

Banco Sabadell

FY10 Results



January 27th, 2011

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1. 2010 in summary

2. FY10 Results

3. Commercial activity, balance sheet and liquidity

4. Risk management

5. Banco Guipuzcoano integration

6. CREA

1. 2010 in summary

2010 in summary

Capital ratios improvement

Important commercial GAP generation

Comfortable liquidity position, no reliance on ECB

Net interest margin reflects a higher cost of funding

Sustained growth in the number of customers and deposits

Loan growth

Continued improvement in the new NPL entries trend

High coverage of real estate assets

Good cost management and efficient integration of Banco Guipuzcoano

2. FY10 results

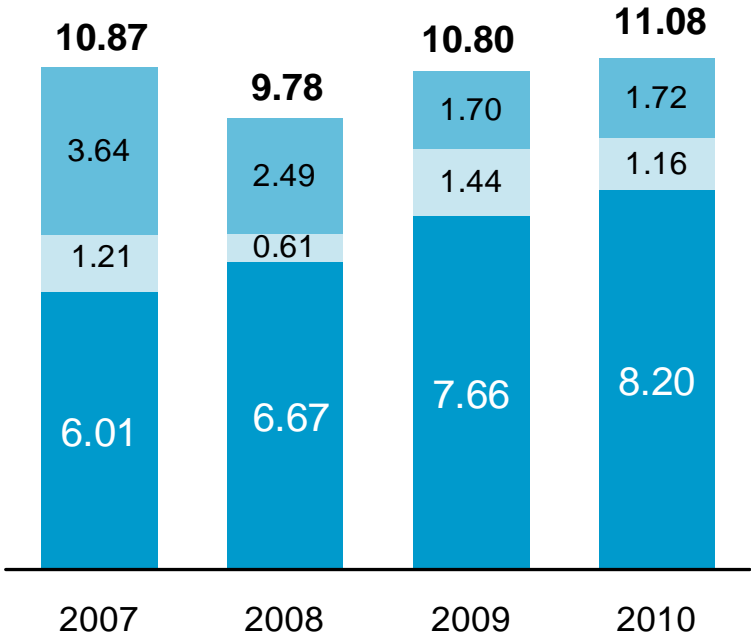
FY10 results

	2009	2010	Var.
Net Interest Income	1,600.6	1,459.1	-8.8%
Equity Method & Dividends	86.5	87.1	0.7%
Commissions	511.2	516.5	1.0%
Trading Income & Forex	297.4	262.7	-11.7%
Other Operating Results	9.3	5.9	-36.9%
Gross Operating Income	2,505.0	2,331.3	-6.9%
Personnel Costs	-715.3	-679.7	-5.0%
Administrative Costs	-321.5	-356.3	10.8%
Depreciations	-142.7	-159.0	11.4%
Pre-provisions Income	1,325.5	1,136.3	-14.3%
Total Provisions & Impairments	-837.7	-968.1	15.6%
Gains on sale of assets	83.6	296.1	-
Profit before taxes	571.3	464.3	-18.7%
Taxes and others	-48.9	-84.3	72.5%
Attributable Net Profit	522.5	380.0	-27.3%

Well capitalised

Capital ratios evolution

In %



Core capital 2010: 8.20%
+54 bp YoY

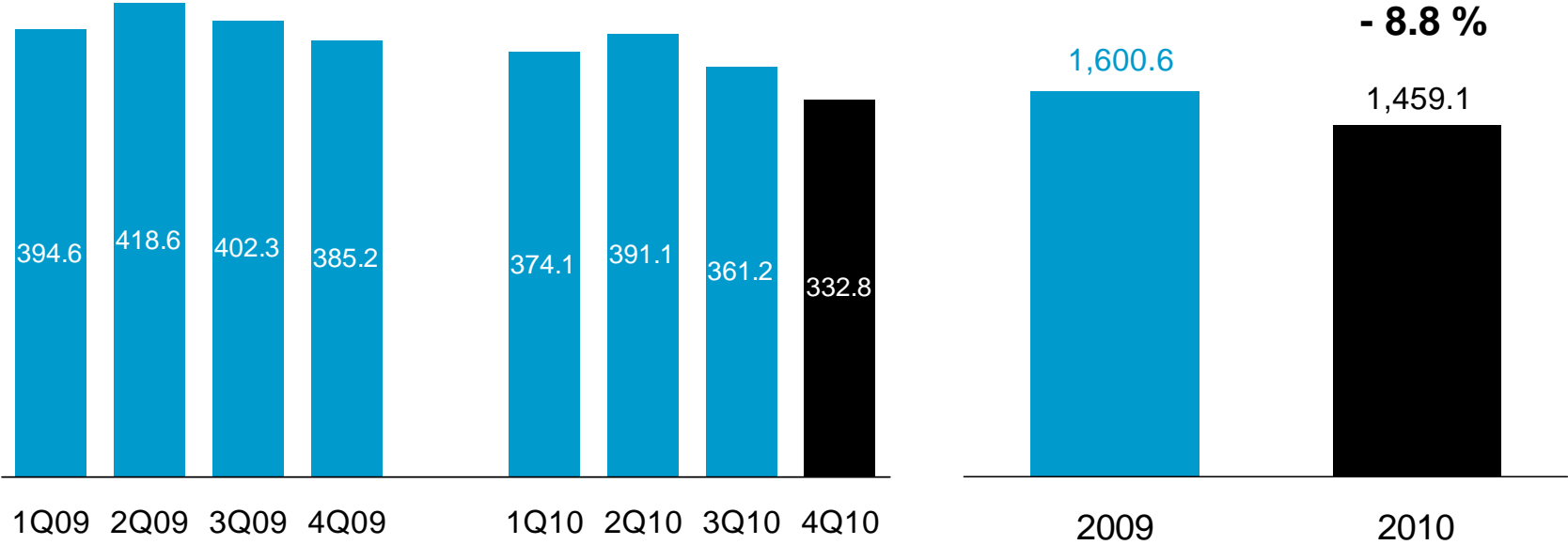
Tier I capital 2010: 9.36%
+26 bp YoY

- Core Capital
- Lower Tier I
- Tier II

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

Net interest income evolution

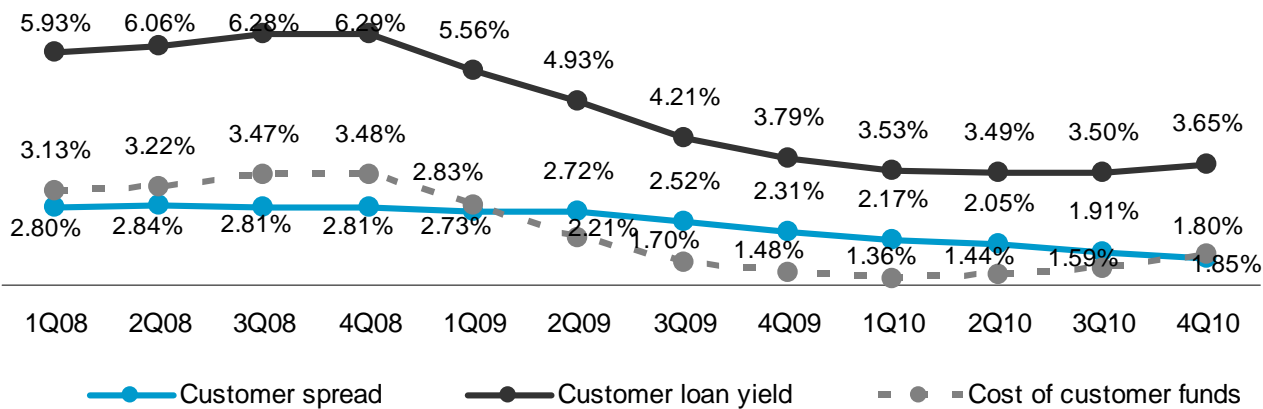
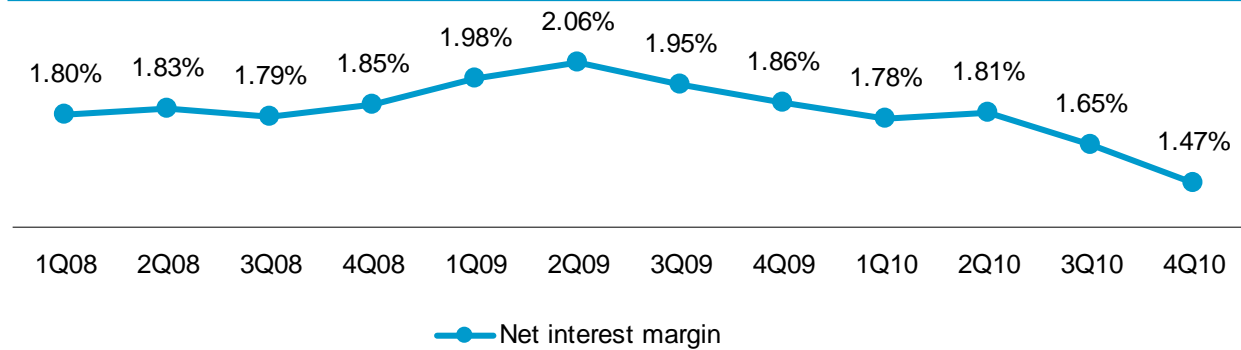
Euros in million



... with impact in the customer spread

Margins evolution

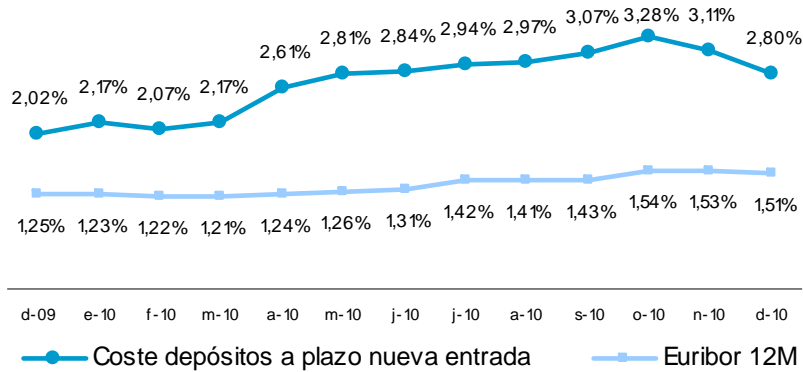
In percentage



The cost of new term deposits has declined

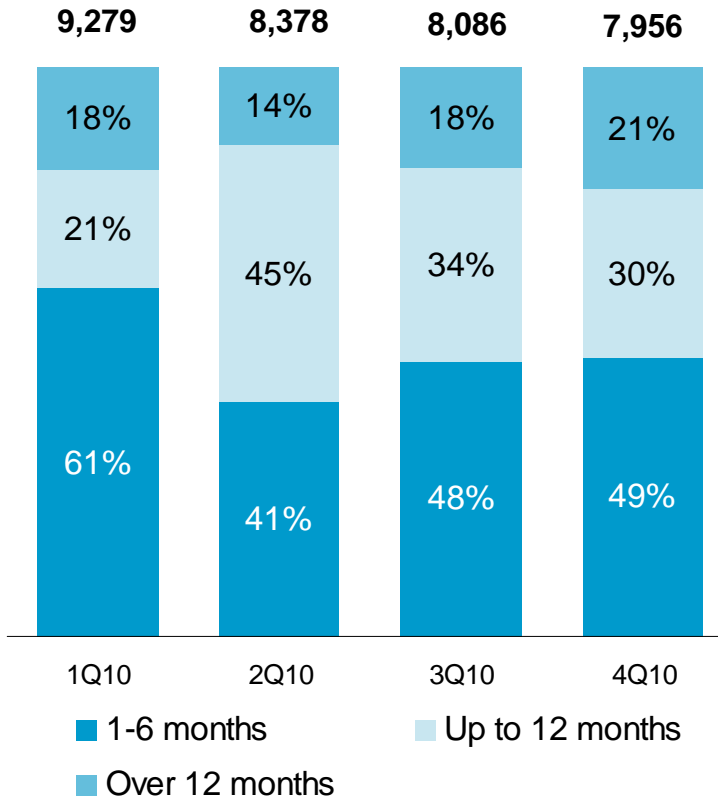
Cost of new term deposits

In percentage



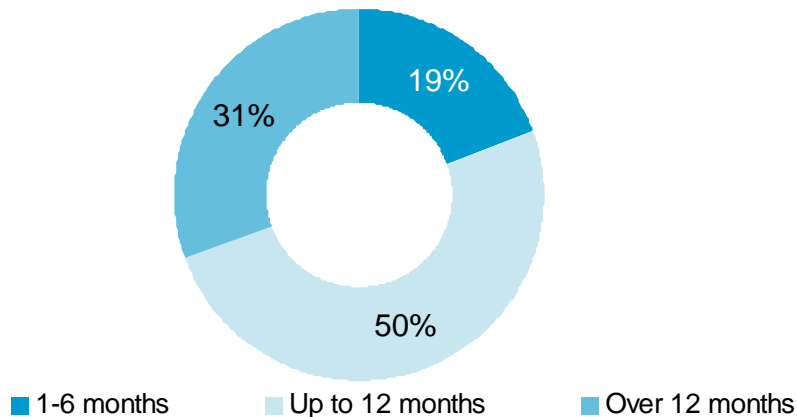
New term deposits

Euros in million



Stock of term deposits

In percentage

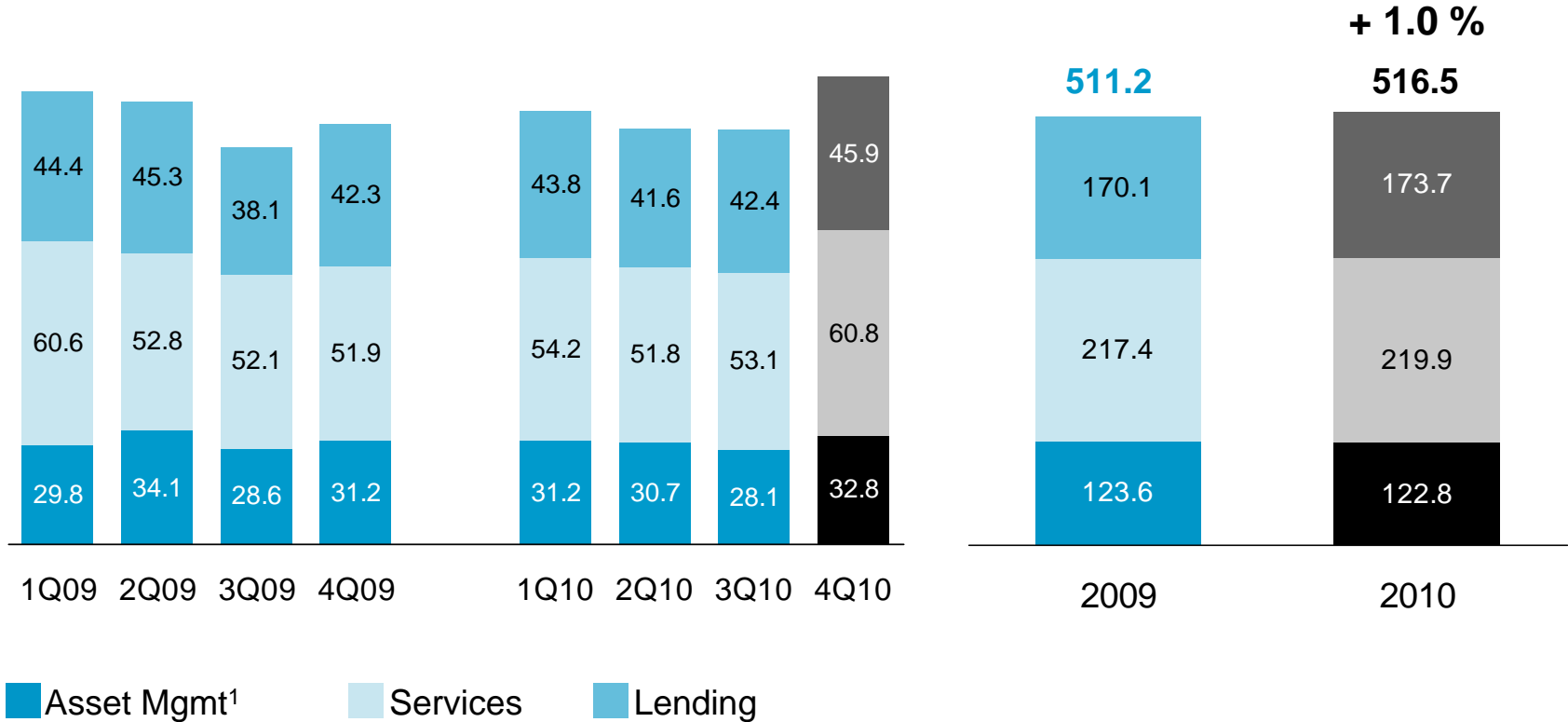


No incluye Banco Guipuzcoano

Commissions show an improvement

Commissions evolution

Euros in million

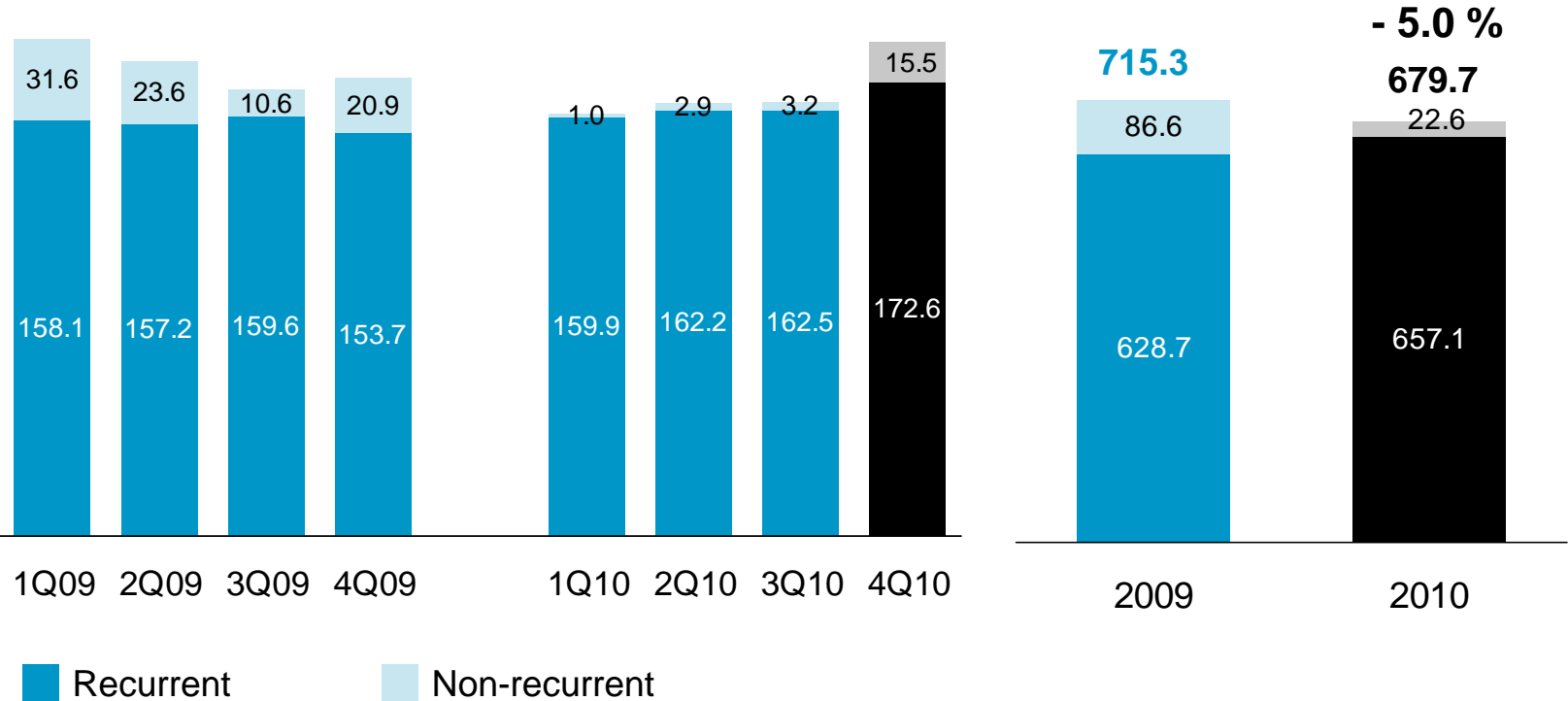


¹ Including mutual funds commissions and pension funds and non-life insurance brokerage

Personnel expenses reflect good cost control...

Personnel expenses evolution

Euros in million

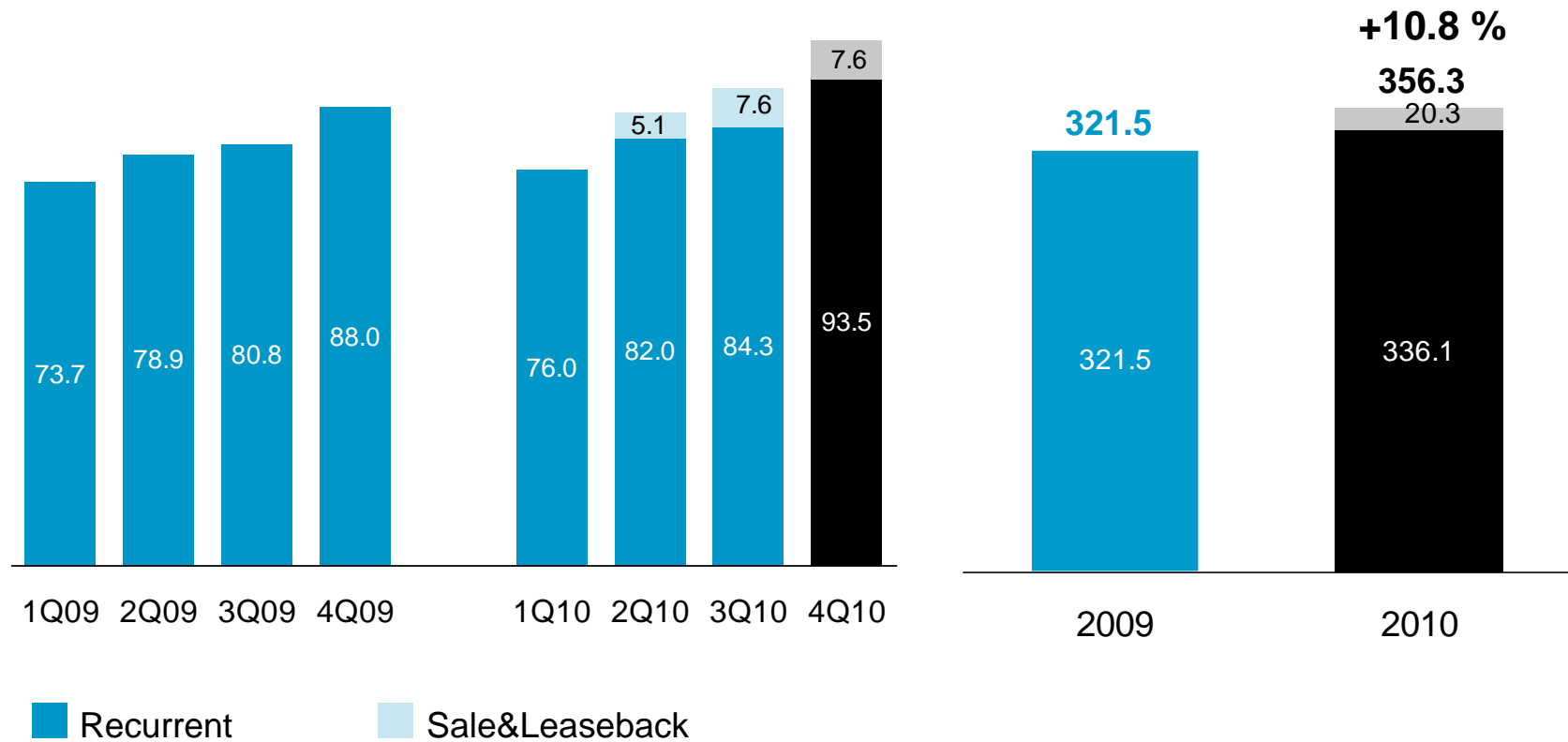


Personnel cost control like-for-like (+0,1% YoY)

Administrative costs remain flat like-for-like

Administrative costs evolution

Euros in million

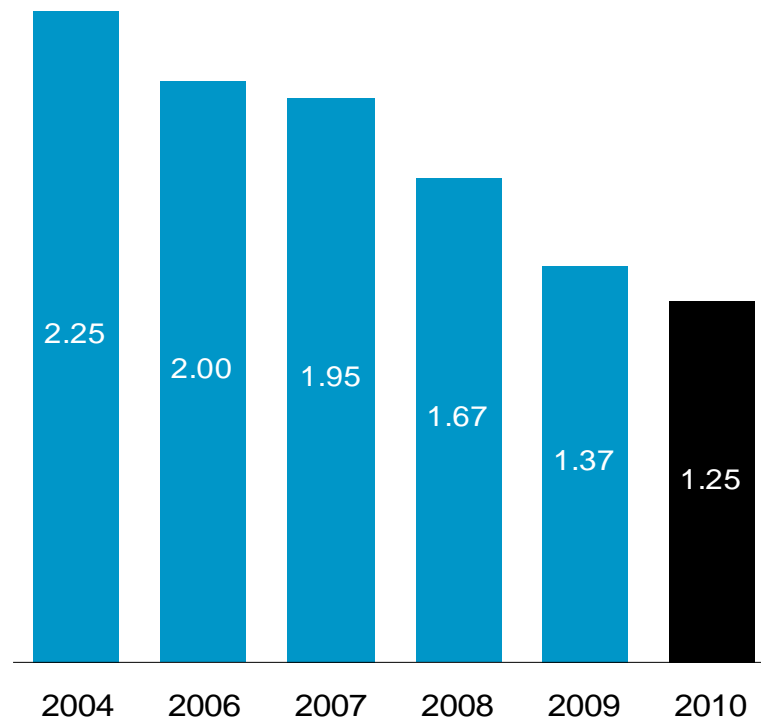


The transformation plan has achieved its targets for 2010

Cost reduction measures

- The new outsourcing centre has already exceed 160,000 monthly transactions, reaching cost optimization and enabling us to free-up capacity in order to 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



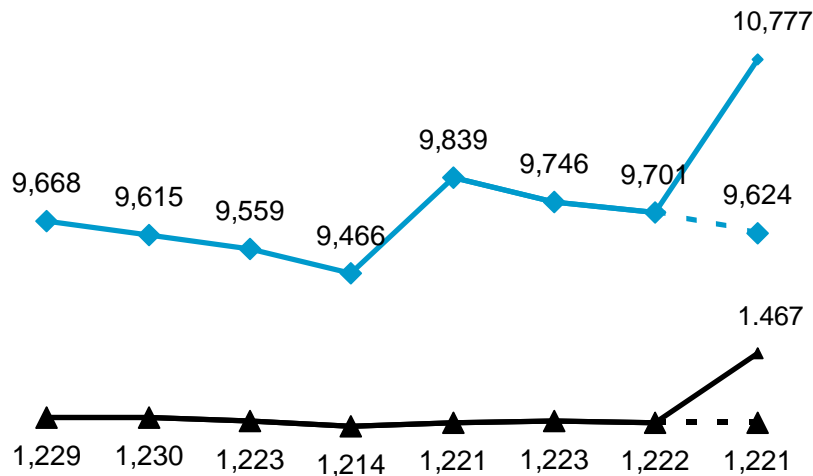
Accumulated reduction -790 FTE

* FTE= Full Time Equivalents

Network optimisation continues

Employees and branches evolution

In number



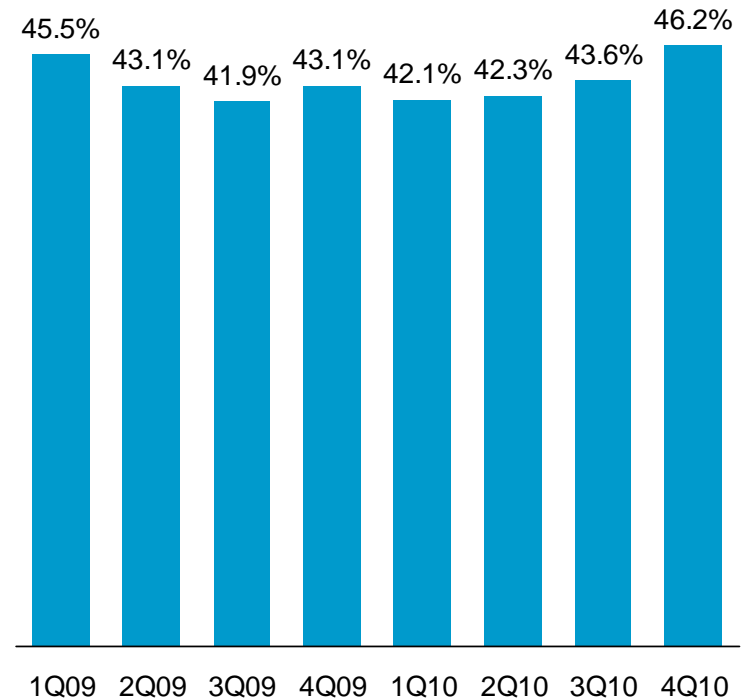
1Q09 2Q09 3Q09 4Q09 1Q10¹ 2Q10 3Q10 4Q10²
 — Branches — Employees - - - - Excluding BG

¹1Q10 Sabadell United Bank acquisition

²4T10 Banco Guipuzcoano acquisition

Cost /income ratio

In %



Cost / income ratio excluding non-recurrent costs 4Q10: 45.2%

Important effort in provisions during 2010

Total provisions and impairments evolution and breakdown

Euros in million

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Specific	105.9	148.4	168.5	141.0	228.0	212.2	186.1	124.7
Extraordinary charge	0.0	0.0	0.0	0.0	0.0	90.0	46.0	66.0
New regulation in loans	0.0	0.0	0.0	0.0	0.0	0.0	-120.0	0.0
Substandard	41.9	87.5	258.7	3.4	-54.2	-31.2	-61.9	-30.3
Metrovacesa	0.0	46.7	43.4	94.3	0.0	0.0	0.0	76.1
Real estate assets	0.3	57.0	67.1	57.2	46.0	209.8	160.9	49.9
BCP	0.0	0.0	0.0	210.0	0.0	38.5	0.0	16.2
Goodwill and others	1.0	-0.3	9.1	53.5	8.9	5.3	12.2	4.2
Subtotal	149.1	339.2	546.8	559.4	228.6	524.6	223.3	306.8
Generic	0.0	-129.4	-315.5	-311.8	-61.2	1.7	-103.2	-152.6
Total prov. and impair.	149.1	209.8	231.3	247.6	167.4	526.3	120.1	154.2

€837.8m

€968.1m

With a provisions coverage ratio of 57%

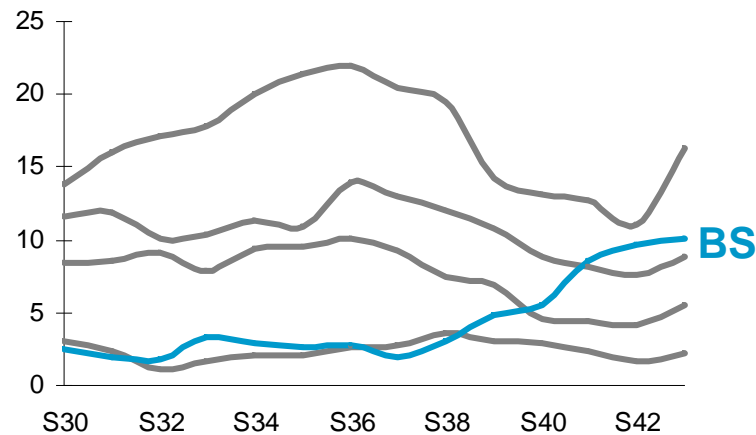
3. Commercial activity, balance sheet and liquidity

Important growth in the number of customers ...

Significant success in gaining new customers

	Dec-09	Dec-10	% Var.
Individuals	128,567	199,507	+56%
Companies	24,567	39,611	+61%

Comparative brand recognition*



* BS compared with the main Spanish financial institutions

Two major campaigns to attract clients

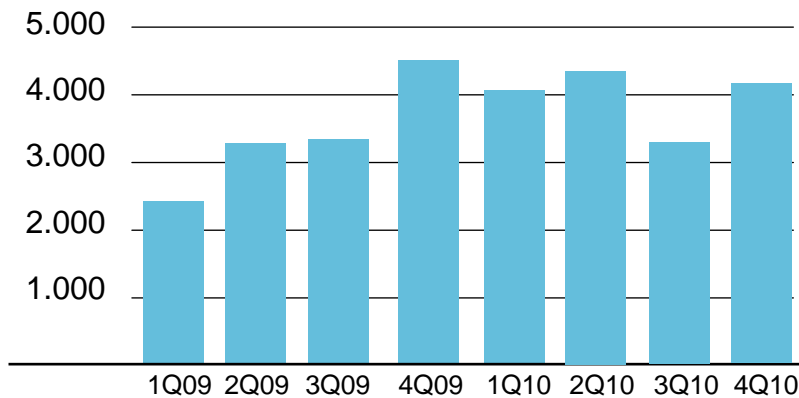
Cuenta Expansión:
92,463 new accounts

BS Negocios:
46,585 new accounts

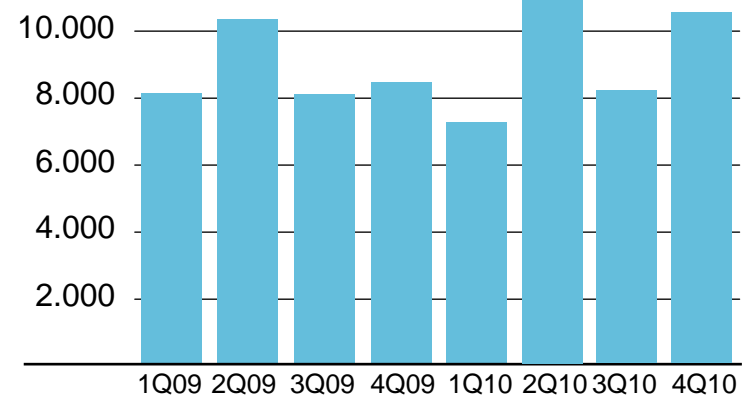


... maintaining a good level of transactions on the credit side ...

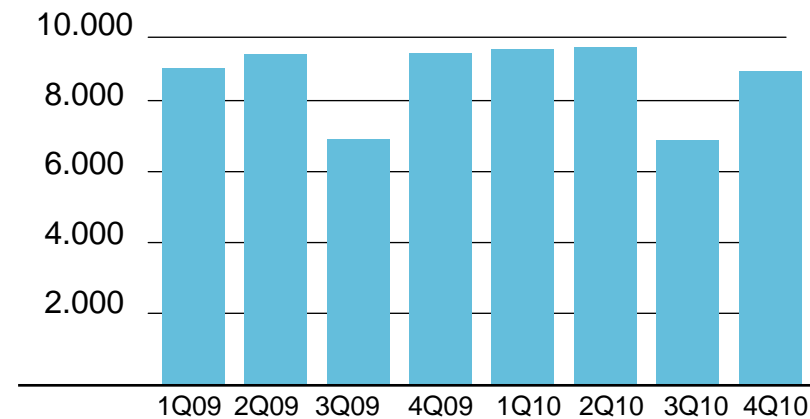
Mortgages



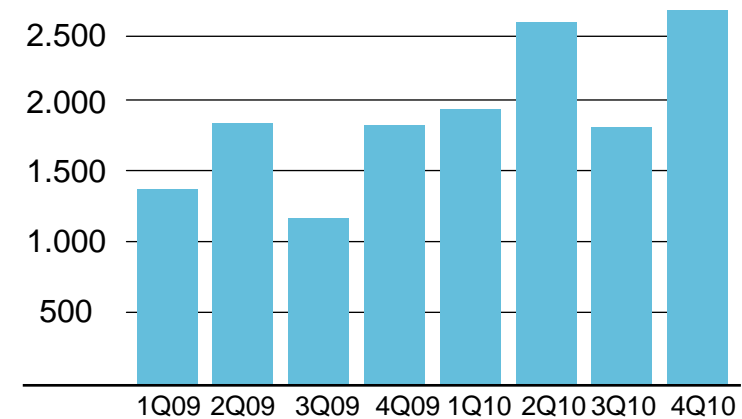
Loans



Credit lines



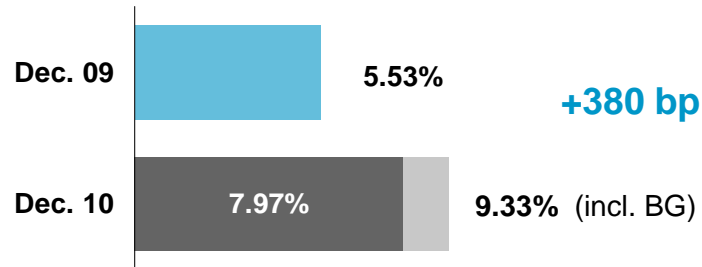
Working capital financing*



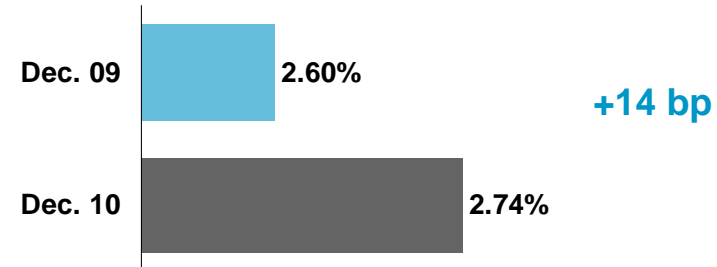
In number of new contracts
 * Under CreditGlobal product

... increasing market shares ...

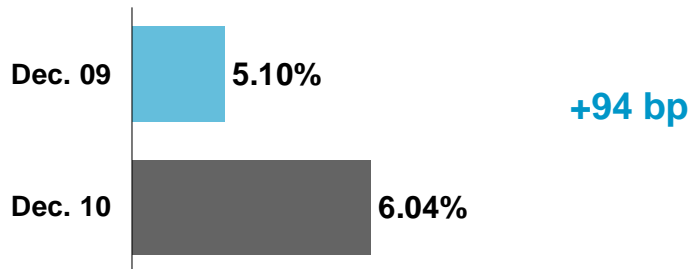
ICO Credit



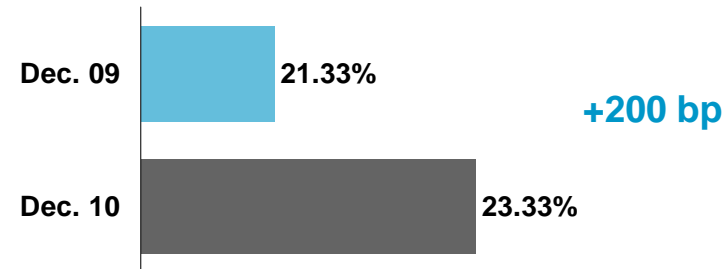
Cards turnover



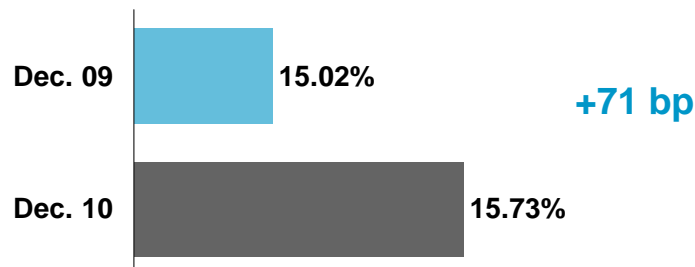
PoSs turnover



Documentary letter of credit, exports



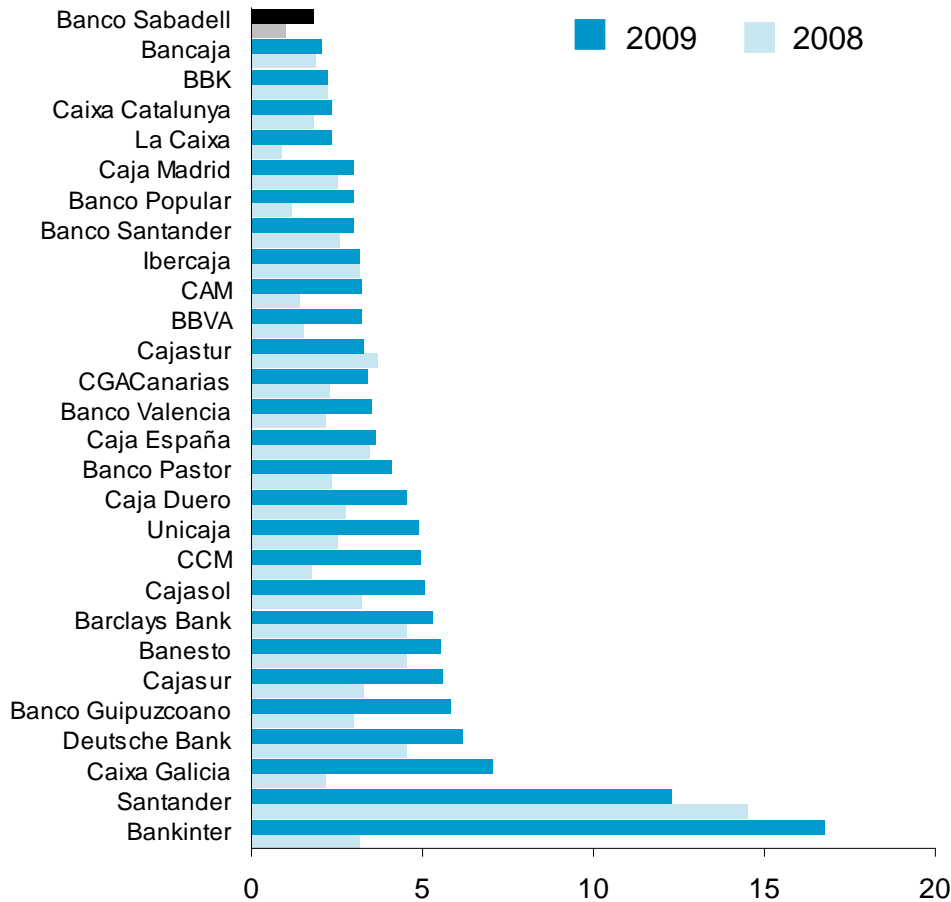
Documentary credit of credit, imports



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

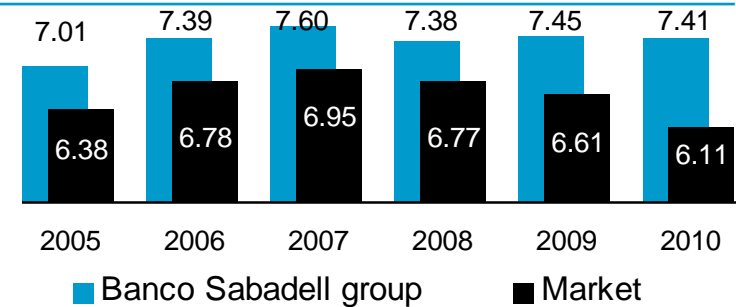
... and a leader in quality of service

Fewest claims



Source: Banco de España, Memoria del servicio de reclamaciones del BdE 2009 and 2008

Most valued



Source: STIGA, "RCB Análisis de Calidad Objetiva en Redes Comerciales Bancarias. Avance trimestral de resultados, 4Q10"

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

Renewal of the Global Award of European Excellence



Customer funds growing ...

Customer funds evolution

Euros in million

	2009	2010	% Var.	% Var. (ex. BG)
On-balance sheet customer funds*	38,131	49,374	29.5%	16.0%
Fix-term deposits	22,150	30,092	35.9%	20.7%
Off-balance sheet funds	18,082	18,834	4.2%	-1.2%
Mutual funds	9,151	8,853	-3.3%	-9.9%
Pension funds	2,788	3,016	8.2%	-4.2%
Third party insurance products	5,380	5,727	6.4%	6.1%
Gross loans to customers ex repos	65,013	73,058	12.4%	0.6%

* Excluding repos and including preferent shares and mandatory convertible bonds placed in the retail network.

... with strong cross selling ...

	Gathered during 4Q10
Flexible Deposit	€ 685.6 million
Platinum Deposit	€ 1,051.2 million
18 months deposit	€ 416.0 million

Cross selling

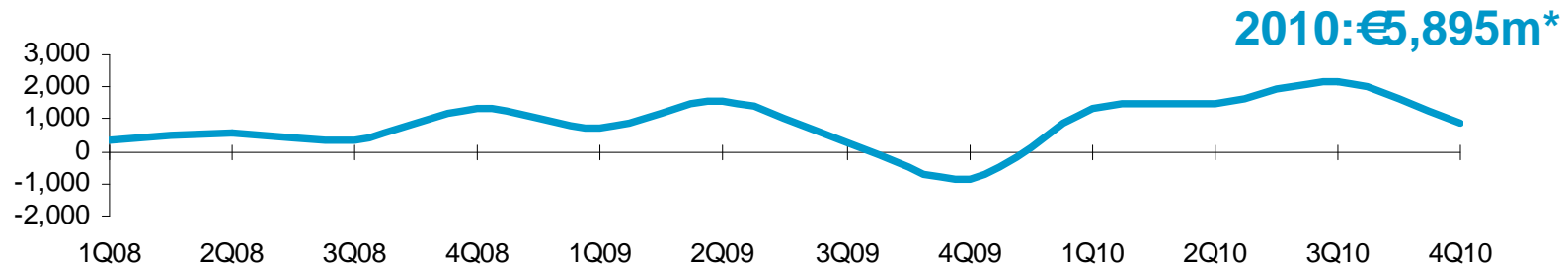
- Mass market 4.7 products per client
- Personal banking 7.6 products per client

Significant effort in customer retention following the deposit campaigns

... generating a positive commercial gap quarter after quarter ...

Commercial gap

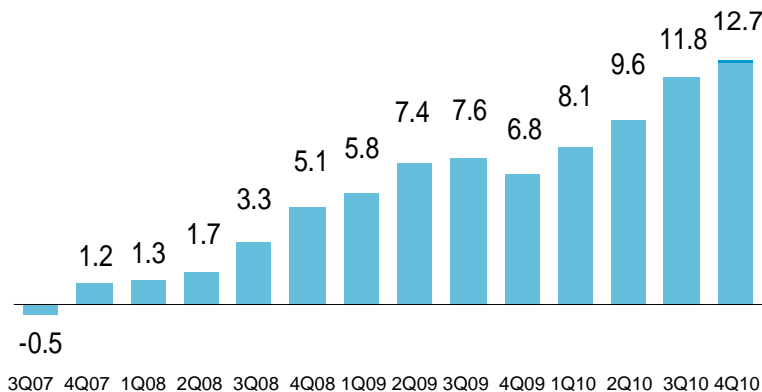
Euros in million



* Including €204m from the commercial GAP generated by Banco Guipuzcoano in December

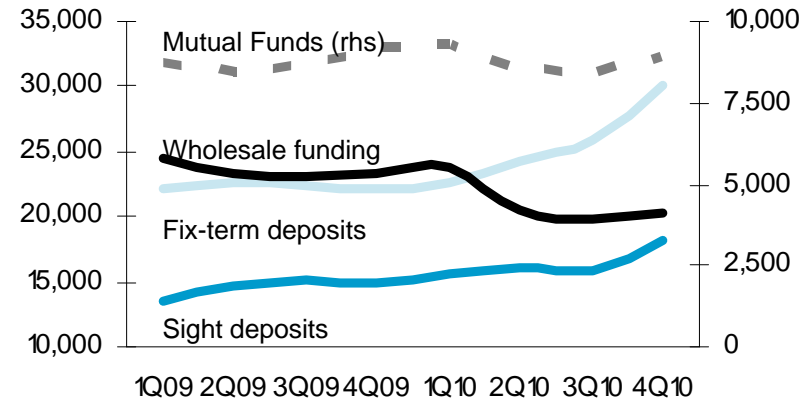
Accumulated commercial gap evolution

Euros in billion



Funding evolution

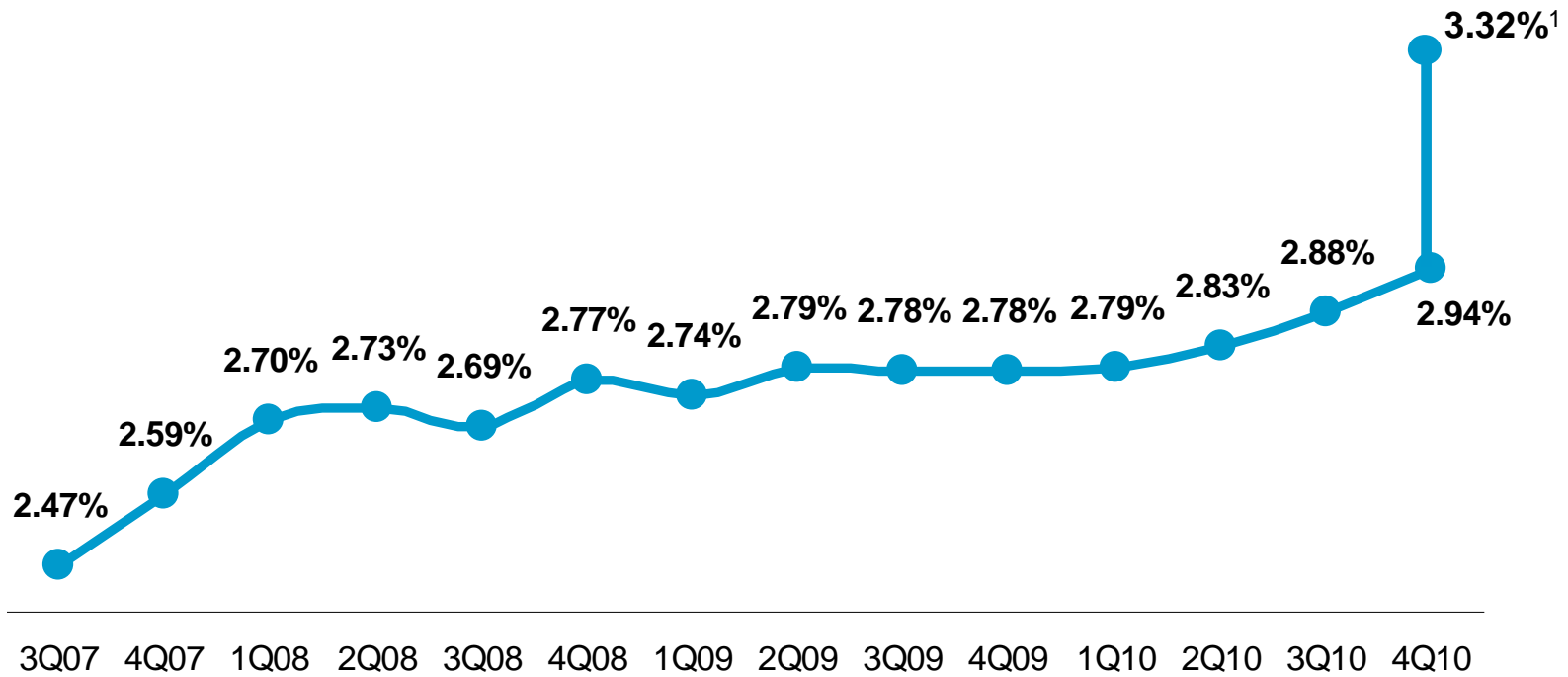
Euros in million



... reflected in the deposits market share ...

Deposits market share evolution

In %

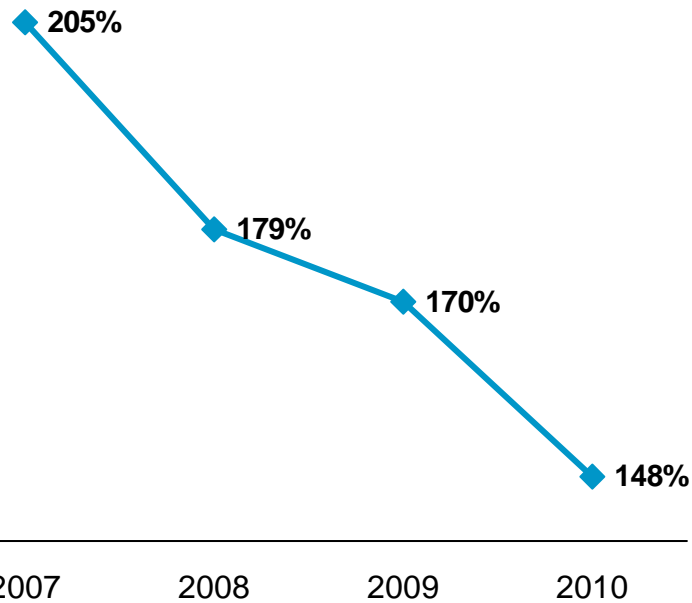


Deposit market share of other resident sectors

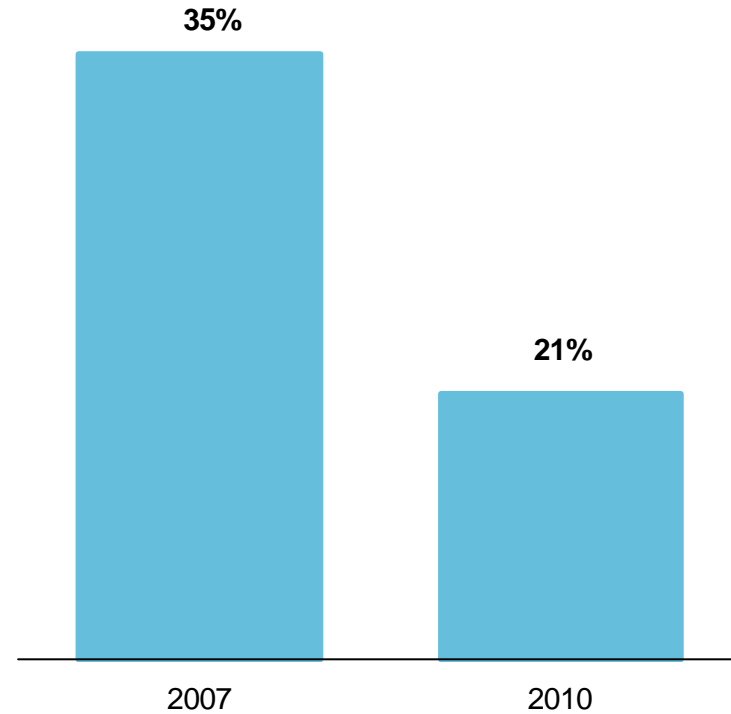
¹ Including Banco Guipuzcoano

... and having an impact in the loan to deposits ratio

Loan to deposit ratio evolution*
In %



Wholesale funding / Total assets
In %



* Repo transactions not included (neither in loans nor in deposits)

In a demanding environment we concluded 2010 with a comfortable liquidity position...

Liquidity position 2009 Euros in million	5,940
Commercial GAP BS change	5,691
Real estate portfolio change	-596
Issues maturity	-3,012
New issues	2,832
Net short term issues change	-3,473
Increase of available ECB eligible assets	1,107
B. Guipuzcoano liquidity contribution	1,223
Other	857
Liquidity position 2010	10,570

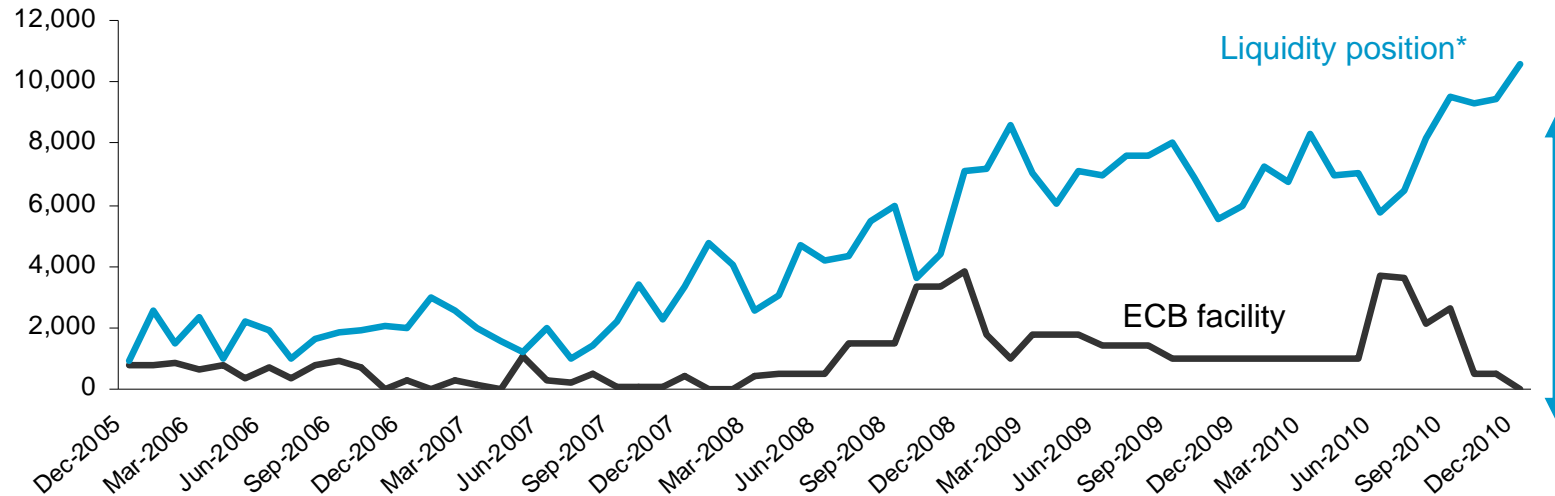
We continue to generate positive commercial gap

We issued €2.832m in the wholesale markets in 2010

... which is shown in the zero balance with the ECB at year-end

Primary liquidity line

Euros in million



*Liquidity position = Treasury + liquid assets (ECB eligible)

Liquid assets Dec-2010

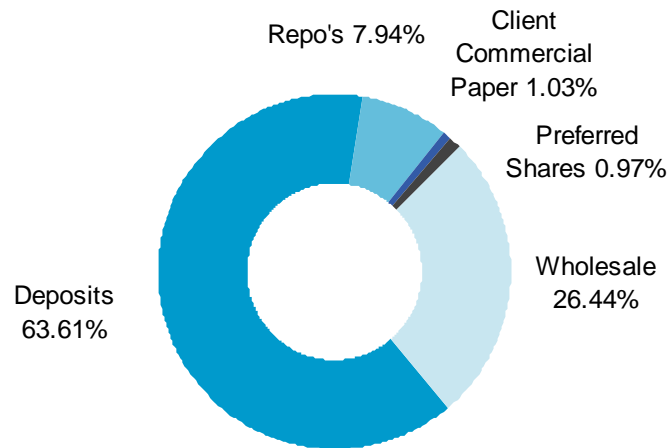
Liquid assets (nominal amount)	12,675
Liquid assets (Market value including ECB haircut)	10,386

Euros in million

BS has a balanced funding structure ...

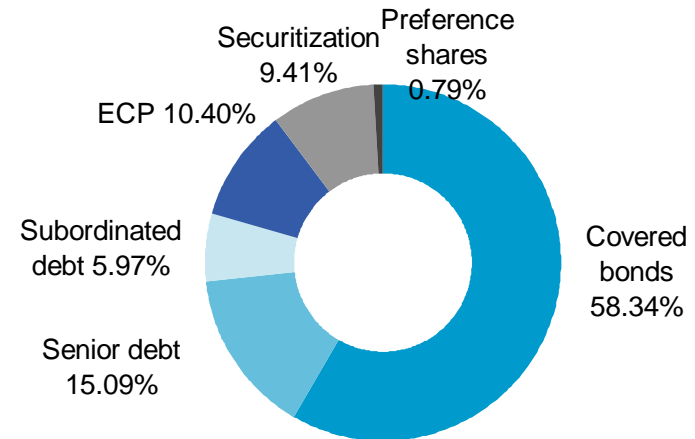
Funding structure

In percentage



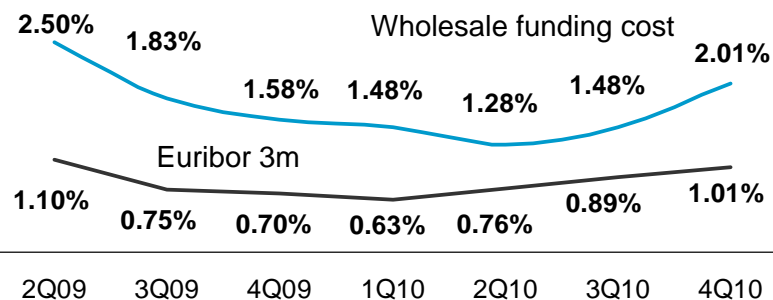
Wholesale market breakdown

In percentage



Wholesale funding cost evolution

In percentage



Issuing capacity

Euros in million

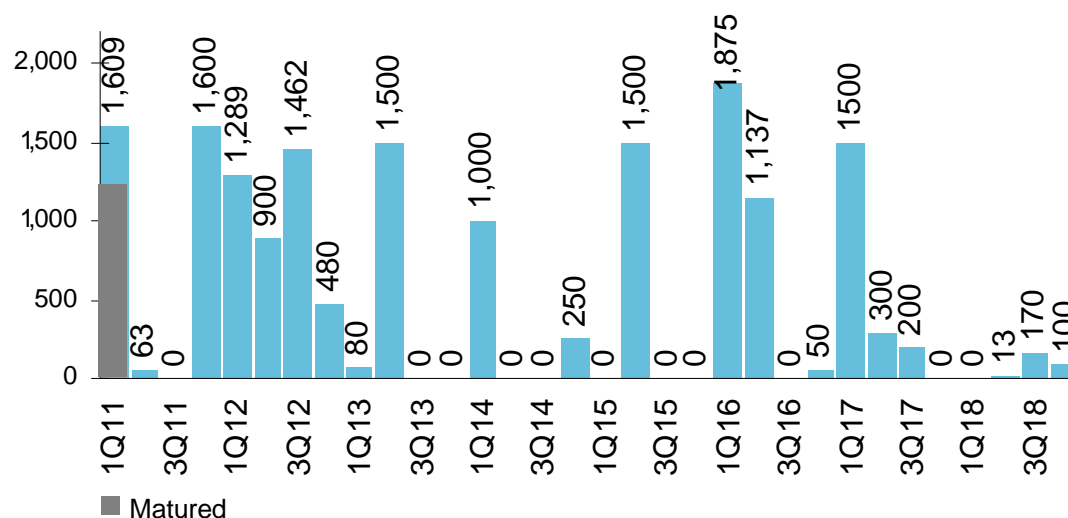
CH issuing capacity	2,638
CT issuing capacity	842
State backed guarantees available	5,601*

* BS has not used the State guarantee

... with a comfortable maturity calendar

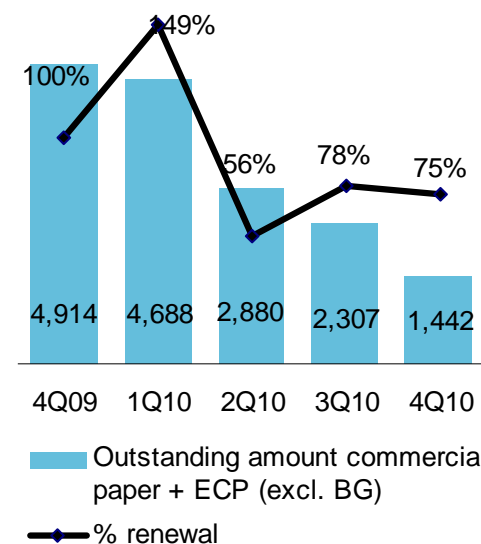
Wholesale funding maturity calendar

Including Banco Guipuzcoano. Euros in million



Short term funding

Euros in million and percentage



Maturity by product type

Euros in million

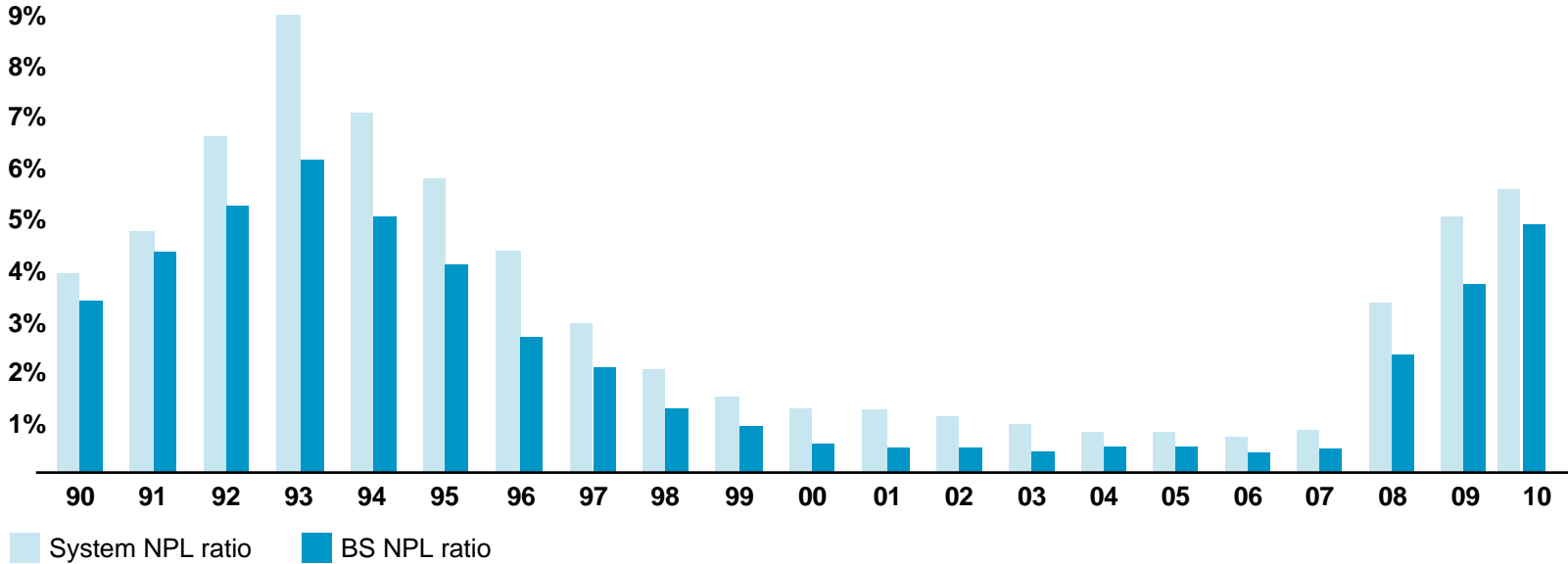
	2011		2012		2013		>2013	
	BS	BG	BS	BG	BS	BG	BS	BG
Covered bonds (CH)	1,800		1,739		1,580		7,220	500
Public sector covered bonds (CT)								
Senior debt	1,047	400	1,732				50	25
Asset backed guarantees				400				
Subordinated, preference and convertible bonds							1,371	125
Other mid- and long-term financial instruments				230			92	

4. Risk management

NPL ratio below the system average ...

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
BS NPL ratio	2.82%	3.19%	3.47%	3.73%	4.09%	4.38%	4.72%	5.01%
System NPL ratio	4.27%	4.60%	4.86%	5.08%	5.33%	5.35%	5.49%	5.68% ¹

¹ November data



... with new entries in a downward trend

Entries and recoveries

Euros in million

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Entries	806.7	788.3	709.0	671.8	670.9	647.7	650.7	623.5
Other provisioned loans entries	0.0	35.4	41.0	63.9	349.7	256.4	382.0	362.1
Recoveries	-480.1	-532.9	-531.9	-489.4	-578.9	-591.6	-617.3	-728.3
Write-offs	-1.7	-25.4	-9.2	-31.2	-183.3	-93.1	-201.3	-30.5
Quarterly change on NPLs	324.8	265.4	208.9	215.1	258.4	219.4	214.1	226.8
NPLs from B. Guipuzcoano								442.8
Total								669.6

Credit exposure and NPLs according by purpose

	Total	Normal	Substan- dard	NPL	NPL ratio*
Companies	52,999	46,810	2,928	3,260	5.53%
Real Estate development and/or RE construction purposes	10,170	6,451	2,174	1,543	15.31%
Construction purposes, not related to real estate development	928	783	1	145	7.16%
Other purposes	41,901	39,576	753	1,572	3.34%
Large corporates	14,706	14,091	292	323	1.77%
SME, small retailers and self-employed	27,195	25,485	461	1,249	4.36%
Individuals	18,751	18,087	1	661	3.49%
1st mortgage guarantee assets	16,396	15,888	1	507	3.09%
Other real guarantees assets	474	468	0	5	0.99%
Other	1,881	1,732	0	149	7.21%
Subtotal gross loans to customers	71,750	64,897	2,929	3,921	5.01%
Other gross loans to customers ¹	1,307				
Total gross loans to customers	73,057				

Euros in million

*Includes off-balance sheet items

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

Breakdown of credit exposure for real estate development and/or RE construction purposes

Total	10,170
No mortgage guarantee	642
Mortgage guarantee	9,528
Finished buildings	3,765
Housing	3,633
Other	132
Buildings under development	1,248
Housing	1,133
Other	115
Land	3,043
Developed land	2,741
Rest of land	302
Financing real estate developers with mortgage guarantees	1,472

The coverage of real estate assets increases to 31%

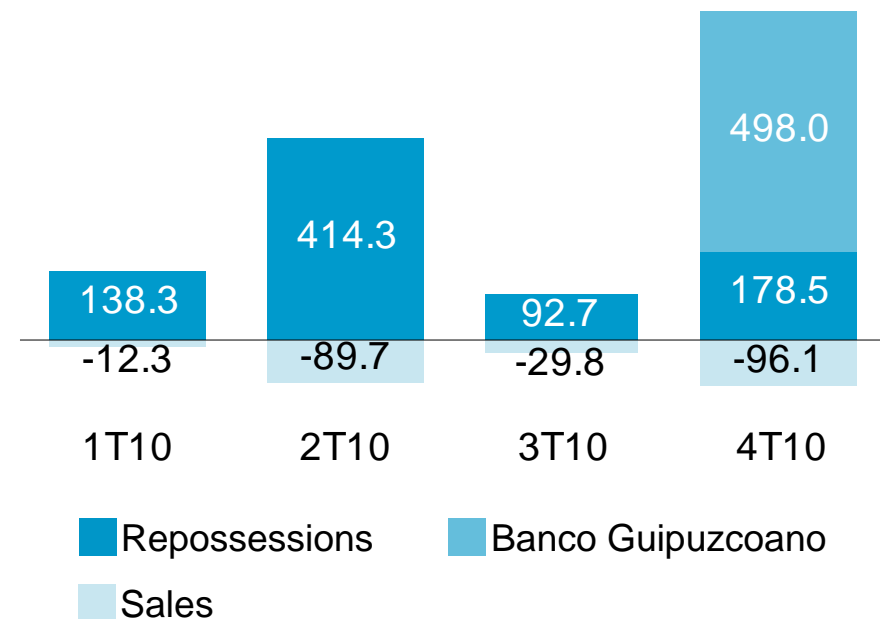
Coverage evolution

Euros in million

	2009	2010
Gross portfolio	1,786	2,880
Total fund	248	888
Net portfolio	1,538	1,992
Coverage	14%	31%

Transactions by type

Euros in million

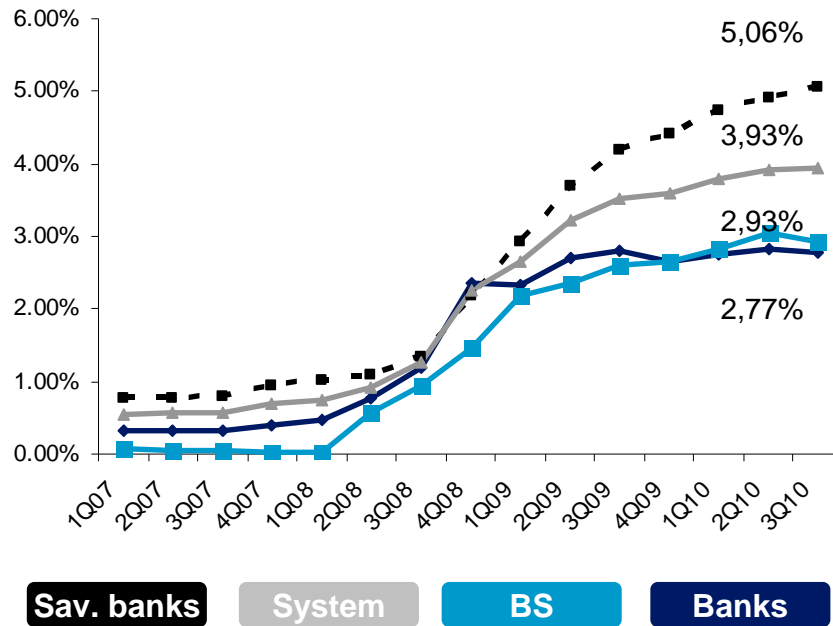


Focus on building up a real estate coverage buffer which currently stands at 31%

The weight of the real estate portfolio is below the sector average

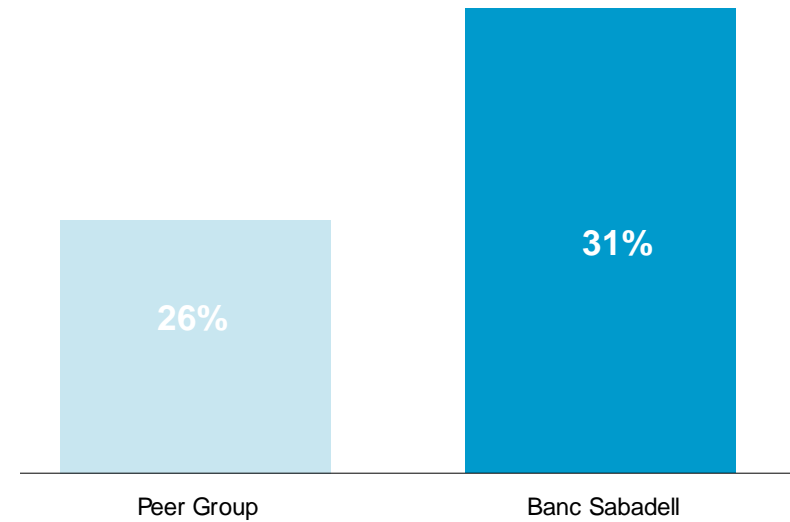
Real estate over total loans

In %



Coverage of real estate assets

In %



Real estate portfolio breakdown

Breakdown of real estate assets by origin: asset swaps, mortgage repossessions and others Euros in million

	Gross value	Coverage	(in %)	Net book value
Real estate assets from financing addressed to construction and RE development companies	2.571	774	30%	1.797
Finished buildings	594	126	21%	468
<i>Housing</i>	379	90	24%	289
<i>Other</i>	215	36	17%	179
Buildings in construction	244	61	25%	183
<i>Housing</i>	106	34	32%	72
<i>Other</i>	138	27	20%	111
Land	1.733	587	34%	1.146
<i>Land under development</i>	695	219	32%	476
<i>Building land</i>	1.038	368	35%	670
<i>Other</i>	0	0	-	-
Real estate assets from mortgages for house acquisition	293	104	35%	189
Other repossessed real estate assets	16	10	64%	6
Real estate portfolio	2.880	888	31%	1.992

Coverage breakdown as per Bank of Spain's Financial Stability Report

Total lending

Euros in million and percentage

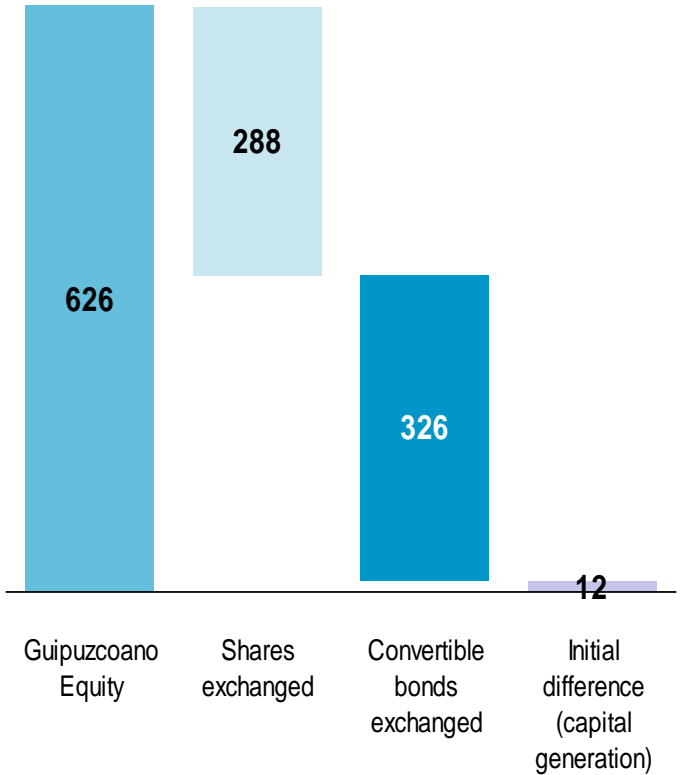
	Amount	%	Fund	Coverage
Gross loans to customers ex repos	73,058			
Of which:				
NPLs	4,074	5.6%	1,370	33.6%
Substandard	3,028	4.1%	511	16.9%
Acquired and repossessed RE assets	2,880	3.9%	888	30.8%
Write-offs	680	0.9%	680	100.0%
Potentially problematic exposure	10,662	14.6%	3,449	32.3%
<i>Pro memoria:</i>				
% Coverage including generic provision	10,662		424	36.3%
Global coverage ratio	4,074		2,305	56.6%

5. Banco Guipuzcoano integration

Goodwill resulting from the incorporation of Banco Guipuzcoano

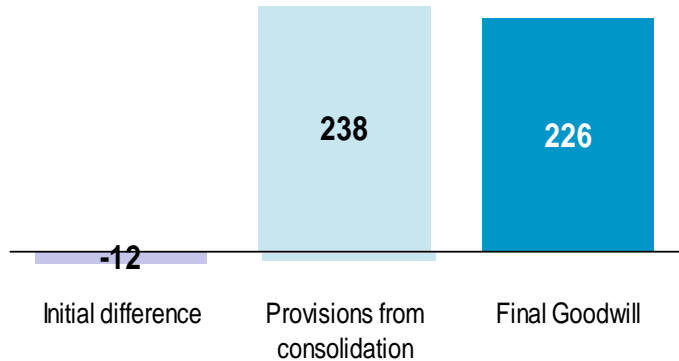
Capital generation

Euros in million



Goodwill calculation

Euros in million



As a result of the consolidation of Banco Guipuzcoano gross provisions of €340m (credit, real estate and others) have been recognized. The impact net of taxes is €238m.

BG's integration will be done via "Big Bang" in April



Closing	New reporting lines presented	"Big Bang" IT integration	Streamlining of branches
<ul style="list-style-type: none"> • Implementation of the "squeeze out" • Corporate governance adjustments in BG • Change of Control • Commercial coordination BG/BS • Boosting commercial platform at BG • Liquidity management integration 		<ul style="list-style-type: none"> • Integration IT/OPS • Network streamlining and commercial approach rest of areas • New brand implementation • Merger of commercial management and risk control • Corporate center plan • Business integration (real estate, insurance, asset management) 	

Restructuring costs amount to €113 million

	2010	2011e	2012e	TOTAL
Early retirements	12	54	9	75
IT costs & others		34	4	38
TOTAL	12	88	13	113

Euros in million

Cost synergies breakdown

Synergies breakdown

Euros in million

	Achievement by	
	2011E	2012E
Personnel	19	26
Administrative expenses	24	29
	43	55

79% of synergies will be achieved by 2011; payback in 24 months

6. CREA (2011-2013)

A plan based in 2010 commercial success

 **Crea**

Crecimiento

Growth

Rentabilidad

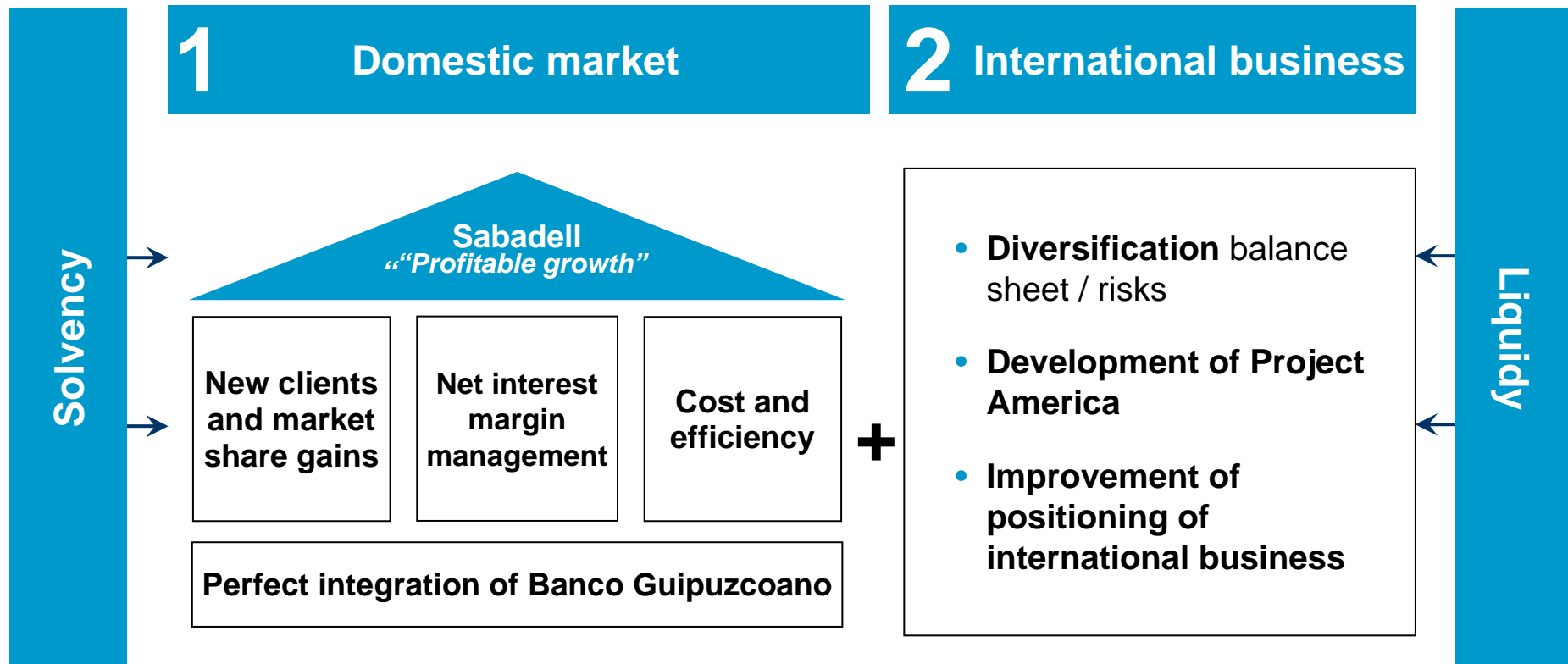
Profitability

Eficiencia

Efficiency

Ambición

Ambition



Plan CREA (2011-2013) Objectives



Increasing individual customers by 1,000,000 and companies by 160,000

Productivity improvement of 33%, increasing customers per branch to 2,400

Increasing market share to 4.9% in individuals and 24% in companies

Annual growth of 5% in loans and 10% in customer funds

Invitation



Banco Sabadell cordially invites you to attend its Investor Day on February 16th. The Management Team will present Banco Sabadell's strategic business plan 2011-2013, Plan CREA.

WHERE: London

WHEN: 16th February 2011

SPEAKERS

Josep Oliu, Chairman and CEO

Jaume Guardiola, Consejero Delegado

Tomás Varela, CFO

Agenda:

8.00 a.m. – 8.15 a.m.	Registration
8.15 a.m. – 9.45 a.m.	Management presentations
9.45 a.m. – 10.30 a.m.	Q&A
10.30 a.m. – 11.00 a.m.	Closing remarks

Venue: Clothworkers' Hall (map and address of the venue attached)

Please confirm your attendance to the Banco Sabadell Investor Relations department before February 1st.

Banco Sabadell Investor Relations. C/Sena 12, Sant Cugat del Vallés, Barcelona (Spain).

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