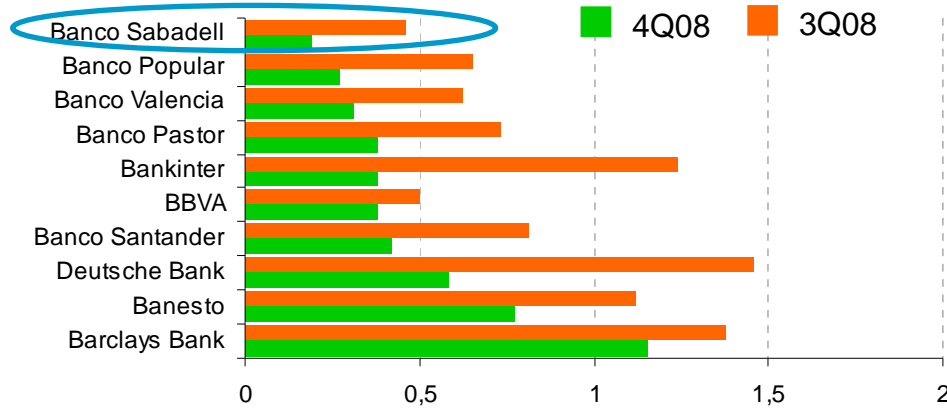
Cost of funding evolution



Service quality

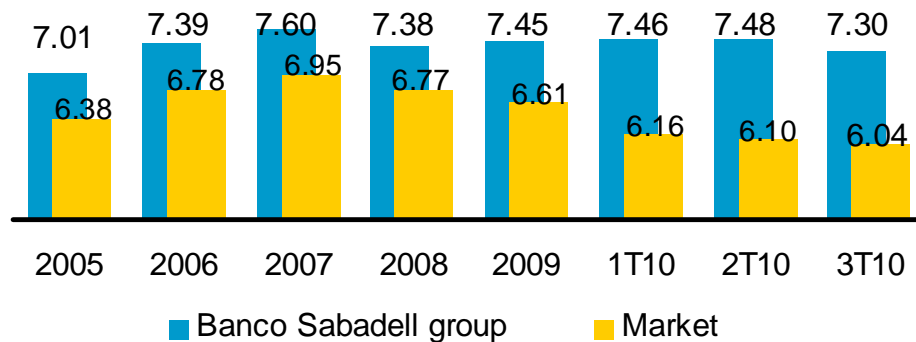


Ranking in service quality ¹



The only Spanish financial institution with a global ISO 9001 quality certificate

Ranking in retail banking network independent quality surveys ²



Renewal of the Global Award of European Excellence



Source: ¹ Bank of Spain, dec-08 Bulletin

² STIGA, "RCB Objective Quality in Retail Banking Networks" 3Q10

1. 3Q10 Results

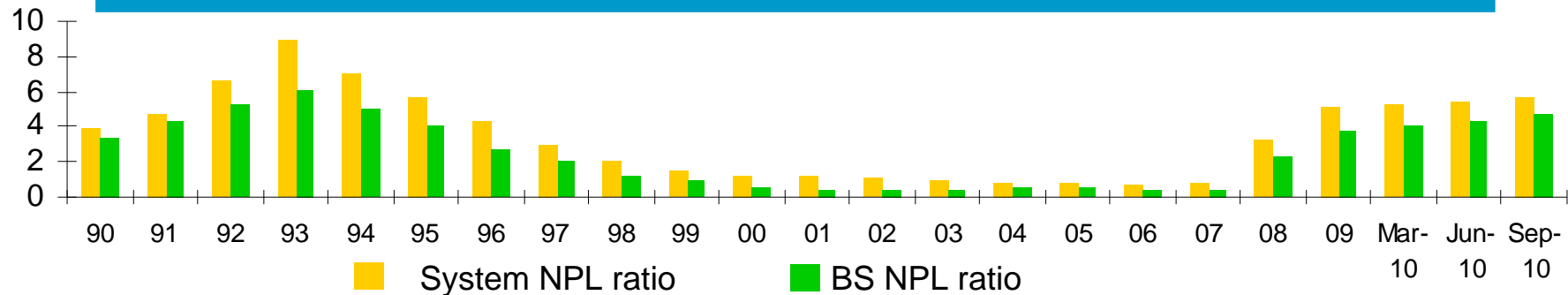
2. Commercial activity and liquidity

3. Risk Management

BS maintains a significant NPL gap...



	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
NPL ratio BS	2.35%	2.82%	3.19%	3.47%	3.73%	4.09%	4.38%	4.72%
NPL ratio banks	2.80%	3.57%	4.02%	4.40%	5.02%	5.22%	5.32%	5.49%*
NPL ratio system	3.37%	4.27%	4.60%	4.86%	5.08%	5.33%	5.35%	5.62%*
GAP BS vs banks (bp)	45	75	83	93	129	113	94	77
GAP BS vs system (bp)	102	145	141	139	135	124	97	90

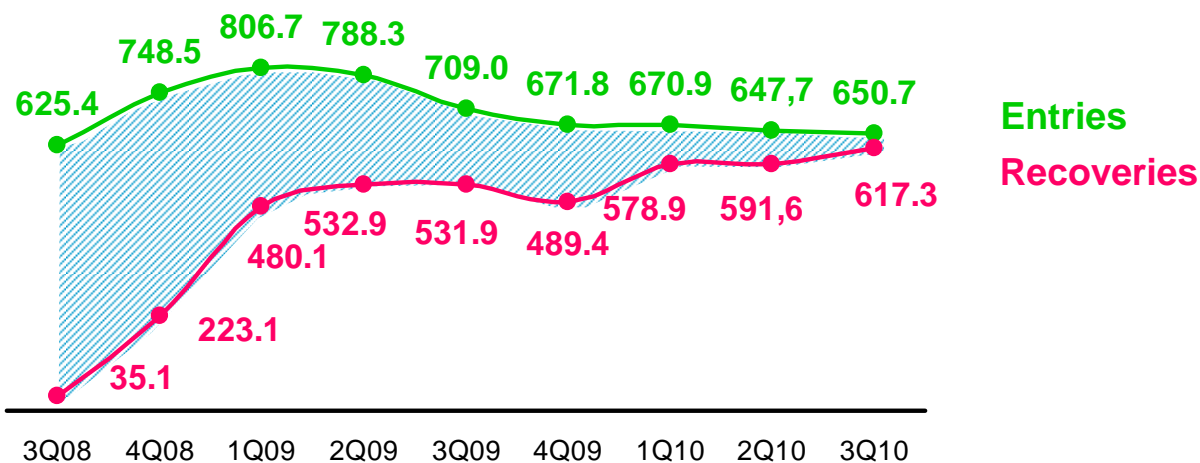


Continued important NPL gap vs. the system, with a coverage ratio of 52% (114% including mortgage guarantees)

... with entries and recoveries on a converging path ...



Evolution of entries and recoveries



	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Entries	806.7	788.3	709.0	671.8	670.9	647.7	650.7
Other provisioned loans entries	0.0	35.4	41.0	63.9	349.7	256.4	382.0
Recoveries	-480.1	-532.9	-531.9	-489.4	-578.9	-591.6	-617.3
Write-offs	-1.7	-25.4	-9.2	-31.2	-183.3	-93.1	-201.3
Quarterly change on NPLs	324.8	265.4	208.9	215.1	258.4	219.4	214.1

Euros in million

...and the NPL ratios by segments remain under control

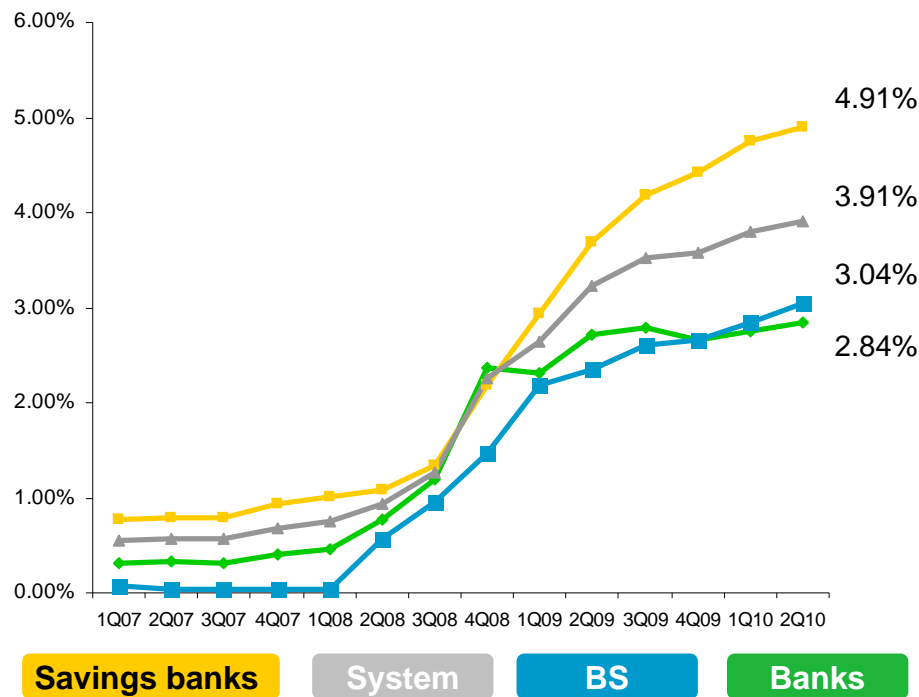


	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
Companies	1.60%	1.81%	1.95%	1.92%	2.05%	2.38%	2.22%
SME	1.97%	2.54%	2.73%	2.89%	2.86%	3.32%	3.68%
Small retailers and self-employed	2.42%	2.93%	3.59%	3.93%	3.96%	4.14%	4.19%
Real estate development	7.34%	7.73%	8.05%	9.33%	12.60%	14.24%	15.83%
Real estate management companies	3.37%	4.01%	4.63%	5.70%	6.95%	7.42%	8.18%
Construction	3.84%	4.23%	4.71%	4.53%	4.88%	5.13%	5.96%
Mortgages to individuals	1.48%	1.69%	1.99%	1.95%	2.11%	2.13%	2.30%
Individual others	4.24%	4.91%	5.53%	5.43%	5.46%	5.43%	5.67%
Total	2.82%	3.19%	3.47%	3.73%	4.09%	4.38%	4.72%

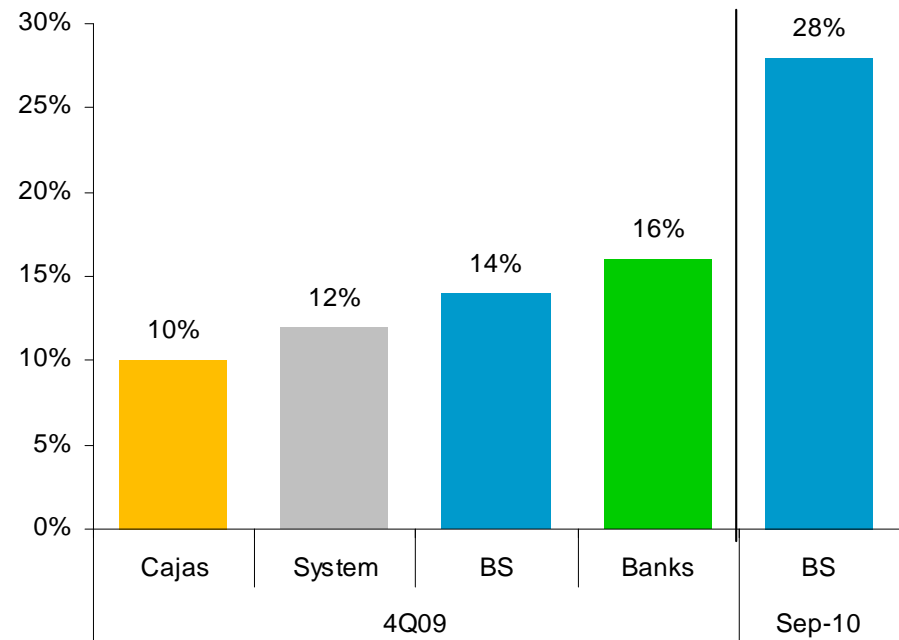
With a better scaled portfolio than the sector average



% Real estate assets over loans



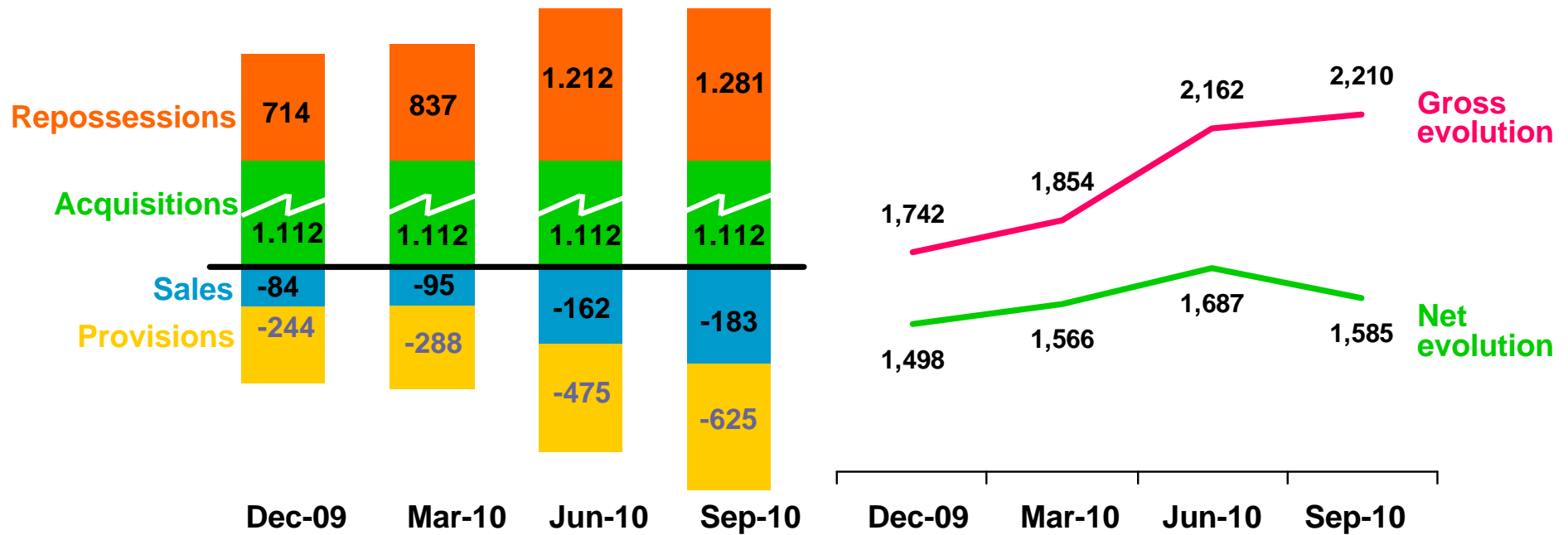
% Coverage



Solvía: Real estate assets portfolio



Accumulated evolution of the real estate portfolio



**Significant real estate provisioning effort has continued.
Real estate assets coverage ratio stands now at 28%**



B **S**

**“I've been learning
and trying to excel
from day one”**

Pep Guardiola, July 2010

**"In our case,
for the last 130 years"**

Banco Sabadell, September 2010

B **Sabadell**

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