

ANNEXED I

ANNUAL REPORT ON CORPORATE GOVERNANCE OF LISTED COMPANIES

IDENTIFICATION PARTICULARS OF ISSUER

DATE OF YEAR END

31/12/2014

TAX NUMBER

A-08000143

CORPORATE NAME

BANCO DE SABADELL, S.A.

CORPORATE ADDRESS

PL. DE SANT ROC, 20 - SABADELL (BARCELONA)

ANNUAL REPORT ON CORPORATE GOVERNANCE OF LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table showing the share capital of the company:

Last change on (date)	Share capital (€)	Number of shares	Number of voting rights
28/11/2014	503,057,576.75	4,024,460,614	5,030,575

State whether there are different classes of shares with different rights attached to them:

Yes

No

A.2 List the direct and indirect holders, other than Directors, of significant interests in the company at the end of the year:

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JAIME GILINSKI BACAL	0	376,951	7.49%
WINTHROP SECURITIES LTD	0	246,951	4.91%

Name or corporate name of direct indirect shareholder	Via: Name or corporate name of direct shareholder	Number of voting rights
MR JAIME GILINSKI BACAL	ITOS HOLDING S.A.R.L.	376,951
WINTHROP SECURITIES LTD	FINTECH INVESTMENTS LTD	246,951

List the most significant changes in the share ownership structure during the financial year:

Name or corporate name of shareholder	Date of operation	Description of the operation
BLACKROCK INC.	20/11/2014	Less than 3% of share capital.

A.3 Complete the following tables showing members of the Board of Directors of the company, who possess voting rights attached to shares in the company:

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JOSÉ OLIU CREUS	4,683	0	0.09%
MR JOSÉ MANUEL LARA BOSCH	170	2,026	0.04%
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	99	0	0.00%
MR JAIME GUARDIOLA ROMOJARO	277	154	0.01%
MR HÉCTOR MARÍA COLONQUES MORENO	97	2,709	0.06%
MR. JOAN LLONCH ANDREU	1,787	0	0.04%
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	43	0	0.00%
MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	20,666	0	0.41%
MS MARIA TERESA GARCIA-MILÀ LLOVERAS	64	0	0.00%

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR DAVID MARTÍNEZ GUZMÁN	10	0	0.00%
MR JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	1,078	436	0.03%
MR ANTÓNIO VÍTOR MARTINS MONTEIRO	11	0	0.00%
MR. JOSÉ LUIS NEGRO RODRÍGUEZ	2,418	0	0.05%
MR. JOSÉ PERMANYER CUNILLERA	1,509	1,269	0.06%

Name or corporate name of direct indirect shareholder	Via: Name or corporate name of direct shareholder	Number of voting rights
MR JOSÉ MANUEL LARA BOSCH	OTHER SHAREHOLDERS	2,026
MR JAIME GUARDIOLA ROMOJARO	OTHER SHAREHOLDERS	154
MR HÉCTOR MARÍA COLONQUES MORENO	OTHER SHAREHOLDERS	2,709
MR JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	OTHER SHAREHOLDERS	436
MR. JOSÉ PERMANYER CUNILLERA	OTHER SHAREHOLDERS	1,269

Total percentage of voting rights held by members of the Board of Directors	0.78%
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Complete the following tables showing members of the Board of Directors of the company, who possess voting rights attached to shares in the company

A.4 Indicate, where applicable, any connections of a family, business, contractual or corporate nature existing between any holders of significant interests, where known to the company, other than those of minor importance or arising in the normal course of business

A.5 Indicate, where applicable, any connections of a business, contractual or corporate nature existing between any holders of significant interests and the company and/or its group, other than those of minor importance or arising in the normal course of business

A.6 State whether the company has been notified of any shareholder agreements affecting it pursuant to the provisions of Articles 530 and 531 of the Public Limited Companies Act. If applicable, briefly describe them and list the shareholders bound by the agreement

Yes

No

Parties to the shareholders' agreement
BANCO DE SABADELL, S.A.
LLOYDS TSB BANK PLC

Percentage of share capital affected: 1.62%

Brief description of agreement:

Undertaking by Lloyds TSB Bank not to transfer Banco Sabadell shares until 30 April 2015.
Significant Event number 190278 dated 8/7/2013

Parties to the shareholders' agreement
MR HÉCTOR MARÍA COLONQUES MORENO
MR MIGUEL BÓSSER ROVIRA
MR JOSÉ OLIU CREUS

Parties to the shareholders' agreement
MR ISAK ANDIC ERMAY
MR JOSÉ MANUEL LARA BOSCH
MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN

Percentage of share capital affected: 2.93%

Brief description of agreement:

Signed on 27/07/06 to establish restrictions on the free transfer of their shares in the company
Significant Event number 69323 dated 2/8/2006

State whether the company is aware of the existence of concerted actions between its shareholders. If applicable, give a brief description of them:

Yes

No

If, during the financial year, there has been any change in, or cessation of, any such shareholders' agreements or concerted actions, expressly indicate this:

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A.7 State whether there is any individual or corporate entity that is exercising or is able to exercise control over the company pursuant to Article 4 of the Stock Market Act. If applicable, give names:

Yes

No

Observations

A.8 Complete the following tables to show the company's holdings of its own shares:

At the financial year-end:

Number of directly held shares	Number of indirectly held shares (*)	Total % of company capital
40,830,340	0	1.01%

(*) Via:

Give details of any significant changes during the financial year, pursuant to the provisions of Royal Decree 1362/2007:

Date of notification	Total direct shares acquired	Total indirect shares acquired	Total % of company capital
19/02/2014	55,842,033	0	1.39%
08/04/2014	26,232,141	0	0.65%
11/06/2014	25,000,000	0	0.62%
07/08/2014	33,135,465	0	0.83%
20/10/2014	41,837,920	0	1.04%
18/11/2014	56,329,614	0	1.40%
04/12/2014	48,144,815	0	1.20%

A.9 State the terms and deadline of any authorisation given by the General Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer the company's own shares.

The current mandate corresponds to the resolution adopted by the Ordinary General Meeting of Shareholders of Banco de Sabadell, S.A. held on 27 March 2014, item ten on the Agenda, in the following terms:

"Revoke the resolution adopted at the General Meeting on 26 March 2013 in the part not executed, and authorise Banco de Sabadell, S.A. so that, either directly or through any of its subsidiaries, and within a maximum period of five years as from the date of this General Meeting, it may acquire, at any time and as often as it sees fit, shares of Banco de Sabadell, S.A. by any of the means admitted by law, including against profit for the year and/or unrestricted reserves, and in order that it may subsequently sell or cancel any shares thus acquired or, where appropriate, deliver them to employees or directors of the Company as part of their remuneration or as a result of the exercise of stock options which they hold, all in accordance with the provisions of articles 146, 509 and matching articles of the Capital Companies Act.

Approve the limits or conditions of these acquisitions, as follows:

- The par value of the shares thus acquired, directly or indirectly, in addition to any shares already held by the Bank and its subsidiaries, shall not exceed, at any time, the legal limit established at any time by the legislation in force (currently ten per cent of share capital), complying in all cases with all the limits for acquisition of treasury shares established by the stock market regulators in the markets on which Banco de Sabadell, S.A. shares are listed.
- The acquisition, including any shares previously acquired by the Bank (or a person acting in his own name but on the bank's behalf) and held by it, does not lead to equity being less than the amount of capital plus legal reserves and reserves required by the Articles of Association.
- The shares acquired must have been fully paid.
- The acquisition price must be no less than par value and no higher than 20 per cent above the stock market price or any other price whereby the shares may be valued as of the date of their acquisition. All acquisitions of treasury shares shall be made in accordance with general stock market rules and regulations."

A.10 State whether there are any restrictions on the transfer of shares and/or any restrictions on voting rights. Specifically, give details on the existence of any type of restrictions that may hinder the taking of control of the company through the acquisition of its shares on the market.

Yes

No

A.11 State whether the General Meeting has resolved to adopt measures to neutralise a takeover bid under the provisions of Act 6/2007.

Yes

No

If so, describe the measures adopted and the terms under which the restrictions will be ineffective:

A.12 State whether the company has issued securities that are not traded on an EC regulated market.

Yes

No

If applicable, state the different categories of shares, and for each category of shares, the rights and obligations conferred.

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences in the quorum for the General Meeting with respect to the minimums laid down in the Public Limited Companies Act (LSC).

Yes

No

B.2 State whether there are any differences with the rules established in the Public Limited Companies Act (LSC) for the adoption of company resolutions.

Yes

No

Describe the differences with the rules established by the Public Limited Companies Act.

B.3 State the rules applicable to amendment of the company's articles of association. Specifically, detail the majorities envisaged for the amendment of the articles of association, as well as, where applicable, the rules envisaged for the implementation of the rights of shareholders in the amendment of the articles of association.

Modification to the Bank's articles of association is governed by the provisions of the Capital Companies Law and in the Bank's Articles of association, and where applicable may require authorisation from the Bank of Spain.

In those cases in which the law provides that amendments be adopted by the General Meeting, the following requisites must be met:

- Administrators, or, where applicable, shareholders who are authors of the proposal should formulate a written report with the justification of the same.
- The points that it is proposed to amend should be expressed at the meeting with due clarity.
- The text announcing the meeting should include mention of the right of all shareholders to examine, at the company headquarters, the entire text of the proposed amendment and the associated report, and to request the delivery or sending of such documents without charge.
- The resolution should be adopted by the Meeting in accordance with the provisions of Article 44 of the articles of association:

Article 44.

In order for an Ordinary or Extraordinary Shareholders' Meeting to validly adopt a resolution to issue bonds, reduce or increase the share capital, change the legal form of the Company, merge or de-merge the Company or, generally, make any amendment to the Articles of Association, the Meeting, if at first call, must be attended by shareholders holding not less than 50 per cent of the subscribed voting shares, in person or by proxy.

If at second call, 25 per cent of capital shall suffice.

Where those present represent less than 50 per cent of the subscribed voting shares, any of the resolutions referred to in the preceding paragraph shall require a majority of two-thirds of the votes validly cast at the Meeting. The Shareholders' Meeting may grant authorisation to the Board of Directors, for a period of not more than three years, to issue non-convertible bonds, to be denominated as such, treasury bonds, or similar securities, on one or more occasions, provided that the volume of bonds outstanding at any time does not exceed the limits specified by law.

If adopted by the special majorities provided in this article, such a resolution may empower the Board to freely determine the total amount, the interest rates and any other terms of each issue.

Any amendment to the Articles of Association imposing further obligations on the shareholders shall require the acquiescence of all those concerned.

B.4 Give details of attendances at General Meetings held during the year to which this report refers and those of the preceding year:

Date of General Meeting	Attendance				Total
	% present in person	% represented	% distance vote		
			Electronic vote	Other	
26/03/2013	1.86%	65.20%	0.00%	0.00%	67.06%
27/03/2014	1.62%	66.61%	0.00%	0.00%	68.23%

B.5 State whether the Articles of Association require ownership of a minimum number of shares for attending General Meetings:

Yes

No

Number of shares required to attend the General Meeting

800

B.6 Indicate whether, although not expressly required by company legislation, it has been agreed that certain decisions involving any structural modification of the company ("subsidiarisation", acquisition or disposal of essential operating assets, operations having an effect equivalent to that of winding up the company, etc.) must be submitted for the approval of the general shareholders' meeting.

Yes

No

B.7 Give the address and explain how access may be had to corporate governance information and other information on the general meetings that must be made available to shareholders via the company's website.

The information is available on the Group's corporate website (www.grupobancosabadell.com), and can be accessed directly via the tab "Shareholder and Investor Information" that is listed on its homepage.

C ORGANISATIONAL STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of Directors envisaged in the Articles of Association:

Maximum number of Directors	15
Minimum number of Directors	11

C.1.2 Complete the following table of members of the Board:

Name or corporate name of director	Representative	Post on the Board	Date of first appointment	Date of most recent appointment	Method of election
MR JOSÉ OLIU CREUS		CHAIRMAN	29/03/1990	25/03/2010	RESOLUTION OF SHAREHOLDER'S MEETING
MR JOSÉ MANUEL LARA BOSCH		DEPUTY CHAIRMAN 1º	24/04/2003	26/03/2013	RESOLUTION OF SHAREHOLDER'S MEETING
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR		DEPUTY CHAIRMAN 2º	18/09/2010	18/09/2010	RESOLUTION OF SHAREHOLDER'S MEETING
MR JAIME GUARDIOLA ROMOJARO		MANAGING DIRECTOR	27/09/2007	26/03/2013	RESOLUTION OF SHAREHOLDER'S MEETING
MR HÉCTOR MARÍA COLONQUES MORENO		DIRECTOR	31/10/2001	31/05/2012	RESOLUTION OF SHAREHOLDER'S MEETING
MR. JOAN LLONCH ANDREU		DIRECTOR	28/11/1996	31/05/2012	RESOLUTION OF SHAREHOLDER'S MEETING
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ		DIRECTOR	26/03/2013	26/03/2013	RESOLUTION OF SHAREHOLDER'S MEETING
MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN		DIRECTOR	16/03/2000	25/03/2010	RESOLUTION OF SHAREHOLDER'S MEETING
MS MARIA TERESA GARCIA-MILÀ LLOVERAS		DIRECTOR	29/03/2007	31/05/2012	RESOLUTION OF SHAREHOLDER'S MEETING
MR DAVID MARTÍNEZ GUZMÁN		DIRECTOR	27/03/2014	27/03/2014	RESOLUTION OF SHAREHOLDER'S MEETING

Name or corporate name of director	Representative	Post on the Board	Date of first appointment	Date of most recent appointment	Method of election
MR ANTÓNIO VÍTOR MARTINS MONTEIRO		DIRECTOR	20/09/2012	26/03/2013	RESOLUTION OF SHAREHOLDER'S MEETING
MR JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI		DIRECTOR	18/09/2010	18/09/2010	RESOLUTION OF SHAREHOLDER'S MEETING
MR. JOSÉ LUIS NEGRO RODRÍGUEZ		DIRECTOR	31/05/2012	31/05/2012	RESOLUTION OF SHAREHOLDER'S MEETING
MR. JOSÉ PERMANYER CUNILLERA		DIRECTOR	21/03/2002	31/05/2012	RESOLUTION OF SHAREHOLDER'S MEETING

Total number of executive directors	14
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Give the names of all Members of the Board who ceased to act in that capacity during the period:

Name or corporate name of director	Office held at time of cessation	Date ceased
MS. SOL DAURELLA COMADRÁN	Independent	20/11/2014

C.1.3 Complete the following tables relating to the status of members of the Board:

EXECUTIVE DIRECTORS

Name or corporate name of director	Committee proposing appointment	Office or position held in the company
MR JOSÉ OLIU CREUS	Appointments and Remuneration Committee	Chairman
MR JAIME GUARDIOLA ROMOJARO	Appointments and Remuneration Committee	Managing Director
MR. JOSÉ LUIS NEGRO RODRÍGUEZ	Appointments and Remuneration Committee	Director General Manager

Total number of Executive Directors	3
% of total Board members	21.43%

PROPRIETARY NON-EXECUTIVE DIRECTORS

Name or corporate name of director	Committee proposing appointment	Name of significant shareholder nominating or represented by the Non-executive Director
MR ANTÓNIO VÍTOR MARTINS MONTEIRO	Appointments and Remuneration Committee	BANCO COMERCIAL PORTUGUES, S.A.
MR DAVID MARTÍNEZ GUZMÁN	Appointments and Remuneration Committee	FINTECH INVESTMENTS LTD

Total number of Proprietary Non-Executive Directors	2
% of total Board members	14.29%

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name of Director:

MR JOSÉ MANUEL LARA BOSCH

Profile:

BUSINESS

Name of Director:

MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR

Profile:

BUSINESS

Name of Director:

MR HÉCTOR MARÍA COLONQUES MORENO

Profile:

BUSINESS

Name of Director:

MR. JOAN LLONCH ANDREU

Profile:

BUSINESS / ACADEMIC

Name of Director:

MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ

Profile:

BUSINESS

Name of Director:

MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN

Profile:

BUSINESS

Name of Director:

MS MARIA TERESA GARCIA-MILÀ LLOVERAS

Profile:

ACADEMIC

Name of Director:

MR JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI

Profile:

BUSINESS

Total number of Independent Directors	8
% of total Board members	57.14%

State whether any director classed as independent receives from the company, or from the group, any amount or benefit for any item other than director's remuneration, or maintains or has maintained, during the last year, a business relationship with the company or with any company in the group, whether in their own name or as a significant shareholder, director or senior executive of any organisation that maintains or has maintained such a relationship.

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Where applicable, include a reasoned statement from the Board regarding the reasons for which it considers that said director is able to perform functions as an independent director.

OTHER NON-EXECUTIVE DIRECTORS

Name or corporate name of Director	Committee proposing appointment
MR. JOSÉ PERMANYER CUNILLERA	Appointments and Remuneration Committee

Total number of other Non-Executive Directors	1
% of total Board members	7.14%

Give the reasons why they cannot be considered as Proprietary Directors or Independent Directors, and their relationship with the company or its executives or with its shareholders.

Name or corporate name of director:

MR. JOSÉ PERMANYER CUNILLERA

Company, executive or shareholder with whom related:

BANCO DE SABADELL, S.A.

Reasons:

By application of Article 8.4.a of Ministerial Order ECC/461/2013, of 20 March.

Indicate, where applicable, any changes in the status of any Director during the period:

C.1.4 Complete the following table with information relating to the number of female directors during the last 4 years, as well as the nature of these directors:

	Number of female directors				% of total directors of each type			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	2	2	2	2	25.00%	22.22%	25.00%	22.22%
Other non-executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	2	2	2	2	14.29%	14.29%	13.33%	13.33%

C.1.5 Explain, where applicable, any measures taken to try to include in the Board of Directors a sufficient number of women to allow a balanced presence between men and women to be achieved.

Explanation of the measures

The Board of Directors has adopted active policies that allow, as far as possible, the promotion of gender diversity within the organisation.

Over recent years 3 female directors have joined the Board of Directors and plans to continue these policies to fill vacancies occurring in same.

C.1.6 Explain any measures agreed by the Appointments and Remuneration Committee to establish procedures to ensure that the selection processes are not implicitly biased against the appointment of female Directors and that the company deliberately seeks and includes among potential candidates, women who meet the required professional profile:

Explanation of the measures

The Appointments and Remuneration Committee has, among its functions, that of ensuring that in the selection process for directors no kind of gender discrimination arises, fostering the incorporation of women in all cases.

When, despite the measures that, if applicable, have been adopted, there are few or no female directors, explain the reasons why.

Explanation of the measures

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C.1.7 Explain how shareholders with significant holdings are represented on the board.

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C.1.8 Give the reasons, if any, why Proprietary Directors have been appointed by shareholders with a holding of less than 5% of the capital:

Name or corporate name of shareholder:

BANCO COMERCIAL PORTUGUES, S.A.

Reasons:

Mr. Antonio Vítor Martins Monteiro is Chairman of Banco Comercial Português

Name or corporate name of shareholder:

FINTECH INVESTMENTS LTD

Reasons:

Mr. David Manuel Martínez Guzmán is the sole shareholder of the of the management company of Fintech Investments Ltd.

State whether the company has refused any formal requests for a presence on the Board from shareholders with holdings that are the same as or larger than those of other shareholders at whose request proprietary directors have been appointed. If so, give the reasons for the refusal:

Yes

No

C.1.9 State whether any Directors resigned before the end of their term of office, whether they explained to the Board their reasons for doing so, and in what form, and, if the whole Board was informed in writing, indicate below, as a minimum, the reasons they gave:

Name of director:

MS. SOL DAURELLA COMADRÁN

Reason for cessation:

On 20 November 2014 she announced she would stand down in a letter addressed to each member of the Board, indicating that "the professional and business context I am in is very different to when I joined the Board. These changes, some of which are now consolidated and others that are planned requires me to devote all my efforts. It is for this reason that I will no longer be able to discharge my duties in the Bank as before."

C.1.10 Indicate the powers delegated to the Managing Director(s), if any:

Name or corporate name of director:

MR JAIME GUARDIOLA ROMOJARO

Brief Description:

The powers of the Managing Director are set out in the section "H. OTHER RELEVANT INFORMATION".

C.1.11 Name any members of the Board holding office as administrators or senior executives of other companies in the same group as the listed company:

Name or corporate name of director	Name of the company in the group	Office held
MR JOSÉ OLIU CREUS	AURICA XXI, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.	CHAIRMAN
MR JOSÉ OLIU CREUS	BANSABADELL HOLDING, S.L. SOCIEDAD UNIPERSONAL	CHAIRMAN
MR JOSÉ OLIU CREUS	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	CHAIRMAN
MR JOSÉ OLIU CREUS	SÍNIA RENOVABLES, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.U.	CHAIRMAN
MR JOSÉ MANUEL LARA BOSCH	AURICA XXI, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.	DEPUTY CHAIRMAN
MR JOSÉ MANUEL LARA BOSCH	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	DEPUTY CHAIRMAN
MR JOSÉ MANUEL LARA BOSCH	SÍNIA RENOVABLES, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.U.	DEPUTY CHAIRMAN
MR JAIME GUARDIOLA ROMOJARO	AURICA XXI, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.	DIRECTOR
MR JAIME GUARDIOLA ROMOJARO	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	DIRECTOR
MR JAIME GUARDIOLA ROMOJARO	SÍNIA RENOVABLES, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.U.	DIRECTOR
MR. JOAN LLONCH ANDREU	BANCSABADELL D'ANDORRA, S.A.	DIRECTOR
MR. JOAN LLONCH ANDREU	BANSABADELL HOLDING, S.L. SOCIEDAD UNIPERSONAL	DIRECTOR
MR. JOSÉ LUIS NEGRO RODRÍGUEZ	BANSABADELL FINANCIACIÓN, E.F.C. S.A.	CHAIRMAN
MR. JOSÉ LUIS NEGRO RODRÍGUEZ	BANSABADELL HOLDING, S.L. SOCIEDAD UNIPERSONAL	DIRECTOR
MR. JOSÉ PERMANYER CUNILLERA	AURICA XXI, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.	DIRECTOR
MR. JOSÉ PERMANYER CUNILLERA	BANCSABADELL D'ANDORRA, S.A.	DIRECTOR
MR. JOSÉ PERMANYER CUNILLERA	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	DIRECTOR
MR. JOSÉ PERMANYER CUNILLERA	SÍNIA RENOVABLES, S.C.R. DE RÉGIMEN SIMPLIFICADO, S.A.U.	DIRECTOR
MR. JOSÉ PERMANYER CUNILLERA	SOLVIA HOTELS, S.L. UNIPERSONAL.	CHAIRMAN
MR. JOSÉ PERMANYER CUNILLERA	SOLVIA HOUSING, S.L. UNIPERSONAL.	CHAIRMAN
MR. JOSÉ PERMANYER CUNILLERA	SOLVIA DEVELOPMENT, S.L. UNIPERSONAL.	CHAIRMAN
MR. JOSÉ PERMANYER CUNILLERA	SOLVIA SERVICIOS INMOBILIARIOS, S.L.	CHAIRMAN
MR. JOSÉ PERMANYER CUNILLERA	TENEDORA DE INVERSIONES Y PARTICIPACIONES, S.L.	CHAIRMAN

C.1.12 List, where applicable, any Directors of the company reported to the company to be members of the Board of Directors of other companies quoted on official stock markets, other than companies in the same group:

Name or corporate name of director	Name of the company in the group	Office held
MR JOSÉ MANUEL LARA BOSCH	ATRESMEDIA CORPORACIÓN DE MEDIOS DE COMUNICACIÓN, S.A.	CHAIRMAN
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	ACS ACTIVIDADES DE LA CONSTRUCCIÓN Y SERVICIOS, S.A.	DIRECTOR
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	ENCE ENERGÍA Y CELULOSA, S.A.	DIRECTOR
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	REPSOL, S.A.	DIRECTOR
MR DAVID MARTÍNEZ GUZMÁN	ALFA, S.A.B. DE C.V.	DIRECTOR
MR DAVID MARTÍNEZ GUZMÁN	VITRO, S.A.B. DE C.V.	DIRECTOR
MR ANTÓNIO VÍTOR MARTINS MONTEIRO	BANCO COMERCIAL PORTUGUES, S.A.	CHAIRMAN
MR ANTÓNIO VÍTOR MARTINS MONTEIRO	SOCO INTERNACIONAL PLC	DIRECTOR

C.1.13 State, and where applicable explain, whether the company has any rules on the number of boards to which its Directors may belong:

Yes

No

Explanation of the rules

The applicable law is 10/2014, dated 27 June, on the regulation, supervision and solvency of credit entities, that fixed the maximum number of posts on boards of directors that the directors of financial entities may hold.

C.1.14 Indicate the company's general policies and strategies reserved for approval by the full Board:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the group of companies	X	
Corporate Governance policy	X	
Corporate Social Responsibility policy	X	
Strategic or business plan, as well as management targets and annual budget	X	
Policy on remuneration and assessment of the performance of senior executives	X	
Risk control and management policy and regular monitoring of internal information and control systems	X	
Policy on dividends and purchases of own shares, especially the limits thereon	X	

C.1.15 Indicate the global remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	7,674
Amount of the global remuneration that corresponds to the consolidated rights of directors in pension matters (thousands of euros)	3,362
Global remuneration of the Board of Directors (thousands of euros)	11,036

C.1.16 Name any senior executives who are not also Executive Directors, and state the total remuneration earned during the year:

Name or corporate name	Office held
MS MARÍA JOSÉ GARCÍA BEATO	DEPUTY SECRETARY OF THE BOARD - GENERAL SECRETARY
MR TOMÁS VARELA MUIÑA	GENERAL MANAGER
MR. MIQUEL MONTES GÜELL	GENERAL MANAGER
MR RAMON DE LA RIVA REINA	DEPUTY GENERAL MANAGER
MR CARLOS VENTURA SANTAMANS	DEPUTY GENERAL MANAGER
MS NURIA LÁZARO RUBIO	GENERAL ASSISTANT DIRECTOR – DIRECTOR OF INTERNAL AUDITING

Total remuneration of senior management (in thousands of euros)	5.005
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C.1.17 Identify, if applicable, any members of the Board who are also Board members of companies of significant shareholders and/or in companies in the group:

Identify, if applicable, relevant relationships apart from those contemplated in the previous section, of members of the Board that connect them with significant shareholders and/or in companies in the group:

C.1.18 State whether there have been any changes in the Regulations of the Board of Directors during the year:

Yes

No

C.1.19 Describe the procedures for recruitment, appointment, re-appointment, evaluation and removal of Directors. Specify the responsible person or body, the procedures to be followed and the criteria to be employed in each case.

Under Articles 51, 54 and 56 of the Articles of Association and Articles 14, 19 and 20 of the Regulations of the Board of Directors and the Procedure for assessing the suitability of members of the Board and holders of key offices at Banco Sabadell, the procedures for the appointment, re-election, assessment, and removal of Directors are as follows:

1.- Selection

It is one of the basic responsibilities of the Appointments and Remuneration Committee, in accordance with the provisions of Article 14 of the Regulations of the Board of Directors, to formulate and review the criteria that should be followed for the composition of the Board of Directors and the selection of candidates.

Specifically, it is also responsible for submitting proposals to the Board regarding the appointment of Independent Directors and informing of the appointment of all other Directors.

2.- Appointment

Members of the Board of Directors are appointed by the General Meeting. Equally, any vacancies on the Board shall be filled by the General Meeting, unless the Board, in the interests of the company, decides to co-opt directors in the terms of Article 244 of the Public Limited Companies Act. Directors who are co-opted on to the Board shall hold office until the date of the next General Meeting.

3.- Re-election

Directors shall hold office for a maximum term of five years, after which they may be re-elected.

4.- Assessment

The Appointments and Remuneration Committee is responsible, inter alia, for submitting proposals to the Board regarding the appointment of Directors, in which case the Board may either make the appointments directly (co-opting) or accept the recommendations and submit them to the General Meeting. The Committee is responsible for the selection and continuous assessment of suitability of members of the Board of Directors, for which it analyses the reports and proposals submitted to it by the Secretary, produced by the Bank's General Secretary's Office, regarding commercial and professional standing, knowledge and experience, and willingness to observe good governance, in application of the requirements defined in sections 2, 3 and 4 of Article 2 of Royal Decree 1245/1995, of 14 July (as per text of Royal Decree 256/2013, of 12 April) and Act 10/2014 dated 27 June on the regulation, supervision and solvency of credit entities. Furthermore, it will evaluate the profile of the most suitable people to form part of the different committees and will submit the corresponding proposals to the Board. Specifically, it will take measures to ensure compliance with the required qualitative composition of the Board of Directors

5.- Removal

Directors will cease in office at the end of the period for which they were appointed or as decided by the General Meeting or the Board of Directors under the authority vested in them by the law or the Articles of Association. At present, the Board has no such authority. Article 51 of the Articles of Association states that the General Meeting may resolve upon the removal of a Director at any time.

6.- Restrictions

The following persons may not be members of the Board of Directors:

- a) Shareholders who are minors.
- b) Shareholders who are barred by law, are insolvent or are undischarged bankrupts, or have been convicted of crimes that prohibit them from holding public office or who have been found guilty of serious infringements or the law or of the Articles of Association, and those who by reason of their office may not carry on business.
- c) Government officials whose duties are related to, or have a bearing on, the business of the Bank.
- d) Shareholders who are overdrawn with the Bank due to defaults on overdue obligations.

C.1.20 State whether the Board of Directors has proceeded to carry out an assessment of its activity during the course of the year:

Yes

No

If so, explain to what extent this self-assessment has given rise to important changes in its internal organisation and regarding the procedures applicable to its activities:

Description of modifications

Introduction of a documentary support tool to enhance and anticipate the dissemination of information among members of the Board.

C.1.21 Describe the circumstances in which Directors are required to resign.

In accordance with the provisions of Article 20 of the Regulations of the Board of Directors, directors shall be required to resign:

- a) When they fall under a situation of incompatibility or disqualification as established in the law or the Articles of Association.
- b) If they are arraigned for alleged criminal acts or are subject to a disciplinary procedure by the supervisory authorities for a serious or very serious violation.
- c) When their continuance on the Board might jeopardise the company's interests.

C.1.22 State whether the office of Chief Executive of the company is held by the Chairman of the Board of Directors. If so, state what measures, if any, have been taken to limit the accumulation of powers in a single person:

Yes

No

Measures to limit such risks

The Chairman of the Board of Directors is the executive Chairman of the Bank, possessing the general powers to discharge the functions expressly provided in the articles of association and in particular those provided in article 55 that states "executing the resolutions of the Board of Directors and the Shareholders' Meetings". He also represents the Bank and is responsible for the corporate signature.

There are also two Deputy Chairpersons with specific functions who assume the post of Chairman should for any reason the latter be unable to discharge his duties.

The Managing Director, pursuant to article 61 of the Articles of Association applies the policies adopted by the board and via analysis and consulting specifies and quantifies the most suitable aims to achieve this. For this purpose he will direct all the Bank's operations, applying them to the achievement of the objectives, will monitor the results and adopt all and any measures necessary to correct deviations and enhance the management efficiency.

In parallel, there exists a structure of associated bodies and Board and management committees and in particular the Executive Committee which make the chief decisions to ensure a balanced activity among them, including the Chairman and Managing Director, thus avoiding any risk of one person accumulating powers.

Lastly, it should be noted that a technical improvement will be submitted to the General Shareholders' Meeting in 2015 to define the role of Independent Coordinating Director and explaining the general rule provided in Directive CRD IV under which the Chairman may not simultaneously hold the post of Managing Director.

State, and where applicable explain, whether rules have been established that allow one of the Independent Directors to request a Board meeting or the inclusion of further items on the agenda, in order to coordinate and reflect the concerns of the Non-executive Directors, and to direct the evaluation by the Board of Directors:

Yes

No

Explanation of the rules

Article 17 (sections 1, 2 and 4) of the Regulations of the Board of Directors states as follows:

1.- The Board of Directors shall meet once per month and, upon the initiative of the Chairman, as many times as he sees fit for the proper operation of the Company. The notice of meeting shall always contain the Agenda, which must set out, among other points, the issues relating to reports from subsidiaries and the sub-Committees as well as any proposals and suggestions made by the Chairman and the other members of the Board and the General Manager(s) of the Bank, which must be presented at least five working days in advance of the date of the Board meeting; such proposals must be accompanied by the pertinent material for distribution to the Board Members. The Board itself shall approve the minutes and set the date of the next meeting.

2.- The Chairman may convene extraordinary meetings and set their agenda in the notice. He must also convene a meeting at the request of any member of the Board, as provided in the Articles of Association. If the Chairman fails to give notice of a meeting in the five business days following receipt of a request in this connection from any director, the latter may ask the First Deputy-Chairman to give notice of a meeting subject to the same advance notice.

Furthermore, Article 23.2 (e) of the aforementioned Regulations of the Board of Directors states that Directors are obliged in particular to request persons with the authority to do so to call an extraordinary meeting of the Board or to include on the agenda for the next meeting such items as they consider appropriate.

The appointment of the Independent Coordinating Director is planned for 2015 together with the relevant amendment of the articles of association to explain his functions in greater detail.

C.1.23 Are qualified rather than legal majorities required for some types of resolution?:

Yes

No

If so, describe the differences.

C.1.24 State whether there are any special requirements for holding office as Chairman of the Board, other than those applicable to Directors.

Yes

No

C.1.25 State whether the Chairman has a casting vote:

Yes

No

Matters on which there is a casting vote

The casting vote applies to all resolutions of the Board of Directors

C.1.26 State whether the Articles of Association or the Regulations of the Board of Directors establish any age limit for Directors:

Yes

No

C.1.27 Indicate whether any limits exist in the Articles of Association or Board Regulations, different to those legally established, on length of term of office for independent Directors:

Yes

No

C.1.28 State whether the Articles of Association or Regulations of the Board of Directors establish specific guidelines for voting by proxy on the Board of Directors, how this is done, and, particularly, the maximum number of proxy votes a director may have, as well as whether it is obligatory to delegate votes to a director of the same type. If so, give brief details of such guidelines.

The Public Limited Companies Act is applicable, which sets forth that non-executive Directors may only delegate to another non-executive director.

C.1.29 State the number of meetings of the Board of Directors held during the year. Also indicate, if applicable, the number meetings of the Board from which the Chairman was absent. For the calculation, representations made with specific instructions will be considered as attendances.

Number of meetings of the Board of Directors	11
Number of meetings of Board of Directors from which the Chairman was absent	0

State the number of meetings of the various Committees of the Board of Directors held during the year:

Committee	No. of Meetings
Executive Committee	33
Audit and Control Committee	6
Appointments and Remuneration Committee	11
Risk Control Committee	7
Strategy Committee	6

C.1.30 State the number of meetings of the Board of Directors held during the year with the attendance of all its members. For the calculation, representations made with specific instructions will be considered as attendances.

Director attendances	5
Number of attendances as a percentage of the total number of votes during the year	92.55%

C.1.31 State whether the individual and consolidated annual accounts submitted to the Board of Directors for formal approval have been certified in advance:

Yes

No

If so, specify which person/persons certified the individual and consolidated annual accounts of the company, for formulation by the Board:

Name	Office held
MR JOSÉ OLIU CREUS	CHAIRMAN
MR JAIME GUARDIOLA ROMOJARO	MANAGING DIRECTOR
MR TOMÁS VARELA MUIÑA	GENERAL MANAGER - FINANCIAL MANAGER

C.1.32 Explain, if applicable, any procedures established by the Board of Directors to prevent the individual and consolidated annual accounts being submitted to the General Meeting with qualifying statements in the Auditor's Report.

The Bank's internal departments will draw up the annual accounts clearly and in a way that gives a true and fair picture of the company's net worth, financial situation and results, and shall correctly apply generally accepted accounting principles to all the relevant financial and accounts information.

The Audit and Control Committee will review the individual and consolidated annual Accounts of company, for their submission to the Board of Directors, ensuring their compliance with legal requirements and the correct application of generally accepted accounting principles. If any exceptions are noted, the Committee should work to ensure they are resolved

Should the annual accounts ultimately include qualified exceptions, the annual report of the Audit and Control Committee will contain a section in which the relevant discrepancies that have arisen are clearly indicated.

C.1.33 Is the Secretary to the Board of Directors a Director?

Yes

No

C.1.34 Describe the procedures for the appointment and removal of the Secretary to the Board of Directors, stating whether his appointment and removal were recommended by the Appointments Committee and approved by the full Board.

Appointment and removal procedure

The Board of Directors shall appoint a Secretary, and if appropriate a Deputy Secretary, who may or may not be Directors. If they are not Directors, they shall not have the right to vote. The Secretary and the Deputy Secretary shall be appointed and removed by the full Board of Directors, in both cases on the basis of a report by the Appointments and Remuneration Committee. The Secretary is Mr. Miquel Roca i Junyent, appointed on 13 April 2000. The Deputy Secretary is Ms. María José García Beato, appointed on 1 June 2012.

	Yes	No
Does the Appointments Committee recommend the appointment?	X	
Does the Appointments Committee recommend the removal?	X	
Does the full Board approve the appointment?	X	
Does the full Board approve the removal?	X	

Does the Secretary to the Board of Directors have the duty to ensure in particular that the recommendations on good corporate governance are respected?

Yes

No

Observations

In accordance with the functions attributed to him.

C.1.35 Indicate, if they exist, any mechanisms established by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

Article 59 bis of the Articles of Association states in relation to the auditors:

In any event, an Audit and Control Committee shall be established consisting of not more than five non-executive Directors appointed by the Board of Directors, which shall also appoint the committee's Chairperson, subject to a favourable vote by two-thirds of its members (...).

The Audit and Control Committee has the following functions: (...)

4. Proposing to the Board of Directors, for submission to the Shareholders' Meeting, the appointment of the external auditor, establishing the engagement conditions, the scope of the professional mandate, and revocation or non-renewal, if appropriate; reviewing compliance with the audit contract, striving to ensure that the opinion on the financial statements and the main content of the auditors' report are drafted clearly and accurately.

(...)

6. Establishing the appropriate relations with external auditors to receive information about any issues that could jeopardise their independence, to be reviewed by the Committee, and any others related to the process of performing the audit functions and in the audit rules."

The Regulations of the Board of Directors similarly states in article 30: "Relations between the Board and the company's external auditors shall be channelled through the Audit and Control Committee".

The Audit Committee in 2014 comprised 4 independent Directors. The Rules of Procedure of the Audit and Control Committee include the provisions of the Articles of Association and of the Regulations of the Board of Directors, and state in section 3 of Article 21 that because of their status as Directors and members of the Committee, these members must act with independence of criteria and action with respect to the rest of the organisation (...).

And finally, with respect to complying with the regulation on independence, the Audit and Control Committee reviews, and issues a report to the Board of Directors, regarding:

1. the main services other than auditing provided by the external auditors in order to ensure that they comply with the requirements of independence established in the Consolidated Text of the Accounting and Auditing Act, issued by Legislative Royal Decree 1/2011, of 1 July, and in the Auditing Technical Standards issued by the Spanish Institute of Accounting and Auditing.
2. the relative importance of fees generated in the Group with respect to the annual income of the external auditors.
3. through confirmation received from the external auditors, the company's procedures and tools in relation with complying with the regulation on independence, in order to ensure compliance with the independence requirements established in the Consolidated Text of the Accounting and Auditing Act, issued by Legislative Royal Decree 1/2011, of 1 July.

With regard to financial analysts, information is provided to any analyst who requests it, without any restrictions whatsoever.

And with respect to rating agencies, the Bank maintains relations with the main rating agencies in the market and the number and quality of such agencies is sufficient to ensure their independence.

C.1.36 State whether the company has changed its external auditor during the year. If so, name the outgoing and incoming Auditor

Yes

No

If there were any disagreements with the outgoing Auditor, give details of these:

C.1.37 Indicate whether the firm of auditors carries out any non-auditing work for the company and/or the group, and if so, state the amount paid for such work and the percentage that it represents of the total amount charged by the auditors to the company and/or the group:

Yes

No

	Company	Group	Total
Amount charged for non-auditing work (thousands of euros)	745	406	1,151
Amount charged for non-auditing work as a % of total amount charged by the auditors	33.40%	16.90%	24.80%

C.1.38 State whether the Auditor's report on the annual accounts for the previous year contains any qualifying statements (reservations or exceptions). If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such qualifying statements.

Yes

No

C.1.39 State the number of consecutive years for which the current auditors have been auditing the annual accounts of the company and/or the group. Also state the number of years for which accounts have been audited by the current Auditors, as a percentage of the total number of years for which the annual accounts have been audited:

	Company	Group
Number of consecutive years	32	30
Number of years for which accounts have been audited by current auditors / Number of years for which company accounts have been audited (in %)	94.12%	100.00%

C.1.40 State and detail any procedures in place to ensure that Directors are able to obtain independent advice:

Yes

No

Detail of procedure

Notwithstanding the general authorities of the Board of Directors, which include the possible engagement of independent advisers and ordering independent reports or services, Article 21 of the Audit and Control Committee's Rules of Procedure establishes members' right to obtain independent professional advice in order to better perform their duties.

C.1.41 State and detail any procedures in place to ensure that Directors can obtain the information they need to prepare in good time for meetings of the Board and committees:

Yes

No

Detail of procedure

Pursuant to article 17 of the Regulations of the Board, the Board of Directors will be called with at least five days' notice he notice will always include meeting's agenda, which should set out, inter alia, all business concerning subsidiary companies and Delegated Committees, and all proposals and suggestions put forward by the Chairman and other members of the Board and by the General Manager/s of the Bank, these proposals being accompanied by any related documents for distribution to the Directors. Directors.

In addition, article 21 provides that:

1. Directors are vested with the broadest powers to be informed about any aspect of the company, to examine its books, records, documents and other background information on the company's transactions and to inspect all of its installations. The right to information extends to subsidiaries, both domestic and foreign.

2. So as not to disturb the ordinary running of the company, the exercise of the powers of information shall be channelled through the Chairman or the Secretary to the Board, who shall attend to the director's requests by giving the information directly, providing appropriate access to individuals at the relevant level of the organization, or providing the means by which the director may carry out the desired formal examination and inspection on site.

C.1.42 State and where applicable, detail any rules in place that oblige the Directors to report and, if appropriate, resign in any circumstances that might jeopardise the company's credit and reputation:

Yes

No

Describe the rules

In accordance with the provisions of Article 20 of the Regulations of the Board of Directors, directors shall be required to resign:

a) When they fall under a situation of incompatibility or disqualification as established in the law or the Articles of Association.

b) If they are arraigned for alleged criminal acts or are subject to a disciplinary procedure by the supervisory authorities for a serious or very serious violation.

c) When their continuance on the Board might jeopardise the company's interests.

The above notwithstanding the application of the guidelines relating to suitability assessment that will be carried out by the Bank following the procedure approved by the Board of Directors.

C.1.43 State whether any member of the Board of Directors has informed the company that he has faced criminal charges or has been committed to trial for any of the offences listed in Article 213 of the Public Limited Companies Act:

Yes

No

State whether the Board of Directors has studied the case. If so, give a reasoned explanation of the decision taken as to whether or not the Director should remain in office, or, where applicable, explain the actions taken by the Board of Directors until the date of this report or that it plans to take.

C.1.44 Detail any significant agreements that the company has signed and that may enter into force, be modified or expire upon a change of control of the company deriving from a public takeover bid, and its effects.

-

C.1.45 Identify in overall terms, and indicate, in detail, any agreements between the company and its Directors and senior executives or employees that include compensations, guarantee or severance clauses, in the event of their resignation or unfair dismissal or if the contractual relationship is terminated due to a public takeover bid or other kinds of operations.

Number of beneficiaries: 28

Type of beneficiary:

Executive directors, senior management and other members of the group identified

Description of agreement:

Compensation clause of 2 or 3 years' payments for cases of unfair dismissal or some limited cases of change of control

State whether such contracts must be reported to and/or approved by the decision-making bodies of the company or group:

	Board of Directors	General Meeting
Clauses approved by	Yes	No

	Yes	No
Are the clauses reported to the General Meeting?	X	

C.2 Committees of the Board of Directors

C.2.1 Give details of all Committees of the Board of Directors, their members, and the proportion of proprietary and independent directors that form them:

Executive Committee

Name	Office held	Types
MR JOSÉ OLIU CREUS	CHAIRMAN	Executive
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	MEMBER	Independent
MR JAIME GUARDIOLA ROMOJARO	MEMBER	Executive
MR. JOSÉ LUIS NEGRO RODRÍGUEZ	MEMBER	Executive
MR. JOSÉ PERMANYER CUNILLERA	MEMBER	Other non-executive

% of Executive Directors	60.00%
% of Proprietary Directors	0.00%
% of Independent Directors	20.00%
% of other Non-Executive Directors	20.00%

Audit and Control Committee

Name	Office held	Types
MR. JOAN LLONCH ANDREU	CHAIRMAN	Independent
MS MARIA TERESA GARCIA-MILÀ LLOVERAS	MEMBER	Independent
MR JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	MEMBER	Independent

% of Executive Directors	0.00%
% of Proprietary Directors	0.00%
% of Independent Directors	100.00%
% of other Non-Executive Directors	0.00%

Appointments and Remuneration Committee

Name	Office held	Types
MR HÉCTOR MARÍA COLONQUES MORENO	CHAIRMAN	Independent
MR JOSÉ MANUEL LARA BOSCH	MEMBER	Independent
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	MEMBER	Independent
MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	MEMBER	Independent

% of Executive Directors	0.00%
% of Proprietary Directors	0.00%
% of Independent Directors	100.00%
% of other Non-Executive Directors	0.00%

Risk Control Committee

Name	Office held	Types
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	CHAIRMAN	Independent
MR. JOSÉ PERMANYER CUNILLERA	DEPUTY CHAIRMAN	Other non-executive
MR. JOAN LLONCH ANDREU	MEMBER	Independent
MS MARIA TERESA GARCIA-MILÀ LLOVERAS	MEMBER	Independent

% of Executive Directors	0.00%
% of Proprietary Directors	0.00%
% of Independent Directors	75.00%
% of other Non-Executive Directors	25.00%

Strategy Committee

Name	Office held	Types
MR JOSÉ OLIU CREUS	CHAIRMAN	Executive
MR JOSÉ MANUEL LARA BOSCH	MEMBER	Independent
MR JOSÉ JAVIER ECHENIQUE LANDIRIBAR	MEMBER	Independent
MR JAIME GUARDIOLA ROMOJARO	MEMBER	Executive
MR JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	MEMBER	Independent
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	MEMBER	Independent

% of Executive Directors	33.00%
% of Proprietary Directors	0.00%
% of Independent Directors	67.00%
% of other Non-Executive Directors	0.00%

C.2.2 Complete the following table with information relating to the number of female directors who have been members of the Board of Directors' Committees during the last four years:

	Number of female directors							
	Year 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit and Control Committee	2	50.00%	2	50.00%	2	50.00%	2	50.00%
Appointments and Remuneration Committee Remuneration:	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Risk Control Committee	1	25.00%	0	0.00%	0	0.00%	1	20.00%
Strategy Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 State whether the Audit Committee has the following duties:

	Yes	No
To supervise the production and integrity of the financial information on the company and on the group, and, where applicable, to review compliance with legal requirements, the proper demarcation of the consolidation perimeter and the correct application of accounting principles.	X	
To regularly review the internal control and risk management systems, so that the main risks are properly identified, managed and reported.	X	
To ensure the independence and effectiveness of the internal auditing functions; to propose the selection, appointment, re-election and removal of the head of the internal auditing department; to propose the budget for the department; to receive regular information on its activities; and to check that senior executives take into account the conclusions and recommendations of its reports.	X	
To set up and supervise a mechanism for employees to report in confidence, and if considered appropriate anonymously, any irregularities in the company of potential importance, particularly financial and accounting irregularities.	X	
To submit proposals to the Board for the selection, appointment, re-election and replacement of the external Auditor and for its terms of service.	X	
To receive regular information from the external Auditor on the audit plan and the results of its execution, and to check that senior management takes its recommendations into account.	X	
To ensure the independence of the external Auditor.	X	

C.2.4 Give a description of the rules of organisation and functioning, as well as the responsibilities assigned to each of the Board's Committees.

Committee name
AUDIT AND CONTROL COMMITTEE

Brief description
Specific provision is made for the Committee in the Articles of Association (Article 59 bis) and in the Regulations of the Board of Directors (Article 13). It has its own Regulations, which govern the basic rules of organisation, running and governance.

The Audit and Control Committee is responsible for reviewing the report of the Head of Internal Audit to check that banking and accounting best practice is being applied at all levels of the organisation and to ensure that appropriate action is taken in response to any conduct or methods that could be inappropriate. The Committee is also responsible for ensuring that all measures, policies, and strategies defined by the Board are properly implemented.

It also supervises the effectiveness of the group's risk management systems and control procedures, including the internal control system governing the process of preparing and reporting regulated financial information, paying special attention to reviewing the company's accounts and periodical financial information before its disclosure to the market in order to ensure it complies with prevailing accounting regulations, and duly reports the contents thereof to the Board of Directors.

The Committee meets at least once a quarter, and whenever called by its Chairperson on their own initiative or at the request of any Committee member or at the request of the Chairman of the Board of Directors or the external auditors, in order to perform the duties for which it is responsible.

It will be formed by a maximum of five Directors, appointed by the Board of Directors, which will designate the Committee's chairperson and secretary; the latter cannot be a Director. The Secretary shall draw up the minutes of each meeting, which are approved at the same meeting or the immediately following one. The proceedings of meetings are reported to the Board of Directors at its next meeting, by reading out the minutes of each Committee meeting.

Committee name
RISK CONTROL COMMITTEE

Brief description
It comprises four non-executive Directors appointed by the Board itself, of which three are independent and one external. Their roles focus on supervising and ensuring appropriate assumption, monitoring and management of all the entity's risks.

Also sitting on this committee shall be the General Manager/s, the Risk Manager, and any other employees who may be called to the committee by any Director or General Manager/s to present specific reports on risks or investments, as well as the risk control or measurement systems, ratings, scorings, etc.

The Risk Control Committee conforms to the provisions of Act 10/2014, 26 June, on the Regulation, Supervision and Solvency of Credit Entities and is governed by article 15 of the Regulations of the Board.

Committee name
STRATEGY COMMITTEE

Brief description
Regulated by Article 16 bis of the Regulations of the Board of Directors.

It shall be formed of a minimum of five and a maximum of six members, all of whom shall be Directors and two of whom shall be the Chairman of the Board and the Managing Director; the Committee Secretary shall be the Secretary to the Board of Directors.

The Committee shall meet at least once every six months or at the request of the Chairperson. Its duties shall be to report on questions of strategy in general or those of particular importance or relevance.

Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description
Contemplated in Article 59 ter of the Articles of Association, its regulations are set out in Article 14 of the Regulations of the Board of Directors and it is formed by four independent Directors. It meets at least once per year. The Appointments and Remuneration Committee is responsible for drawing up and reviewing the principles to be applied in determining the composition of the Board of Directors and in selecting candidates, submitting to the Board proposals for the appointment of Independent Directors and reporting on the appointment of other Directors, and assessing the profile of the most suitable people to form part of the different Committees, submitting the corresponding proposals to the Board of Directors.

Notwithstanding any other tasks assigned to it by the Board of Directors, the Appointments and Remuneration Committee will have those responsibilities detailed in Article 59 ter of the Articles of Association and in Article 14 of the Regulations of the Board of Directors.

Committee name
EXECUTIVE OR DELEGATED COMMITTEE

Brief description
Article 12 of the Regulations of the Board provides that the Executive Committee is responsible for coordinating the management of the Bank at executive level and for adopting resolutions and decisions within the authority delegated to it by the Board of Directors, to which it will report on the decisions made at its meetings.
The Chairman of the Board is a member of the Executive Committee and acts as its Chairman.
If the Committee as a whole or its Chairman so decides, any person from inside or outside the company may be invited to attend and to speak at meetings for any specified purpose, having regard to the matter under consideration.
The Board also decides who will act as the Secretary, whether or not a Director, and will replace the Secretary in the event of absence or illness.

Resolutions passed by the Committee are written up in a Minutes Book and signed by the Chairman and the Secretary, or failing that, by the persons standing in for them at the meeting in question.

C.2.5 State whether there are any rules of procedure for Board committees, the place where these rules are available for consultation and any changes made to the rules during the year. Also specify whether any voluntary annual report has been drawn up on the activities of each committee.

Section C.2.4 details those articles of the Articles of Association or of the Regulations of the Board of Directors containing the rules of procedure and responsibilities of the different committees. These documents are available on the website (www.grupobancosabadell.com), under the section "Shareholder and Investor Information", section "Corporate Governance".

Furthermore, the Audit and Control Committee has drawn up Internal Regulations, setting out its duties and procedures, which have been filed with the Mercantile Registry and are also available on the website (www.grupobancosabadell.com – Shareholder and Investor Information - Corporate Governance - Regulations of the Board of Directors).

All the committees prepare an annual self-assessment report of its activities, which is submitted to the Bank's Board of Directors for information purposes.

C.2.6 State whether the composition of the Executive Committee reflects the proportional split between the different categories of Directors:

Yes

No

D INTERGROUP AND RELATED TRANSACTIONS

D.1 State the body responsible and explain, where applicable, the procedure for the approval of intergroup transactions and those with related parties.

Body responsible for approving related transactions
--

Board of Directors

Procedure for the approval of related transactions

Subject to favourable report by the Audit and Control Committee.

Explain whether the approval of transactions with related parties has been delegated, indicating, where applicable, to which body or persons it has been delegated.

Not delegated.

D.2 Give details of any transactions that are significant for their size or nature, between the company or any group undertakings and significant shareholders of the company:

D.3 Give details of any transactions that are significant for their size or nature, between the company or any group undertakings and senior executives or directors of the company:

D.4 List any significant transactions carried out by the company with other companies in the same group, which have not been eliminated in the preparation of the consolidated financial statements and do not, having regard to their nature and purpose, form part of the company's normal course of business.

In any event, details will be provided on any intergroup transaction carried out with organisations based in countries or territories that are considered to be tax havens:

D.5 State the value of transactions carried out with other related parties.

0 (In thousands of euros)

D.6 Specify the mechanisms established to detect, identify and resolve possible conflicts of interest arising between the company and/or the group and its Directors, senior managers or significant shareholders.

1. Under the Regulations of the Board of Directors, all Board members are bound by a duty of loyalty and confidentiality and are required to disclose any interest they may have in the company itself or in other companies outside the group.

Specifically, Article 25 of the Regulations states that a Director may not provide professional services to Spanish companies whose corporate purposes, or any part thereof, are similar to those of the company. An exception is made for offices they hold in companies in the same group. Before accepting any management post in another company or undertaking, a Director must notify the Appointments and Remuneration Committee.

Article 27 of the Regulations of the Board of Directors states that Directors must inform the company of any shares of same which they own directly or through companies in which they hold a significant stake. They must also disclose any shares held, directly or indirectly, by their close relatives.

Directors must also inform the company of all positions that they hold and activities that they perform in other companies or entities and, generally, of any fact or situation that may be material in connection with their actions as directors of the company.

2. The Banco Sabadell group's Code of Conduct provides a set of rules for the guidance of all persons employed by the group and its stakeholders (customers, suppliers, shareholders, authorities and the local community) based on principles which we consider fundamental to carrying on business.

It expressly contemplates the rules applicable to possible conflicts of interest with customers and suppliers and sets out guidelines for such cases.

3. Banco Sabadell's Internal Rules of Conduct (IRC) in the securities market, approved by the Board of Directors on 26 November 2009, is applicable to the members of the Bank's Board of Directors, and to all management staff and employees whose work is directly or indirectly related with the Bank's activities and services in the field of the stock markets or who have frequent or habitual access to significant information related to the Bank itself or group companies.

The text of the IRC contains, in its section four, the mechanisms for identifying, preventing and resolving possible conflicts of interest that may be detected by persons concerned, who are obliged to declare any significant relations of a financial or family nature, with customers of the Bank for services related to the stock markets or to companies listed on the Stock Exchange, as well as any other relationships that, in the opinion of an external and neutral observer, could comprise the impartiality of staff concerned.

4. The Banco Sabadell's general policy regarding conflicts of interest is an internal set of regulations laying down the criteria and procedures to be followed to guarantee that decisions taken within the Banco Sabadell group with respect to the provision of investment services are made so as to avoid, eliminate or, in the ultimate instance, reveal any conflict of interest to the customer. The Compliance Department is responsible for correctly applying the general conflicts of interest policy, and when necessary it will urge the other departments in the group to which it applies to take the necessary action.

5. The Banco Sabadell group's Corporate Ethics Committee is responsible for fostering ethical conduct throughout the organisation and for making proposals and giving advice to the Board of Directors and the different corporate and business units on decisions involving issues that could lead to conflicts of interest. The Committee is also responsible for overseeing the group's compliance with its obligations as set out in the Code of Conduct or in the Internal Rules of Conduct in the sphere of the stock market.

To achieve its objectives, the Corporate Ethics Committee can call upon the resources of the Compliance Department, and has been given extensive powers by the Board to gain access to all documents and information it requires to perform its supervisory function.

D.7 Is more than one company in the group listed in Spain?

Yes

No

Identify the subsidiaries listed in Spain:

Listed subsidiary companies

Indicate whether they have defined publicly and with precision the respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with other companies in the group;

Define the possible business relationships between the parent company and the listed subsidiary company, and between the latter and the rest of the group companies

Identify the mechanisms established to resolve any possible conflicts of interest between the listed subsidiary and the other companies in the group:

Mechanisms for resolving possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

At Banco Sabadell, the Risk Management system is based on the Strategic Risk Framework contained in the Risk Appetite Statement, the associated risk management policies and the reporting system and overall governance model of the risk function.

The system has a general scope, consolidating its management by business area or unit, subsidiaries, geographical regions and support areas (such as, for example, human resources, marketing or management control) on a corporate level.

E.2 Identify the bodies in the company responsible for drawing up and executing the Risk Management System.

The Board of Directors is the body responsible for establishing general directives on the organisational distribution of risk management and control functions, as well as determining the main strategic lines in this respect.

Within the Board itself there is a Risk Control Committee which is responsible for ensuring compliance with the Risk Appetite Statement (RAS) approved by the Board and the associated risk management policies, whose duties are detailed in point C.2.4. In addition, another 3 committees participate in risk management and control: The Executive Committee, responsible for coordinating the executive management of the Bank, the Audit and Control Committee, which supervises the efficacy of the risk management systems, and the Appointments and Remuneration Committee, which ensures that remuneration practices in the Group are coherent with its risk profile, avoiding inappropriate risk-taking and promoting sound and effective risk management.

The main department involved in the risk management and control process is the Risk Department. The head is the General Managing Director and it is the ultimate party responsible for the Bank's risk management at executive level. It reports directly to the Chairman's office and, together with the Financial Department and Managing Director develops the Strategic Risk Framework. Its functions are carried out through the following departments:

- Risk Control Department: (i) it proposes and develops the Strategic Risk Framework within the General Risk Department; (ii) monitors and systematically analyses the evolution of all major risks and verifies the suitability of same for the established policies; (iii) proposes the guidelines, methodology and strategy for all risk management; (iv) defines and establishes the risk management model, develops internal advanced measurement systems, applies the supervisory requirements to enable the quantification and discrimination of risks and applies same to the business management; and (v) establishes procedures to optimise the credit approval function.
- Risk Management Department: (i) manages and integrates the different exposures in accordance with the pre/fixed levels of autonomy, via selective acceptance of the risk to ensure its quality, achieve growth and optimise the business profitability; (ii) aligns the priorities of the strategic plan and the vision of the Risk Management Department in all segments, identifying the initiatives to be developed as regards risks; and (iii) develops the risk management framework of the market, balance sheet, countries and banks.

Within the Strategic Risk Framework, other executive bodies involved in the risk management and control process are:

- Financial Department: (i) supports the Managing Director and General Managing Director (Chief Risk Officer) to develop the Strategic Risk Framework and (ii) as part of the planning, budgeting and management control processes it calculates and assigns capital in keeping with the Bank's strategy, ensuring the risk variable is taken into account in all decisions and oversees the specific risk measurement models, particularly with regard to the supervisory authorities. It also develops and manages the stress test analysis framework.
- Corporate Operations and Development Department: This manages the entire real estate exposure of the Group, developer credit portfolio and real estate assets on the Bank's balance sheet together with recovery processes.
- Internal Audit Department: (i) ensures effective compliance with the management policies and procedures, evaluating the adequacy and effectiveness of the management and control activities of each functional and executive unit, reporting directly to the Audit and Control Committee; (ii) verifies the design and effectiveness of the Risk Appetite Statement and its alignment with the supervisory framework; and (iii) brings assurance concerning the implementation of the RAS both in the document structure (consistency between these and the Statement) and in the subsequent integration in the Bank's management, verifying compliance with the metrics and action plan in place.
- Treasury and Money Market Dept.: responsible for managing the liquidity of the Bank and the management and compliance with its regulatory coefficients and ratios. It also manages the risk of the treasury shares, interest rate risk and exchange rate risk and ledgers of various types, basically due to the operational flows with both internal and external clients, originating from the activity of the Distribution units and Financial Department, branch network and branches.

(The description continues in the section H OTHER INFORMATION OF INTEREST of this report.)

E.3 Indicate the main risks that may affect business targets being achieved.

1. Credit and concentration risk: Losses due to a breach of payment obligations on the part of borrowers or impairment of the loan quality of same. This includes counterparty risk.
2. Market Risk: Losses in value of positions held in financial assets due to a variation of the risk factors which affect their prices or stock prices.
3. Liquidity risk: incapability to honour payment commitments, due to a lack of liquid assets or inability to access the markets for refinancing.
4. Structural risks of incurring losses due to interest rates variations or net structural positions in foreign currency.
5. Operational risk possibility of loss resulting from inadequate or failed internal processes, people and systems including reputational, technological or model risk.
6. Business Risk: Losses arising from adverse events that negatively affect the capacity, strength and recurrence of the income statement or the capacity to honour the needs of funding due to impairment of assets and solvency.

7. Fiscal risk: Possible breach or uncertainty associated with the interpretation of the tax law of jurisdictions in which ordinary business is carried on.

8. Compliance risk: possibility of legal or administrative sanctions significant financial losses or reputational losses for non-compliance with laws, regulations, internal standards, and codes of conduct applicable to banking activity.

E.4 Identify whether the organisation has a risk tolerance level.

The chief element of the Strategic Risk Framework approved by the Board of Directors is the Risk Appetite Statement. The Group understands the Risk Appetite Statement as the quantity and diversity of risks the Banco Sabadell Group seeks and tolerates in order to achieve its business objectives, maintaining a balance between profitability and risk.

The state comprises the quantitative metrics and qualitative elements that, in conjunction, define the risk appetite levels of the Bank, both globally and for each of the major risks assumed during the course of its ordinary business.

E.5 State what risks have materialised during the year.

The Group provides detailed information on risk in the Annual Report which is available on the corporate website (www.grupobancosabadell.com – section Information for shareholders and investors – Financial information – Annual reports), specifically under heading 4 of the consolidated management report.

E.6 Explain response and supervision plans for the company's main risks.

The Strategic Risk Framework establishes the different monitoring systems for major risks. This monitoring, at the highest level, is carried out by the Risk Control Committee. More frequent and detailed monitoring is carried out by the Risk Department and Technical Risk Committee.

The management of risk is supported by robust control procedures to ensure compliance with pre-set limits, clearly defined responsibilities in the identification and monitoring of indicators and predictive alerts, and the use of advanced risk assessment methodologies.

The group has risk control systems suited to the commercial banking business and activities in which it operates and to the desired risk profile. These control systems are embodied in procedures for the approval, monitoring, mitigation or recovery of risks of the types described above, and are themselves subject to supervision.

Risk assessment also forms part of the control system and is established through advanced measuring methodologies. In this regard, the Basel Committee on Banking Supervision has been working on a new capital adequacy regulatory framework for financial institutions known as the New Basel Capital Accord (Basel II), a fundamental principle of which is that a Bank's regulatory capital requirements should be more closely related to risks actually incurred, based on internal risk measurement models and previously validated parameters and internal estimates.

Being fully aware that having an advanced methodology ensures that risks incurred can be reliably assessed and actively managed, Banco Sabadell is following the guidelines provided by the Basel Committee in developing the different components required to complete its risk measurement systems.

On the basis of the measures of risk provided by these new methodologies, the Bank has developed a consolidated risk measurement model with a common internal unit of measurement, allocated capital, the purpose of which is to determine the necessary capital requirement on the basis of internal parameters appropriate to ensure a specified level of solvency. Evaluating risk in terms of an assigned capital requirement means that risk can be related to return, from individual customer up to business unit level. Banco Sabadell has developed an analytical "risk-adjusted return on capital" (RaRoC) system which provides this assessment and incorporates it within the transaction pricing process.

With regard to credit risk, the Bank has implemented advanced measurement models based on internal data, tailored to particular counterparty categories and segments (businesses, retailers, individuals, mortgages and consumer, property developers, project finance, structured financing, financial institutions and countries), thus allowing transactions to be differentiated on the basis of risk and assessments to be made of the probability of default or the degree of severity in the event of default actually occurring.

In the Annual Report, available on the corporate website, more information is provided regarding the risk control systems that govern Group activity: www.grupobancosabadell.com - Shareholder and Investor Information - Financial Information - Annual Reports.

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms entailed in the risk monitoring and management systems with regard to the financial information process (SCIIF) of your company.

F.1 The organisation's control environment

Provide details, highlighting the main characteristics of, as a minimum:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its supervision.

The Regulations of the Board of Directors, in their Article 5, state that the Board of Directors is an instrument of supervision and control whose responsibility is identifying the company's and the consolidated group's main risks and implementing and monitoring suitable internal control and reporting systems, as well as setting policy on the reporting and disclosure of information to shareholders, the markets and the general public.

In addition, as provided by article 13 of its Regulations, the Board of Directors delegates the supervisory role of the internal control systems to the Audit and Control Committee.

The group's Internal Auditing Department has, among its functions, that of supporting the Audit and Control Committee in supervising the correct design, implementation, and effective functioning of the risk management and control systems, which include the SCIIF.

The Group's Financial Department contributes to implementing the general framework of the internal control systems that are rolled out across the entire organisation.

Part of that contribution materialises in the responsibility of designing and implementing internal control systems on financial information that ensure the accuracy of the financial information generated.

F.1.2. The following elements, if any, with regard to the process in which the financial reporting is formulated:

- Departments and/or mechanisms charged with: (i) the design and review of the organisational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) that sufficient procedures exist for their correct dissemination within the company.

The design and review of the organisational structure is the responsibility of the Organisation and Services Department which, based on the Master Plan of the Banco Sabadell Group (whose habitual periodicity is three years), analyses and reviews the needs for resources of each General Division for compliance. This review is carried out regularly and not only is the necessary workforce decided, but also the structural organisation of each unit. Once an agreement has been reached, it is submitted to the Steering Committee for approval and referral to each of the general divisions.

At the same time the details of all the departments/units/offices are sent on a monthly basis to the Human Resources Department showing all the modifications that have been made so as to equip them with the resources considered necessary to perform their duties.

The organisational chart of the Banco Sabadell Group arising from the above process addresses all the departments, areas and divisions into which the Banco Sabadell Group is divided. This organisational chart is supplemented by a "process map" giving greater details of the various areas of the Banco Sabadell Group. These include the functions and responsibilities assigned to same, detailing those related to the presentation, analysis and review of the financial reporting. Both the organisational chart of the Banco Sabadell Group and the process map are contained on the Corporate Intranet to which all staff have access.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions in the register of operations and production of financial information), the body entrusted with analysing non-compliance and with proposing corrective actions and sanctions.

The Banco Sabadell Group has a General Code of Conduct approved by the Board of Directors and available via the corporate intranet that includes amongst its fundamental principles the commitment to transparency and especially with regard to shareholders, reflects the commitment to place at their disposal all the financial and corporate information. The above is carried out to strictly comply with the Banco Sabadell Group's obligation to offer reliable financial reporting prepared in accordance with the applicable regulations, presenting a fair and true image of the company. It also includes

the responsibilities of its employees and offices to ensure this is so, both via proper discharge of their duties and notification to the governing bodies of any circumstance which might affect this commitment.

There is a Corporate Ethics Committee, whose powers include the fostering of ethical behaviour throughout the organisation, proposing and advising both the Board of Directors and the various corporate and business units in making decisions that include aspects that may lead to conflicts of values.

Among the different tasks carried out by the Corporate Ethics Committee, is that of analysing compliance with the Code of Conduct or any other code or self-regulation that exists. In order to carry out its tasks it has access to the material and human resources of the Compliance, CSR and Corporate Governance Department. If, as a consequence of exercising its functions, it detects any non-compliance, it must advise the Human Resources Department for the application of corrective actions and sanctions if applicable.

- A whistle-blowing channel, that allows reporting to the auditing committee of any irregularities of a financial or accounting nature, as well as possible non-compliance with the code of conduct and irregular activities in the organisation, reporting where applicable if of a confidential nature.

The Banco Sabadell Group has and fosters a whistleblowing channel to report all types of irregularities and especially notification of possible breaches of the General Code of Conduct. The notifications received are treated confidentially and once addressed by the Corporate Ethics Committee (comprising 1 president and 5 members appointed by the Board of Directors) are reported, if applicable to the Audit and Control Committee. This channel is managed internally and the reporting method comprises an mailbox with the address 0901CEC@bancsabadell.com.

- Training programmes and regular updating for staff involved in the preparation and review of financial information, as well as in the evaluation of the SCIF, and which cover, as a minimum, accounting standards, auditing, internal control, and risk management.

As regards the training and refresher programs and particularly the preparation process of the financial reporting, the Group's Financial Department has put in place a presential training plan that basically addresses areas such as the internal accounting/financial operations of the company, analysis of current regulations and drafts of the new national and international accounting standards, analysis of the situation of the national and international economic environment together with the use of IT tools to facilitate the management and control of the financial reporting.

These training sessions are programmed based on two criteria:

- Sessions scheduled at the start of the year by selecting the areas considered of maximum interest by the Financial Department.
- Sessions scheduled during the current year in the event any subject arises whose prompt dissemination is considered important (drafts of new accounting standards, evolution of the economic environment...).

These training sessions are aimed not only at Financial Dept. personnel but also extend to other departments (Audit, Risk Control, Asset conversion...), in accordance with the content of the sessions.

The presential training is taught chiefly by internal professionals of the Banco Sabadell Group and by external experts who are specialists in each subject area.

In addition, the Human Resources Department places at the disposal of Banco Sabadell Group employees a series of financial training courses which employees can take online. Chief amongst these courses are those affecting the International Financial Reporting Standards), financial mathematics, General Accounting Plan and general tax matters.

The Internal Audit Department has a training plan in place for all the management professionals which includes a Higher Program of Internal Auditing for financial entities, taught by a renowned academic institution, that covers areas such as the accounting principles and financial reporting, the basics of auditing and the monitoring and management of financial risks. In 2014, 15 audit professionals completed the program, which brings the current total of certified persons to 66. At present a group of 12 professionals is currently studying this course.

F.2 Evaluation of financial reporting risks

Provide information on, at least:

F.2.1. What are the chief characteristics of the risk identification process, including error or fraud, in relation to:

- If the process exists and is documented.

The process of identifying error risks or probability of fraud in financial reporting applied by the Banco Sabadell Group is documented in the relevant procedure which sets out the frequency, methods, types of risks and other basic guidelines to the process.

- Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; valuations; presentation, itemisation and comparability; and rights and obligations), if it is updated and how often.

The process covers all the financial reporting objectives (existence and occurrence; integrity; valuation; presentation, itemisation and comparability; and rights and obligations) and focuses on identifying risks of material error based on the complexity of the transactions, quantitative and qualitative importance, complexity of the calculations and application of judgements and estimations, updated on an annual basis. Should, during the course of the year there appear, (i), circumstances not previously identified which reveal possible errors in the financial information or (ii), material changes to the operations of the Banco Sabadell Group, the Finance Department evaluates the existence of those risks to be added to those already identified.

The process is structured such that, on a half-yearly basis, an analysis is conducted to identify which areas or processes and in which companies and locations important transactions are generated.

Once they have been identified, they are reviewed so as to analyse the potential risks of error for these types of transactions in each aim of the financial reporting.

- The existence of an identification process of the consolidation perimeter, taking into account, amongst others, the possible existence of complex corporate structures, special purpose entities.

As regards the existence of an identification process of the consolidation perimeter, this is described in section F.3.1. of this document.

- If the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

In addition, the process considers the possibility of risks of error in certain processes not linked to the type of specific transaction, but especially important in view of its impact on the preparation of the information reported, such as the review process of judgements and estimations and significant accounting policies or the close and consolidation process. In this respect, and with a view to covering the risks of these processes, the Banco Sabadell Group has the control activities mentioned in section F.3.1. of this document. It should also be noted that the risk identification process takes into account the possible effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.), insofar as these may affect the financial statements.

- What governing body of the companies supervises the process.

The aforementioned process is conducted and documented by the Group's Financial Department and is supervised ultimately by the Audit and Control Committee.

F.3 Control activities

Report, pointing out the chief characteristics of, at least:

F.3.1. Review and authorisation procedures for financial reporting and description of the SCIIF, to be published in the securities markets, indicating those responsible together with documentation describing the flows of activities and controls (including those related to the risk of fraud) of the various types of transactions that may have a significant effect on the financial statements, including the accounting close procedure and specific review of the judgements, estimations, evaluations and major projections.

The review and authorisation procedures of the financial reporting of the Banco Sabadell Group published in the markets commence with a review by the Finance Department. The individual and consolidated annual accounts and half-yearly financial reports are reviewed by the Audit and Control Committee prior to being drawn up by the Board of Directors, as set forth in the Regulations of the Board. In accordance with the provisions of its Regulations, the Audit and Control Committee reads and discusses the information with the persons responsible for the Finance Department, Internal Audit and the external auditors, as the steps prior to submission to the Board of Directors.

Once the Audit and Control Committee has reviewed the information and lent its agreement or observations to be added, the Financial Director, together with the President and chief executive officer of the Banco Sabadell Group sign the accounts and submit them to the Board of Directors for drafting.

With regard to the quarterly information, the Audit and Control Committee reviews the critical financial information (profit and loss account and evolution of the chief balance sheet figures) prior to submitting it to the Board of Directors.

With regard to the activities and controls directly relating to transactions that may have a significant impact on the financial statements, the Banco Sabadell Group has control descriptions implemented to mitigate the risk of material error (intentional or otherwise) in the information reported to the markets. For the critical areas of the Banco Sabadell Group special emphasis is placed on developing solid descriptions of the flows of activities and controls, which covers:

- Loan investment
- Portfolio of fixed income and issuances carried out
- Equities portfolio
- Customer deposits
- Derivatives
- Foreclosed real estate assets

These descriptions contain information on what form the control activity should take, their purpose (risk to be mitigated), the party responsible for executing them and the frequency. The descriptions cover controls on the proper recording, valuation, presentation and itemisation of said areas.

The Banco Sabadell Group also has procedures aimed at mitigating the risks of error in processes not related to specific transactions. In particular, there are procedures defined for the closing processes which include the consolidation process or specific review procedures of important judgements and estimates, which are scaled to senior management when appropriate.

With regard to the consolidation process used in the closing process, procedures have been put in place to ensure correct identification of the consolidation perimeter. In particular, for example, the Banco Sabadell Group conducts a monthly analysis of the consolidation perimeter, requesting the information necessary from all the subsidiaries, with the analysis covering all types of corporate structures. The public Consolidation Department publishes a document on the Bank's intranet every month with the composition of the Group companies and the variations to the perimeter from one month to the next, making it available to the entire organisation and especially to those which may need it to generate the financial reporting.

The review of judgements and estimates is carried out at different levels by members of the Financial Department. In addition, the Banco Sabadell Group includes in its annual accounts the most important areas in which there are parameters for judgement and estimates together with the key assumptions made by the Banco Sabadell Group with regard to same. It also has review procedures of the accounting estimations made. The chief estimations refer to impairment losses of certain financial assets, the actuarial calculations relating to liabilities and pension commitments, the useful life of tangible and intangible assets, the valuation of goodwill, the fair value of the non-listed financial assets and the fair value of real estate assets.

F.3.2. Internal control policies and procedures of the information systems (amongst others, access security, change control, operation of same, operating continuity and segregation of functions) that support the major processes of the Bank with regard to the formulation and publication of the financial reporting.

The Banco Sabadell Group uses information systems to maintain an adequate record and control of its operations and is therefore highly dependent on their proper functioning.

As part of the process to identify risks of error in the financial reporting, the Banco Sabadell Group identifies which systems and applications are important in each of the areas or processes considered significant. The systems and applications identified include those directly used in preparing the financial information and those important for the effectiveness of the controls to mitigate the risk of errors occurring in same.

The design and implementation of the applications defines a methodological framework that establishes the different points of control to ensure that the solution obtained complies with the requirements requested by the user and that the quality level meets the standards of reliability, efficiency and maintainability required.

Any change regarding infrastructures or applications is managed via the change management operations service that defines the flow for the approval of same, which may be scaled to the Change Committee to define the impact and possible repercussions.

The Information Security and Operational Continuity Department of the Banco Sabadell Group has in place policies aimed at covering security as regards access via the segregation of functions and definition of virtual roles and resources and the continuity of operations with the creation of BRS centres and periodical tests of their operations capacity and virtual resources and the continuity of operations with the setting up of BRS centres and periodic operating tests.

F.3.3. Internal control Policies and Procedures aimed at supervising the management of activities subcontracted to third parties including the evaluation, calculation and valuation entrusted to independent experts that may significantly impact the financial statements.

The Banco Sabadell Group periodically reviews which activities carried out by third parties are relevant for the process of preparing the financial reporting or may indirectly affect its reliability. To date, the Banco Sabadell Group has not outsourced processes with a major impact on the financial reporting. However, the Banco Sabadell Group does recurrently use the reports of independent experts for evaluations about operations that may potentially affect the financial statements in a significant manner.

For 2014, the activities sourced out to third parties relating to valuations and calculations of independent experts referred to property appraisals, the post-employment benefits of the Bank's employees, valuation of goodwill and valuation of derivatives.

The units of the Banco Sabadell Group responsible for these operations carry out controls on the work of these experts, aimed at verifying their competence, skills, accreditation or independence together with the validity of the data and method used and the reasonability of the assumptions applied as described in section F.3.1.

F.4 Information and reporting

Report, pointing out the chief characteristics of, at least:

F.4.1. A specific function responsible for defining the accounting policies and keeping them up to date (accounting policies department) and to resolve doubts or conflicts arising from their interpretation, maintaining fluid communications with the persons responsible for the operations within the organisation together with an updated policies manual reported to all the units that operate in the Bank.

The Financial Regulation Unit (under the Reporting and Financial Regulation Department) is solely responsible for identifying, defining and communicating the accounting policies that affect the Banco Sabadell Group and to respond to queries concerning accounting that may be made by subsidiaries and the different business units.

The Financial Reporting and Regulation Department is responsible for informing the Senior Management of the Banco Sabadell Group regarding the new accounting standards, the results of their implementation and their impact on the financial statements of the Banco Sabadell Group.

The Banco Sabadell Group has guides on accounting procedures that are adapted to the needs, requirements and dimension of the Banco Sabadell Group in which the rules for preparing the financial reporting are explained and how they must be applied to the specific operations of the Bank. These documents not only explicitly refer to the standards applied to each type of transaction but also develop and explain the interpretation of same so as to adapt exactly to each type of transaction.

These documents are periodically updated and at least once a year and include the standards applicable for the year 2014. Significant modifications are reported to the companies to which they are applicable.

F.4.2. Mechanisms for gathering and preparing the financial reporting with uniform formats, application and use by all the units of the Bank or group, supporting key financial statements and notes as well as detailed information about the SCIIF.

The chief IT systems and applications used in generating the financial reporting by the Banco Sabadell Group are centralised and interconnected. There are procedures and controls that ensure the proper development and maintenance of these systems and their correct functioning, continuity and security. During the consolidation and preparation of the financial reporting inputs such as the financial statements issued by the Group subsidiaries are used in the established formats, together with the rest of the financial information required both for the accounting harmonization and for covering the information requirements in place. The Banco Sabadell Group has a series of controls implemented to ensure the reliability and correct treatment of the information received from subsidiaries, chief amongst which are the controls of proper consolidation entries, analysis of variations in all asset items and results, variations to the results obtained regarding the monthly budget and controls over the statements of the Bank of Spain in which different balance sheet items and profit or loss account are interrelated.

F.5 System operation supervision

Report, pointing out the chief characteristics of, at least:

F.5.1. The supervision of the SCIIF performed by the audit committee, and of whether the entity has an internal audits system that is empowered to support the committee in supervising the internal monitoring system, including the SCIIF. Also provide information on the scope of evaluation of the SCIIF carried out during the year and the procedure by which the head of the assessment reports the results, whether the Bank has an action plan setting out the possible corrective measures and whether its impact on the financial reporting has been considered.

The Banco Sabadell group has the Internal Audit Department, which is subordinate directly to the President of the Bank and reports to the Audit and Control Committee. According to Article 13 d) of the Council Regulations, it is the responsibility of the Audit and Control Committee to monitor the internal audit services, reviewing the appointment and replacement of managers.

The Audit and Control Committee of the Banco Sabadell Group approved, in January 2014, the Strategic Plan of the internal audit function for the year 2015 which includes aspects relating to the general criteria to be applied as regards the specific supervisory activities of the SCIIF. One of the Internal Audit Department's missions is to support the Audit and Control Committee in supervising the correct design, implementation and effective operation of the risk monitoring and management systems, which includes the System of Risk Monitoring and Control. The assessment reports issued by Internal Audit with regard to the evaluation of the SCIIF have been reviewed by members of the Audit and Control Committee, in turn evaluating the weaknesses identified in said reports. Lastly, the Committee has approved the action plan designed by the Internal Audit Department for remedying the aforementioned control weaknesses.

The Internal Audit has a multi-year supervisory plan of the SCIIF that comprises 3 years, approved by the Audit and Control Committee. The Plan foresees the application of tests to those areas considered key within the Banco Sabadell Group, covering all of these over a period of three years, except certain areas or processes considered especially important, including the accounting close process, the review of judgements and estimations or the general controls on the information systems described in section F.3.2, for annual assessment.

The scope of the assessment for the year 2014 included supervision of the formal operation of the SCIIF implemented by the Financial Department and the review of key controls of the accounting close procedure (which materialised in the new IT application discussed in section F.6.), judgements and estimations and the review of compliance with the policies on general IT controls.

The assessment process of 2014 analysed 293 controls, of which 128 were identified as being key and verified that from the time of implementation they operate as defined. Control weaknesses and opportunities for improvement have been detected in the design and implementation of certain controls that have given rise to a total of 11 action plans; the recommendations of the previous year have also been monitored.

F.5.2. Whether there is a discussion procedure via which the account auditor (in accordance with the provisions of the NTA), the internal audit function and other experts can report to senior management and to the audit committee of company directors the significant weaknesses of internal control identified during the review processes of the annual accounts or any others. Also report whether there is an action plan to remedy or mitigate the weaknesses identified.

The Audit and Control Committee meets at least once every three months (prior to the publication of the regulatory information) in order to obtain and analyse the necessary information to comply with the competences entrusted to it by the Board of Directors.

These meetings carry out an in-depth review of the annual and half-yearly accounts and the intermediate quarterly statements of the company together with the rest of the information made available to the market. To carry out this process, the Audit and Control Committee first receives all the documentation and holds meetings with the General Director, the Internal Audit Department and the auditor in the case of the annual and half-yearly accounts in order to ensure proper application of the current accounting standards and the reliability of the financial reporting. In addition, during this discussion process possible weaknesses in the SCIIF which have been identified are evaluated and, if applicable, the proposals to correct them and the status of the actions implemented. On an annual basis and within the framework of the SCIIF, the Audit and Control Committee reviews and approves the action plans proposed by the Internal Audit Department in order to correct or mitigate the weaknesses observed.

The Group's account auditor has direct access to the Group's Senior Management, holding regular meetings to obtain the necessary information and to report on control weaknesses detected during same. With regard to the latter, on an annual basis the external auditor submits to the Audit and Control Committee a report detailing the internal control weaknesses detected. This report contains the comments of the Group Management and, if applicable, the action plans implemented to remedy the internal control weaknesses.

F.6 Other important information

The Financial Department of Banco Sabadell has implemented an IT application that includes all the SCIIF controls, while at the same time ensuring ongoing identification of new risks and the relevant update of mitigating controls in each accounts close. Mitigating controls at each close. This tool enables the controls to be validated on time and in due manner with the aim of guaranteeing the reliability of the financial reporting generated. The design of the tool's functionalities has taken into account the recommendations of the CNMV in its Guide to preparing the description of the internal control system of the financial reporting of Listed Companies, based on the principles and good practices contained in the COSO report (Committee of Sponsoring Organizations of the Treadway Commission).

F.7 External auditor report

Report on:

F.7.1. Whether the SCIIF information sent to the markets has been reviewed by the external auditor, in which case the company must include the relevant report as an annex. Otherwise, it must justify this.

The Banco Sabadell Group has submitted the SCIIF information sent to the markets for 2014 to review by an external auditor. The External Auditor's report (PricewaterhouseCoopers) will be include, when issued, as an annex to this annual report on corporate governance.

The scope of the review processes of the auditor is determined by Circular E01/2012, dated 25 January 2012, of the Instituto de Censores Jurados de Cuentas of Spain.

G DEGREE OF ADHERENCE TO RECOMMENDATIONS ON CORPORATE GOVERNANCE

Indicate the degree of compliance by the company with the recommendations on corporate governance in the Unified Good Governance Code.

If any recommendation is not followed or is followed only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to be able to evaluate the company's course of action. Explanations of a general nature are not accepted.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by a single shareholder or contain other restrictions that make it difficult to obtain control of the company by purchasing its shares on the stock market.

See sections: A.10, B.1, B.2, C.1.23, and C.1.24.

Complies

Explain

2. When the parent company and a subsidiary company are listed, both should define publicly and precisely:

a) The respective fields of business and any business relations between them, as well as those between the listed subsidiary and other companies in the group;

b) The mechanisms for settling any conflicts of interest that might arise.

See sections: D.4 and D.7

Complies

Complies partially

Explain

Not applicable

3. Although not expressly required by company legislation, operations involving any structural modification of the company should be submitted to the Shareholders' General Meeting for approval, in particular the following operations:

a) **The conversion of listed companies into holding companies by the “subsidiarisation” or transfer to dependent companies of essential activities hitherto carried out by the company itself, even when the company maintains full control of such companies;**

b) **The acquisition or disposal of essential operating assets when this involves an effective change of the corporate purpose;**

c) **Operations having an effect equivalent to that of winding up the company.**

See section: B.6

Complies

Complies partially

Explain

4. The detailed proposals for resolutions to be passed by the General Meeting, including the information referred to in recommendation 27, should be made public at the time of publishing the notice of the General Meeting.

Complies

Explain

5. Those matters that are substantially independent of each other should be voted on separately at the General Meeting, so that shareholders may exercise their voting preferences separately. This rule should be applied in particular to:

a) The appointment or ratification of Directors, which should be voted on individually;

b) In the case of amendments to the Articles of Association, individual articles or a group of articles that are substantially independent of each other.

Complies

Complies partially

Explain

6. Companies should allow votes to be split so that financial intermediaries that are recognised as shareholders but act on behalf of different clients may cast their votes in accordance with their clients' instructions.

Complies

Explain

7. The Board should perform its duties with a single purpose and independence of criteria, dispense the same treatment to all shareholders and be guided by the interests of the company, this being understood as maximising the economic value of the business on a sustained basis.

It should also ensure that in its relations with stakeholders the company abides by the laws and regulations; performs its obligations and contracts in good faith; respects the customs and practices of the sectors and territories in which it operates; and observes any additional principles of social responsibility that it has voluntarily accepted.

Complies

Complies partially

Explain

8. The Board is responsible, as its core mission, for approving the strategy of the company and the necessary organisation for implementing it, and for ensuring that the management achieves the targets set and respects the corporate purpose and social interest of the company. To this end, the full Board has the power to approve:

a) The company's general policies and strategies, and in particular:

i) Strategic or business plan, as well as management targets and annual budget;

ii) The investments and financing policy;

iii) Definition of the structure of the group of companies:

iv) Corporate Governance policy;

v) Corporate Social Responsibility policy

vi) Policy on remuneration and assessment of the performance of senior executives;

vii) Risk control and management policy and regular monitoring of internal information and control systems.

viii) Policy on dividends and purchases of own shares, especially the limits thereon

See sections: C.1.14, C.1.16, and E.2

b) The following decisions:

- i) Appointment and removal of senior executives, and their compensation clauses, on the chief executive's recommendation.**
- ii) Directors' remuneration and, for Executive Directors, additional remuneration for their executive duties and other terms to be respected in their contracts.**
- iii) Any financial information that the company, as a listed company, is obliged to publish regularly.**
- iv) Investments and operations of all kinds that because of their size or special features are of a strategic nature, unless the General Meeting is responsible for approving them;**
- v) The creation or acquisition of shares in special purpose companies or companies resident in countries or territories classified as tax havens, and any other transactions or operations of a similar nature that because of their complexity, could impair the group's transparency.**

c) Operations between the company and its Directors, significant shareholders or shareholders represented on the Board or with persons related to them (“transactions with related parties”).

Authorisation by the Board shall not, however, be considered necessary in transactions with related parties that meet all of the following three conditions:

1. They must be carried out under contracts with standardised terms that are applied en masse to a number of clients;
2. They must be carried out at prices or rates that are applied in general by anyone acting as a supplier of the goods or services in question;
3. The amount must not exceed 1% of the company's annual earnings.

It is recommended that the Board should approve transactions with related parties on the recommendation of the Audit Committee or any other body asked to review them; and that the Directors affected, in addition to not voting or appointing proxies to do so, should leave the meeting room while the Board deliberates and votes on the transaction.

It is recommended that these powers attributed to the Board should not be delegated, save for those set out in sections b) and c), which may be adopted in emergencies by the Delegated Committee and subsequently ratified by the full Board.

See sections: D.1 and D.6

Complies

Complies partially

Explain

9. The Board should be of the necessary size to function in an efficient, participatory manner, and it is therefore recommended that it have no less than five and no more than fifteen members.

See section: C.1.2.

Complies

Explain

10. The Independent and Proprietary Non-Executive Directors should constitute an ample majority on the Board and the number of Executive Directors should be kept to the essential minimum, taking into account the complexity of the corporate group and the holdings of the Executive Directors in the capital of the company.

See sections: A.3 and C.1.3

Complies

Complies partially

Explain

11. Among the Non-executive Directors, the proportion between the number of Proprietary Directors and Independent Directors should reflect the proportion between the capital of the company represented by the Proprietary Directors and the rest of the capital.

This strict proportionality may be relaxed, so that the weight of the Proprietary Directors is greater than the number that would correspond to the total percentage of capital represented by them:

1 In companies with high capitalisation, in which there are few or no shareholdings that can be considered by law as significant, but where there are shareholders owning packets of shares with a high absolute value.

2 In the case of companies in which there are a large number of shareholders represented on the Board who have no links with each other.

See sections: A.2, A.3 and C.1.3

Complies

Explain

12. The number of Independent Directors should represent at least one-third of the total number of Directors.

See section: C.1.3

Complies

Explain

13. The nature of each Director should be explained by the Board to the General Meeting that is to appoint him or ratify his appointment, and should be confirmed or reviewed each year in the Annual Report on Corporate Governance, after verification by the Appointments Committee. The Report should also state the reasons why Proprietary Directors have been appointed at the request of shareholders representing less than 5% of the capital; and the reasons for the rejection of any formal requests for a presence on the Board from shareholders with a holding that is the same or larger than that of other shareholders at whose request Proprietary Directors have been appointed.

See sections: C.1.3 and C.1.8

Complies

Complies partially

Explain

14. If there are few or no female Directors, the Appointments Committee should ensure that when new vacancies are filled:

a) The selection procedures are not implicitly biased against the appointment of female Directors;

b) The company deliberately seeks out, and includes among the potential candidates, women who meet the required professional profile.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies

Complies partially

Explain

Not applicable

15. The Chairman, as the person responsible for the efficient operating of the Board, should ensure that Directors receive sufficient information in advance; should stimulate discussions and the active participation by the Directors in Board meetings; should safeguard their freedom to express their opinion and to take a particular position; and should organise and coordinate with the chairmen of the relevant committees the regular assessment of the Board and, where applicable, of the Managing Director or Chief Executive.

See sections: C.1.19 and C.1.41

Complies

Complies partially

Explain

16. When the Chairman of the Board is also the Chief Executive of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of further items on the agenda; to coordinate and reflect the concerns of the Non-executive Directors; and to direct the assessment by the Board of its Chairman.

See section: C.1.22

Complies

Complies partially

Explain

Not applicable

17. The Secretary to the Board should ensure in particular that the actions of the Board:

a) Comply with the letter and the spirit of the law and regulations, including those approved by regulatory bodies;

b) Comply with the Articles of Association and the Regulations of the General Meeting, the Board and any other company regulations;

c) Take account of the recommendations on good corporate governance set out in the Unified Code accepted by the company.

To safeguard the Secretary's independence, impartiality, and professionalism, his appointment and removal should be recommended by the Appointments Committee and approved by the full Board; and the procedure for his appointment and removal should be set out in the Regulations of the Board of Directors.

See section: C.1.34

Complies

Complies partially

Explain

18. The Board should meet with the necessary frequency to perform its duties efficiently, and should follow the schedule of meetings and business drawn up at the beginning of the year.

See section: C.1.29

Complies

Complies partially

Explain

19. Absences by Directors from Board meetings should be limited to essential circumstances and should be quantified in the Annual Report on Corporate Governance. If the appointment of a proxy is essential, the proxy should be provided with voting instructions.

See sections: C.1.28, C.1.29 and C.1.30

Complies

Complies partially

Explain

20. When the Directors or the Secretary voice concerns about any particular proposal or, in the case of Directors, about the state of the company, and such concerns are not allayed at the Board meeting, they should be recorded in the minutes at the request of the person voicing them.

Complies

Complies partially

Explain

Not applicable

21. The full Board should assess once a year:

a) The quality and efficiency of the functioning of the Board;

b) On the basis of the report received from the Appointments Committee, the performance of their duties by the Chairman of the Board and by the Chief Executive of the company;

c) The functioning of the Board committees, on the basis of the reports received from them.

See sections: C.1.19 and C.1.20

Complies

Complies partially

Explain

22. All Directors should be entitled to request such additional information as they consider necessary on matters that are the responsibility of the Board. And, unless otherwise laid down in the Articles of Association or the Regulations of the Board of Directors, they should address their request to the Chairman or to the Secretary of the Board.

See section: C.1.41

Complies

Explain

23. All Directors should be entitled to obtain from the company the advice they require for the performance of their duties. And the company should provide suitable channels for exercising this right, which in special circumstances may include external advice at the company's expense.

See section: C.1.40

Complies

Explain

24. Companies should draw up an orientation programme to provide new Directors with a rapid and sufficient knowledge of the business and of its rules of corporate governance.

They should also offer Directors refresher programmes when circumstances make this advisable

Complies

Complies partially

Explain

25. Companies should require Directors to devote the necessary time and effort to their duties so as to perform them efficiently, and consequently:

a) Directors should inform the Appointments Committee of their other professional commitments in case these might interfere with the performance of their duties;

b) Companies should draw up rules on the number of boards to which their Directors may belong.

See sections: C.1.12, C.1.13 and C.1.17

Complies

Complies partially

Explain

26. The proposal for the appointment or re-election of Directors made by the Board to the General Meeting of Shareholders, and their provisional appointment through co-opting, should be approved by the Board:

a) At the proposal of the appointments committee, in the case of independent directors.

b) Following a report by the appointments committee, in the case of all other directors.

See section: C.1.3

Complies

Complies partially

Explain

27. Companies should publish the following information about their Directors on their websites, and should keep it updated:

a) Professional profile and biographical details;

b) Other boards of directors of which they are members, whether or not the companies are listed companies;

c) Indication of the category of each board member, stating in the case of proprietary directors, the shareholder they represent or with whom they have ties.

d) Date of first appointment as a Director of the company, and of subsequent appointments, and;

e) The number of shares and share options held in the company.

Complies

Complies partially

Explain

28. Proprietary Directors should resign when the shareholder they represent sells all of its shares in the company. And they should also do so, in the corresponding number, when the shareholder reduces its holding to a level that requires a reduction in the number of Proprietary Directors representing it.

See sections: A.2, A.3 and C.1.2

Complies

Complies partially

Explain

29. The Board of Directors should not propose the removal of any Independent Director before the expiry of the statutory term of office for which he was appointed, other than for reasons that are justified in the opinion of the Board and subject to a report by the Appointments Committee. In particular, justified reasons shall be considered to exist when the Director has failed to perform his duties or is in one of the circumstances that lead him to lose his status as independent, in accordance with the provisions of Ministerial Order ECC/461/2013.

The removal of Independent Directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations that involve a change in the capital structure of the company, when such changes in the structure of the Board are the result of the proportionality criterion indicated in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

Explain

30. Companies should draw up rules requiring Directors to report and if applicable resign in any situations that might jeopardise the company's credit and reputation and, in particular, obliging them to inform the company of any criminal charges in which they are involved and of the outcome of any subsequent trial.

If a Director has faced criminal charges or has been committed to trial for any of the offences listed in Article 213 of the Public Limited Companies Act, the Board should examine the case as soon as possible and, in the light of the specific circumstances of the case, decide whether or not the Director should remain in his post. The Board should give a reasoned report on this in the Annual Report on Corporate Governance.

See sections: C.1.42, C.1.43

Complies

Complies partially

Explain

31. All Directors should clearly voice their objections when they consider that any proposal submitted to the Board could be against the company's interests. And they should do the same, particularly the Independent Directors and others not affected by any potential conflict of interests, in the case of decisions that might be detrimental to the shareholders not represented on the Board.

When the Board has passed significant or repeated resolutions about which a Director has voiced serious reservations, said Director should draw the pertinent conclusions and, if he decides to resign, explain his reasons in the letter referred to in the following recommendation.

This Recommendation also extends to the Secretary to the Board, even when he is not a Director.

Complies

Complies partially

Explain

Not applicable

32. When a Director resigns or otherwise leaves the Board before the expiry of his term of office, he should explain the reasons for doing so in a letter to be sent to all members of the Board. And, notwithstanding this resignation being notified as a significant event, the reasons should be reported in the Annual Report on Corporate Governance.

See section: C.1.9

Complies Complies partially Explain Not applicable

33. All remuneration in the form of shares in the company or in other companies in the group, share options, or instruments indexed to the share value, variable remuneration linked to the performance of the company or benefit schemes should be limited to Executive Directors.

This recommendation shall not extend to remuneration in the form of shares when these are subject to the Directors holding them until they cease to be Directors.

Complies Complies partially Explain Not applicable

34. The remuneration paid to Non-executive Directors should be sufficient to remunerate the work, qualifications and responsibilities demanded by the post, but not so high as to compromise their independence.

Complies Explain Not applicable

35. Remuneration related to the company's results should take into account any qualifying statements in the external Auditor's report that reduce the results.

Complies Explain Not applicable

36. In the case of variable remuneration, the remuneration policies should include the necessary technical precautions to ensure that such remuneration is in line with the professional work of the beneficiaries and does not depend simply on the general performance of the markets or of the business sector to which the company belongs or other similar circumstances.

Complies Explain Not applicable

37. When there is a Delegated Committee or Executive Committee (hereinafter "Delegated Committee"), the structure of the different categories of Directors on it should be similar to that of the Board and its secretary should be the Board Secretary.

See sections: C.2.1 and C.2.6

Complies Complies partially Explain Not applicable

The Executive Committee is formed by the Chairman, the Managing Director, the General Manager (executive directors), and two non-executive directors, of which one is independent, with the secretary being the Deputy Secretary of the Board.

38. The Board should always be informed of the matters dealt with and the decisions taken by the Delegated Committee, and all members of the Board should receive copies of the minutes of meetings of the Delegated Committee.

Complies Explain Not applicable

39. In addition to the Audit Committee required by the Securities Market Act, the Board of Directors should set up a Appointments and Remuneration Committee or a separate Appointments Committee and Remuneration Committee.

The rules relating to the composition and functioning of the Audit Committee and the Appointments and Remuneration Committee or Committees should be set out in the Regulations of the Board of Directors, and should include the following:

- a) **The Board should appoint the members of these Committees, taking into account the expertise, skills and experience of the Directors and the remits of each Committee; it should discuss their recommendations and reports; and the committees should report to it on their activities and account for the work carried out, at the first full Board meeting after their meetings;**
- b) **The Committees should be composed solely of Non-executive Directors, with a minimum of three. The above is notwithstanding the presence of Executive Directors or other senior executives, when specifically decided by the committee members.**
- c) **Their chairpersons should be Independent Directors.**
- d) **They should be able to obtain external advice when considered necessary for the performance of their duties.**
- e) **Minutes should be drawn up of their meetings and copies sent to all the members of the Board.**

See sections: C.2.1 and C.2.4

Complies

Complies partially

Explain

40. Supervision of compliance with the internal codes of conduct and the rules on corporative governance is the responsibility of the Audit Committee, the Appointments Committee or, if these exist separately, the Compliance Committee or Corporate Governance Committee.

See sections: C.2.3 and C.2.4

Complies

Explain

41. The members of the Audit Committee, and in particular its chairperson, should be appointed on the basis of their expertise and experience in accountancy, auditing or risk management.

Complies

Explain

42. Listed companies should have an internal auditing department that, under the supervision of the Audit Committee, ensures the proper functioning of the internal information and control systems.

See section: C.2.3

Complies

Explain

43. The person in charge of the internal auditing department should submit to the Audit Committee its annual working plan; inform the committee directly of any incidents that arise in the course of implementing the plan; and present an activity report at the end of each year.

Complies

Complies partially

Explain

44. The risk control and management policy should identify the following as a minimum:

a) The different types of risk (operational, technological, financial, legal, reputational...) that the company faces, including among the financial or economic risks any contingent liabilities and other off-balance-sheet risks;

b) The level of risk that the company considers acceptable;

c) The measures in place to mitigate the impact of the risks identified if they materialise;

d) The internal information and control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

See section: E

Complies

Complies partially

Explain

45. It is the responsibility of the Audit Committee:

1 In relation to the internal information and control systems:

a) To ensure that the main risks identified as a consequence of supervising the efficiency of the company's internal control and auditing systems, where applicable, are correctly managed and reported.

b) To ensure the independence and effectiveness of the internal auditing functions; to propose the selection, appointment, re-election and removal of the head of the internal auditing department; to propose the budget for this service; to receive regular information on its activities; and to check that senior executives take into account the conclusions and recommendations of its reports.

c) To set up and supervise a mechanism that allows employees to report in confidence, and if they deem appropriate, anonymously, any irregularities of potential importance in the company, particularly financial and accounting irregularities.

2 In relation to the external Auditor:

a) To receive regular information from the external Auditor on the audit plan and the results of its execution, and to check that senior management takes its recommendations into account.

b) To ensure the independence of the external auditor, to which effect:

i) **The company should notify the CNMV, as a significant event, of the change of auditor and attach a declaration on the possible existence of any disagreements with the outgoing auditor and, if they exist, the contents of these.**

iii) **In the event of the external auditor resigning, it should examine the circumstances leading to the resignation.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies

Complies partially

Explain

46. **The Audit Committee should be able to summon any employee or senior executive of the company, and also to order that they appear without the presence of any other executive.**

Complies

Explain

47. **The Audit Committee should inform the Board, before the Board takes any decisions, on the following matters indicated in Recommendation 8:**

a) **Any financial information that the company, as a listed company, is obliged to publish regularly. The Committee should ensure that the interim accounts are drawn up in accordance with the same accounting principles as the annual accounts, and for this purpose, it should consider whether a limited audit by the external auditor should be carried out.**

b) **The creation or acquisition of shares in special purpose companies or companies resident in countries or territories classified as tax havens, and any other transactions or operations of a similar nature that because of their complexity, could impair the group's transparency.**

c) **Transactions with related parties, unless this duty to provide prior information has been attributed to another supervisory and control Committee.**

See sections: C.2.3 and C.2.4

Complies

Complies partially

Explain

48. **The Board of Directors should aim to submit the accounts to the General Meeting without qualifications or reservations in the auditor's report, and in those exceptional cases where they exist, both the chairperson of the Audit Committee and the auditors should explain clearly to shareholders the contents and scope of such qualifications and reservations.**

See section: C.1.38

Complies

Complies partially

Explain

49. **The majority of the members of the Appointments Committee – or the Appointments and Remuneration Committee, if there is a single committee – should be Independent Directors.**

See section: C.2.1

Complies

Explain

Not applicable

50. In addition to the functions indicated in the preceding Recommendations, the Appointments Committee should have the following duties:

- a) To assess the expertise, skills and experience required on the Board, and consequently to define the duties and aptitudes needed in candidates for each vacancy and to calculate the amount of time and effort required to properly perform their work.
- b) To examine or organise, as they deem fit, the succession to the Chairman and the Chief Executive and to make recommendations to the Board so that the succession takes place in an orderly and well-planned manner.
- c) To report on the appointments and removals of senior executives proposed to the Board by the Chief Executive.
- d) To report to the Board on the gender diversity issues indicated in Recommendation 14 of this Code.

See section: C.2.4

Complies Complies partially Explain Not applicable

51. The Appointments Committee should consult the Chairman and the Chief Executive of the company, especially in the case of matters relating to the Executive Directors.

And any Director should be able to ask the Appointments Committee to consider the suitability of potential candidates to cover vacancies for directors.

Complies Complies partially Explain Not applicable

52. In addition to the functions indicated in the preceding Recommendations, the Remuneration Committee should have the following duties:

a) To propose to the Board of Directors:

- i) The remuneration policy for Directors and Senior Executives;
- ii) The individual remuneration of executive directors and other contract conditions.
- iii) The basic conditions of the contracts of senior executives.

b) To ensure observance of the remuneration policy laid down by the company.

See sections: C.2.4

Complies Complies partially Explain Not applicable

53. The Remuneration Committee should consult the Chairman and the Chief Executive of the company, especially in the case of matters relating to Executive Directors and Senior Executives.

Complies

Explain

Not applicable

H OTHER RELEVANT INFORMATION

1. If you consider that there is any significant principle or aspect of corporate governance practice applied by the company or its subsidiaries, that is not covered by the other sections of this report, but should be included to provide more comprehensive and detailed information on the structure and practices of governance in the organisation or its group, detail them briefly.
2. This section may be used to provide further information, clarifications, or reservations in relation with previous sections of the report; these should be significant and repetition should be avoided.

Specifically, indications should be given if the company is subject to legislation other than Spanish legislation in corporate governance matters, and, where applicable, include any information that the company is obliged to provide and that is different to that required in this report.

3. The company may also indicate whether it has adhered voluntarily to other codes of ethical principles or good practice, be they international, sectorial or of another sphere. Where applicable, the code in question will be identified along with the date of the company's adhesion.

B.5

In accordance with Article 10.1 of the Regulations of the General Meeting of Shareholders of Banco Sabadell, S.A., shareholders who are entitled to attend the meeting, at first call, will be those whose shares represent at least one hundred (100) euro of paid-in capital and are registered in the Company's Register of Shareholders at least five days prior to the date scheduled for the Meeting. Shareholders holding shares that amount to less than the minimum amount stated may group together to constitute the minimum and grant proxy to any one of them, or, where applicable, to another shareholder that is entitled to attend the Shareholders' Meeting in accordance with the provisions of the Articles of Association and this Regulation.

The nominal value of the company's shares as at 31.12.2014 is 0.125 EUR/share.

C.1.2

Mr. Miquel Roca i Junyent was appointed Company Secretary at the Board meeting held on 13 April 2000, and Ms. María José García Beato, the Bank's General Secretary, was appointed non-Board member Deputy Secretary at the Board meeting held on 1 June 2012.

C.1.4

Ms Sol Daurella Comadrán stood down as Director on 20/11/2014.

C.1.10

All Board powers have been delegated to the Managing Director Mr. Jaime Guardiola Romojaro, except for those that cannot legally be delegated.

The powers delegated to him include the following:

1. To enter into any contracts and binding agreements generally and carry out any acts or enter into any contracts for the administration, disposal, and defence of assets and rights of any description including properties and in rem property rights. These powers shall therefore include, without limitation, the following: to purchase and sell, whether for cash or deferred payment, encumber, mortgage or charge and generally dispose of property, rights or claims of any kind; to constitute, accept and extinguish rights in rem, including any purchase options and defeasance clauses required to be recorded in the Property Registry and other similar rights or claims; to set up, alter or terminate companies of any description and hold any position or office in the same, and attend, speak and vote at general and other meetings thereof.

2. To draw, accept, take or acquire, negotiate, discount, endorse, collect and guarantee bills of exchange, promissory notes, receipts, invoices, cheques and endorsable commercial paper of all kinds, whether made out to a named person or to bearer; to enter protests on non-acceptance or non-payment and sign any documents required for any of the aforesaid purposes.
3. To pay and receive money of any amount and for any title and cash payment orders by government at central, provincial, municipal, or autonomous community level.
4. To open ordinary cash or securities current accounts and current accounts guaranteed by securities and by personal credit, with any Bank, credit or savings institution, including in particular the Bank of Spain or any branch thereof; to stand surety for any account or accounts opened by third parties and extend, renew, clear, settle or close the same, and sign any policies, invoices or other documents required to carry out such operations; to make drafts on any of the aforesaid accounts whether such accounts have been opened under the authority of this Power or are currently held or opened in the future by the Grantor hereof or by any other person on its behalf, and sign cheques, notes, drafts or any other documents accepted for this purpose; to collect from any such banks or the Bank of Spain or any branch thereof books of cheques, notes or drafts in order to draw drafts on any or all the aforesaid accounts; and to confirm acceptance of any balance thereof.
To make contracts assigning maximum limits for future loans secured by personal guarantee and conclude rediscounting agreements with the Bank of Spain.
5. To give and receive money on loan and credit facilities of any description with or without collateral or other security.
To accept, vary, postpone and extinguish any mortgage, lien, pledge with transfer of possession or otherwise, antichresis, aval, bond or any other personal third party guarantee as security for loans, credit facilities and any other transactions with or by the Bank, and for this purpose to sign certificates of delivery or other public or private documents as necessary.
6. To withdraw deposits of cash, securities or jewellery and sign receipts or other documents in respect thereof, withdraw any assets pledged as security for loans or credit or on loans for goods and to sign any documents required; to withdraw any assets transferred to the Grantor in any lending transaction it may carry out and sign receipts in respect thereof; to request the transfer, at the risk and expense of the Grantor, of any assets deposited and any loans and credit and associated collateral, from any premises of the Bank of Spain to any other premises of the Bank of Spain or from any Bank to any other.
7. To buy, sell or transfer any transferrable securities including shares in the Bank of Spain or any other Bank.
8. To receive, open and respond to postal, telegraphic, or telephonic communications addressed to the Bank, including registered letters, and take possession of and give receipts for any assets declared to be for the Bank.
9. To receive interest or dividends on securities deposited with any banks as previously mentioned and the value of any securities that are redeemed, and sign payment orders or drafts as necessary; to collect any amounts to be paid into current accounts demanded by the Grantor for the benefit of any other person, when such payments are cancelled.
10. To apply to the Bank of Spain and other banks for the hire of safe deposit boxes with the same authority as the Grantor to open the same as and when he sees fit, and for this purpose to sign such documents as the representation of the Bank may require of him.
11. To approve the opening of current accounts, savings accounts, deposit and term accounts, certificates of deposit and deposits of securities and accounts of any other nature; to hire and open safe deposit boxes and sign any documents necessary for the same to be fully operational.
12. To act on behalf of the Bank when any debtor of the Bank is compounded with creditors or engaged in insolvency or bankruptcy proceedings and to attend meetings and appoint trustees and administrators, accept or reject proposals by the debtor and continue until the conclusion of proceedings, accept mortgages, pledges, antichresis or any other security, reach settlements on the exercise of claims and remedies, accept the decisions of arbitrators in legal or equitable arbitration.
13. To represent the Bank and to appear, whether in person or through court agents or such other authorised representatives as he shall appoint by power of attorney or otherwise, before any authority, court, hearing, jury, tribunal, office, commission, committee, union, ministry, employment tribunal, national fund or institution, department or authority of central, regional, provincial or municipal government and any other official body; to institute, commence, pursue, abandon or reach settlements in any proceedings, litigation, suit, judicial process, application or appeal of any kind and approve pleadings drafted on behalf of Banco de Sabadell, S.A. when required and reply to interrogatories on the Bank's behalf, and represent the Bank in all matters and generally carry out all acts of administration, management and commerce.
14. To represent the Bank at meetings of shareholders, members or associates, in the companies or associations in which the Bank is a shareholder, member or associate, with the full right to speak, vote and object, without any limitation whatsoever.
15. To give or furnish bonds, pledges and guarantees of any kind and assume liability either jointly or jointly and severally with the principal debtor, surrendering the benefits of order, discussion and division or other benefits and without limit as to type or amount to any natural or legal person or any Bank or savings institution including, in particular, the Bank of Spain and any other official credit institution or any company, firm, organisation, office, entity or official body whether of central, institutional, regional, provincial or local government; and in particular the aforementioned public bodies and authorities and local tax offices so as to be answerable to the Treasury for the monies in respect of which the guarantee was given and to issue avals, including avals by pledge without the deposit of any security, to the General Deposit Fund of the Ministry of Finance, and revoke any such bonds or guarantees and discharge the same in any manner deemed expedient.
16. Direct and respond to claims and receive notifications and to warn and require Notaries to notarise all types of Minutes.

17. To engage and dismiss employees and make any determinations as to promotion, responsibilities, emoluments, bonuses and compensation; to initiate, pursue and conduct employment-related proceedings until decided and brought to a conclusion.

18. To substitute such person or persons as he shall see fit without any limitation whatsoever to exercise all or any of the powers granted hereunder and specify powers and methods of operation, and revoke any such substitutions.

C.1.16

In application of the standard, this section includes the 5 members of Senior Management, plus the Internal Auditor.

The total remuneration of Senior Management includes the joint contributions to pension plans, structured through insurance policies, made in the year 2014, and is calculated on an accrual basis and not on the basis of amounts effectively received.

C.1.45

The collective identified, comprising 34 persons, includes:

- Executive Directors
- Senior Executives
- Senior executives in charge of daily management, such as: members of the management committee not included in the previous category, all people who depend directly on the institution's management bodies, and all those people responsible for important lines of business.
- Staff responsible for independent control functions (compliance, risk management, human resources, internal auditing, etc.).

C.2.1

In addition to the information detailed in this point, the following people attended the committees stated:

- Executive or Delegated Committee: Ms. María José García Beato, as non-member secretary.
- Audit and Control Committee: Mr. Miquel Roca i Junyent, as non-member secretary.
- Appointments and Remuneration Committee: Mr. Miquel Roca i Junyent, as non-member secretary.
- Risk Control Committee: Ms. María José García Beato, as non-member secretary.
- Strategy Committee: Mr. Miquel Roca i Junyent, as non-member secretary.

C.2.2

Ms Sol Daurella Comadrán stood down as Director on 20/11/2014.

E.2

(continuation of text shown in section E.2)

In addition, there exist the following committees that have risk control and management duties as part of the Strategic Risk Framework:

- Technical Risk Committee, meeting on a monthly basis and whose duties are: (i) support the Risk Committee during the performance of its duties (determine, propose, review and monitor the Strategic Risk Framework; global monitoring of major risks for the Bank; monitoring of tolerance thresholds in basic metrics and suitability plans; (ii) analysis and approval of second tier limits (including liquidity metrics, interest rate, treasury); (iii) analysis and approval of minor modifications to models, criteria and procedures together with the monitoring of the use of models and autonomies in approving operations; (iv) strategic debate on asset allocation (public sector, sectoral...); (v) monitoring of arrears mg; (vi) specific ad-hoc subjects by portfolio for transfer and integration in the management ; and (vii) development and proposal of the policies and criteria for appropriate risk management.

- Credit Operations Committee, meeting on a weekly basis which is responsible for: (i) approval of credit operations, including operations/limits of countries and banks and specific criteria aligned with the policies in accordance with the delegations; (ii) establishment of autonomies in accordance with the delegations and monitoring of their use and scaling to the Executive Committee of proposals for amendment deemed appropriate; and (iii) report to the Executive Committee monthly on operations approved and carried out the previous month.

- Asset Operations Committee, meeting on a weekly basis which is responsible for: (i) approval of asset management operations in accordance with the delegations; (ii) report monthly to the Executive Committee on operations approved and carried out the previous month.

- Real Estate Development Committee: (i) fixes the strategy and criteria for the Group's real estate portfolio (analysis of the evolution of the real estate exposure and real estate action policies); (ii) decision-making necessary for real estate subsidiaries to be adopted (holders and servicer); proposal of investment operations in real estate developments and land development; and (iii) monitors the evolution of Solvia Real Estate.

- Assets and Liabilities Committee: This committee draws up policies to ensure effective management both of the Group's structural balance sheet risk acquired in the course of business, and of market risk. Supervises the interest rate risk, exchange rate or equities risk and liquidity risk and proposes alternative business, market and hedging strategies to ensure that business objectives will be achieved having regard to market conditions and balance sheet considerations.

- Operational Risk Committee: The committee provides strategic guidelines and establishes a framework for the management of operational risk. It sets operational priorities based on its assessment of the risk exposure of the different business units and central service departments. The Operational Risk Committee includes Reputational Risk management.

Lastly, the following bodies also have certain risk control functions:

- Compliance, CSR and Corporate Governance Dept. It oversees and ensures the highest levels of compliance with the legal requirements and professional ethics that govern the group's activities, reducing the risk of non-compliance. It directly controls the prevention of money laundering and financing of terrorist groups, market abuse as well as internal regulations of conduct and investor protection (MiFID).

- Internal Control Committee: Control and Monitoring Unit: oversees compliance with laws on the prevention of money laundering and on combating and blocking the financing of terrorism, within the group.

- Corporate Ethics Committee: The Committee is responsible for the monitoring and oversight of the Group's compliance with its code of conduct on trading on the stock market and with its general Code of Conduct.

This annual report on corporate governance was approved by the company's Board of Directors at its meeting on 29/01/2015.

Name any Directors who voted against this Report or abstained on a motion to approve it.

Yes

No

BANCO DE SABADELL, S.A.

Auditor's report on the "Internal Control over
Financial Reporting (ICFR)" of Banco de Sabadell, S.A. for 2014



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**Auditor's report on the "Internal Control over Financial Reporting (ICFR)"
of Banco de Sabadell, S.A. for 2014**

To the Directors,

In accordance with the request from the management of Banco de Sabadell, S.A. (herein after the Entity) and our proposal dated 20 September 2014, we have applied certain procedures to the "ICFR information" attached and included in the document entitled *F. Internal Risk Control and Management Systems in relation to the process of issuing financial information (ICFR)* of the 2014 Annual Corporate Governance Report for listed companies of Banco de Sabadell, S.A., wherein the Entity's internal control procedures in relation to annual financial reporting are summarised.

The Board of Directors is responsible for adopting the suitable measures to reasonably ensure the implementation, maintenance and supervision of an adequate internal control system and to develop improvements in this system and prepare and establish the content of the accompanying ICFR information.

In this regard, it must be taken into account that, regardless of the quality of the design and operating capacity of the internal control system adopted by the Entity in relation to the annual financial information, the Entity can provide reasonable, but not absolute, assurance in relation to the objectives pursued, due to the limitations inherent in all internal control systems.

During the course of our audit work on the annual accounts and in accordance with technical audit standards, the sole purpose of our assessment of the Entity's internal control has been to establish the scope, nature and date of execution of the audit procedures on the Entity's annual accounts. Therefore, our internal control assessment, carried out for the purposes of this audit, has not had sufficient scope to enable us to issue a specific opinion on the effectiveness of the said internal control over the annual regulated financial reporting.

For the purposes of issuing this report, we have exclusively applied the specific procedures described hereinafter and set forth and indicated in the Auditor Report Standard Guide referred to the ICFR information of listed entities, published in CNMV's web, which establishes the work to be performed, the minimum scope thereof and the contents of this report. Since the work resulting from these procedures is, in any event, limited in scope and substantially less than that of an audit or internal control review, we do not express an opinion on the effectiveness thereof, or on its design and operating effectiveness, related to the Entity's financial information for 2014 described in the accompanying ICFR. Consequently, if we had applied additional procedures to those stated hereinafter or performed an audit or review of the internal control system in relation to the regulated financial reporting, other issues or aspects could have arisen which we would have duly reported.



Given that this special engagement does not constitute an audit nor is it subject to the revised Accounts Audit Law approved by Legislative Royal Decree 1/2011 of 1 July, we do not express an audit opinion on the terms set forth therein.

The procedures applied are listed as follows:

1. Reading and understanding the information prepared by the Entity in relation to the ICFR – disclosure information included in Director’s Report - and assessing whether this information fully deals with the information required in line with the minimum contents described in Section F of the Annual Corporate Governance Report model, related to ICFR description, as established in Circular n° 5/2013 of CNMV dated June 12th, 2013.
2. Holding interviews with the staff responsible for the information detailed in point 1 above, in order to: (i) gain an understanding of the process followed for its preparation; (ii) obtain information enabling us to assess whether the terminology used is in line with the definitions of the benchmark; and (iii) obtain information on whether the control procedures described are in place in the running of the Entity.
3. Reviewing the documentation supporting the information detailed in point 1 above, which mainly comprises information made directly available to the staff responsible for preparing the ICFR. In this sense, this documentation includes reports prepared by the internal audit function, senior management and other internal or external specialists in their support functions to the audit and control committee.
4. Comparing the information detailed in point 1 above against the Entity’s ICFR knowledge obtained as a result of applying the procedures carried out within the framework of the annual accounts audit work.
5. Reading the minutes of the meetings of the Board of Directors, Audit and Control Committee and other Entity commissions in order to assess the consistency between the ICFR issues dealt with therein and the information detailed in point 1 above.
6. Obtaining the management representation letter for the work carried out, duly signed by the persons responsible for the preparation and formulation of the information detailed in point 1 above.

As a result of the procedures applied to the ICFR, no inconsistencies or incidents have become apparent that could affect the ICFR.

This report has been prepared exclusively within the context of the requirements established in Stock Market Law 24/1988 of 28 July, amended by Law 2/2011 of 4 March on Sustainable Economy and by Circular n° 5/2013 of CNMV dated June 12th, 2013 for the purposes of ICFR in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Fco. Javier Astiz Fernández

30 January 2015