REPORT BY THE BOARD OF DIRECTORS OF BANCO DE SABADELL, S.A. IN CONNECTION WITH THE APPROVAL OF FLEXIBLE SHAREHOLDER REMUNERATION IMPLEMENTED VIA A CAPITAL INCREASE CHARGED TO RESERVES IN ORDER TO ASSIGN NEW ORDINARY SHARES FREE OF CHARGE, AND AN OFFER TO SHAREHOLDERS TO PURCHASE THEIR RIGHTS TO FREE ASSIGNMENT AT A GUARANTEED FIXED PRICE, AS REFERRED TO IN THE FIRST MOTION UNDER ITEM THREE ON THE AGENDA OF THE GENERAL MEETING OF BANCO DE SABADELL, S.A. SCHEDULED FOR 31 MARCH 2016 AT SECOND CALL

1. Purpose of the report

The Board of Directors of Banco de Sabadell, S.A. ("Banco Sabadell" or the "Bank") resolved on 28 January 2016 to propose to the General Meeting of Shareholders the payment of flexible shareholder remuneration (scrip dividend) amounting to approximately 0.05 euro per share, implemented in the form of a bonus issue of shares charged to reserves, offering shareholders the possibility of receiving that amount in new shares and/or in cash, by selling their rights to free assignment to the Bank by virtue of the purchase commitment to be made by the Bank.

To that end, the General Meeting of Shareholders is asked to approve, under the first motion under item Three on the Agenda, the proposal to pay such variable remuneration by means of a capital increase and, to the extent that approval of the proposed capital increase also entails amendment of the Article of Association with regard to share capital, this report is issued in compliance with the provisions of Articles 286 and 296 of the Capital Companies Act in order to justify that proposal.

For those purposes and to facilitate comprehension of the transaction giving rise to the proposal to increase capital which is submitted to the General Meeting of Shareholders, the purpose of the capital increase and its justification are set out first. The main terms and conditions are then described. Finally, the wording of the motion is given.

2. Purpose and justification of the proposal

(A) Purpose of the proposal

Historically, the Bank has remunerated its shareholders by paying cash dividends, supplemented in recent years by supplementary remuneration consisting of distribution of the share premium reserve in kind in the form of own shares of the Bank. In the previous year, in line with practices in recent years by other companies in the financial sector and by other listed non-financial companies, the Bank decided to review its shareholder remuneration policy and to approve a flexible shareholder remuneration (scrip dividend), implemented in the form of a bonus issue of shares charged to reserves, offering shareholders the possibility of receiving that amount in new shares and/or in cash, by selling their rights to free assignment to the Bank by virtue of the purchase commitment to be made by the Bank.

In a continuation of the shareholder remuneration policy adopted by the Bank last year, the Board of Directors has decided to propose to the General Meeting a flexible system which, while maintaining, for those shareholders who so wish, the possibility of collecting the entire 2015 dividend in cash like the traditional cash dividend of previous years by selling to the Bank the rights to free assignment they receive at a guaranteed fixed price, they also have the alternative of receiving newly issued shares of the Company, thereby benefiting from favourable tax treatment, as described below. Under this system, shareholders of the Bank have a third alternative, consisting of selling their rights to free assignment in the market at the price resulting from trading the rights in the secondary market, which may not coincide with the fixed purchase price established by the Bank, while the proceeds from the sale are not treated for tax purposes in the same way as a cash dividend.

(B) Structure and functioning of the proposal

The proposal submitted for approval by the General Meeting under the first motion under item Three of the agenda is implemented in the form of a capital increase against the reserves as envisaged in article 303.1 of the Capital Companies Act (the "Capital Increase").

The total reference market value of the total number of shares to be issued in the Capital Increase may not exceed the maximum amount of 271,962,250 euro.

At the time when the Board of Directors (with express powers to sub-delegate) decides to execute the Capital Increase:

(a) Shareholders of record of the Bank on the reference date established as such in the resolution to execute the Capital Increase and in accordance with the securities clearing and settlement systems, procedures and rules applicable at any given time, will receive one right to free assignment for each share that they own at that time. Those rights may be traded, and, therefore, transferred under the same conditions as the shares from which they arise, on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges via the Sistema de Interconexión Bursátil automated quotation system for a period of at least fifteen calendar days, at the end of which the rights will automatically be converted into newly-issued shares, which will be allocated to the parties who, at that time, are the holders of the rights to free assignment.

(b) The Bank will make to the shareholders an irrevocable commitment to purchase the aforementioned rights to free assignment at a fixed price. In this way, the Bank guarantees all shareholders the possibility of monetising their rights should they prefer not to receive new shares; accordingly, they would collect an amount in cash that is equivalent to the traditional cash dividend of approximately 0.05 euro (gross) per share. The Purchase Commitment will be in force and may be accepted during a minimum period of at least the first 10 calendar days of the period for trading the rights to free assignment.

(c) Shareholders who so wish may, alternatively, sell some or all of their rights to free assignment in the market. In this case, the shareholders would not receive a fixed guaranteed price as in option (b) above; rather, the consideration for the rights would depend, in general, on market conditions and, in particular, on the trading price of those rights; the proceeds from the sale would not have the same tax treatment as a dividend in cash.

In the Capital Increase, the shareholders of the Bank may combine any of the above-mentioned options described in sections (a) through (c). The tax treatment for the various options differs.

The gross value of what the shareholder receives under options (a) and (b) will be the same. In this way, the gross price that a shareholder will receive in the event of selling to the Bank all of his rights to free assignment by virtue of the Purchase Commitment will be the same as the value of the new shares that he will receive if he does not sell his rights, calculated using the market price of Banco Sabadell on the date of execution of the Capital Increase. Nevertheless, the tax treatment of options (a) and (b) is different, since option (a) enjoys more favourable treatment than option (b). The tax treatment for the sales under options (b) and (c) is also different. Section 4 summarizes the tax rules applicable to each alternative in Spain.

3. Principal terms and conditions of the Capital Increase

The motion which the Board of Directors submits to the General Meeting describes in detail the terms and conditions of the Capital Increase, including the formulas for determining the amount of the Capital Increase and the number of shares to be issued, the number of rights to free assignment required to obtain one new share, and the unit price at which the Bank will purchase each right by virtue of a purchase offer (approximately 0.05 euro (gross) per share, as indicated above). To facilitate understanding of how this works in practice, attached is an annex containing an example of calculating the maximum number of new shares to be issued in the Capital Increase, the maximum nominal amount of that increase, the number of rights to free assignment required for the assignment of one new share, and the Purchase Price (as defined later).

The new shares to be issued will be ordinary shares with a par value of 0.125 euro each, all of the same class and series as those currently outstanding, and represented by book-entries. The new shares will grant their holders the same political and economic rights as the ordinary shares of the Bank that are currently outstanding as from the date on which the Capital Increase is declared to be subscribed and paid up. In particular, the holders of the new shares will be entitled to receive any interim and supplementary dividends distributed as from that date. The Bank will apply to list the new shares issued as a result of the Capital Increase on the domestic and any foreign stock exchanges on which the Bank's shares are listed at any given time.

The Capital Increase will have no costs or fees for subscribers with regard to the assignment of the newly-issued shares. That is, the Bank will bear the expenses related to issuance, subscription, placement in circulation, admission to trading and others related to the Capital Increase. Without prejudice to the foregoing, the Bank's shareholders should bear in mind that the member firms of “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal” (IBERCLEAR) where their shares are deposited are free, under current law, to establish the fees and costs to be charged for custody and administration of the securities registered in their accounts. Moreover, in accordance with the legislation in force, Iberclear members are free to establish the fees and costs to be charged for fulfilling orders to buy and sell rights to free assignment and for processing the subscription for new shares.

The balance sheet which provides the basis for the Capital Increase is the one for the year ended 31 December 2015, audited by PricewaterhouseCoopers Auditores, S.L., which is submitted for approval by this General Meeting under item One of the agenda.

The Capital Increase will be performed entirely with a charge to the reserves referred to in article 303.1 of the Capital Companies Act. When implementing the Capital Increase, the Board of Directors (with express power to sub-delegate) will determine the specific reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

In accordance with the provisions of article 297.1.a) of the Capital Companies Act, it is resolved to delegate to the Board of Directors, with the power to sub-delegate to the Executive Committee or the director(s) whom the Board or the Executive Committee sees fit, the powers expressly established in article 297.1.a) of the Capital Companies Act, as well as all of the powers expressly conferred on it by the motion submitted to the General Meeting and the power to set the conditions that are not expressly envisaged in this resolution (including, in particular, the Option Amount).

Nevertheless, before executing the resolution, the Board of Directors (with express powers to subdelegate) will analyse and take account of the conditions of the market, of the Bank itself and those arising from any other social or financial event of particular significance and, where, in their opinion, such circumstances warrant not executing the Capital Increase, they may decide not to do so. Additionally, the Capital Increase shall not take place if, within the period of one year indicated by the General Meeting of Shareholders for its execution, the Board does not exercise the powers delegated to it.

On the date that the Board of Directors, or, by delegation, the Executive Committee or the director(s) whom the Board or the Executive Committee sees fit, decides to execute the Capital Increase, establishing to this end all the terms which were not set out by the General Meeting, the Bank will announce those terms. In particular, prior to commencement of the period for trading the rights to free assignment, the Bank will publish a document with information on the number and nature of the shares and the reasons for the Capital Increase.

4. Tax system

Under Spanish tax regulations, and in accordance with an interpretation confirmed by the Directorate-General of Taxation in binding replies to queries filed by other institutions dated 29 July 2009, 28 April 2010 and 30 December 2013, the shareholders who choose to receive new shares as a result of the Capital Increase will not attract personal income tax, corporate income tax or non-resident personal income tax, regardless of whether or not they operate in Spain through a permanent establishment, and no withholdings or prepayments will be applied to them.

The acquisition value for these shareholders, of both the new shares received as a result of the Capital Increase and the shares from which they arise, will be the result of dividing the total acquisition cost by the total number of shares which they own, i.e. the sum of the pre-existing shares which they owned prior to the Capital Increase and the Bonus Shares to which they are entitled as a result of this transaction. The seniority of the bonus issue shares for these shareholders will be that of the shares from which they arise. Consequently, in the event of a subsequent disposal, the gain will be calculated with reference to that new value.

For shareholders who sell their rights to free assignment in the market, the amount obtained in 2016 will be subject to the following tax regime:

- With regard to personal income tax and income tax of non-residents without a permanent establishment in Spain, the amount obtained from selling rights to free assignment in the market will be subject to the same tax rules as the sale of pre-emptive subscription rights. Consequently, the amount obtained from selling rights to free assignment in 2016 decreases the acquisition value, for tax purposes, of the shares from which those rights arise.

Therefore, if the amount obtained from that sale exceeds the acquisition value of the securities from which it arose, the difference will be considered as a capital gain for the seller during the tax period in which the sale takes place, all without prejudice to the possible application to subjects of non-resident personal income tax without a permanent establishment of the double-taxation treaties and treaties to combat tax evasion that Spain has signed and to which they might be entitled.

- With regard to corporate income tax and personal income tax of non-residents with a permanent residence in Spain, the tax regime will conform to the applicable accounting regulation and any special rules applicable to the shareholders subject to the aforementioned taxes, insofar as a full business cycle is completed.

In the event that the holders of rights to free assignment decide to sell them to the Bank by virtue of the Purchase Commitment that the Bank has made, the tax regime applicable to the amount obtained from selling the rights to free assignment to the Bank will be equivalent to the regime applicable to dividends distributed in cash and, therefore, they will be subject to withholding and taxation.

This analysis (which is based on specific situations) does not include all possible tax consequences of the motions to which this report refers. In particular, it does not cover the consequences that may arise in their countries of residence for shareholders who are not resident in Spain for tax purposes. Neither does it consider the special tax regimes currently in force in the Historical Territories of the Basque Country or in the Community of Navarra. Accordingly, it is advisable to be aware of modifications that may arise in the legislation in force when this report was drafted and its transitional provisions, in approaches to interpretation that the tax authorities may adopt, and in the specific situation of each shareholder or holder of rights to free assignment.

5. Motion submitted to the General Meeting

The motion submitted to the General Meeting for approval is as follows.

"*Approve flexible shareholder remuneration (scrip dividend) in the amount of approximately 0.05 euro per share, in the form of a capital increase with the following characteristics:*

1. Capital increase charged to reserves

Increase capital stock with a charge to reserves in the amount resulting from multiplying (a) the par value of 0.125 euro per share of Banco de Sabadell, S.A. ("Banco Sabadell" or the "Bank") by (b) the total determinable number of new shares of Banco Sabadell resulting from the formula indicated in section 2 below (all new shares of the Bank issued by execution of this resolution shall be referred to collectively as the "New Shares" and each one of them individually as a "New Share"), while the total reference market value of the New Shares may not, in any event, exceed the limit of 271,962,250 euro (the "Capital Increase").

The Capital Increase will be carried out via the issuance and distribution, as appropriate, on the date of execution of the Capital Increase, of the New Shares, which will be ordinary shares with a par value of 0.125 euro each, all of the same class and series as those currently outstanding, and represented by book-entries.

The Capital Increase will be performed entirely with a charge to the reserves referred to in article 303.1 of the Capital Companies Act. When implementing the Capital Increase, the Board of Directors, with express power to sub-delegate, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares will be issued at par, i.e. for their par value of 0.125 euro, without an issue premium, and will be assigned free of charge to the Bank's shareholders.

The Capital Increase may be executed within the year following the adoption of this resolution, by the Board of Directors, which is given express powers to sub-delegate, at its sole discretion *and, therefore, without the need to seek further permission from the General Meeting of Shareholders, having regard also to the legal and financial conditions at the time of executing the Capital Increase, in order to offer a flexible, efficient formula for remunerating the Bank's shareholders. The Capital Increase is expected to take place in the months of April and May 2016.*

In accordance with the provisions of article 311 of the Capital Companies Act, it is envisaged that the Capital Increase may not be allocated in full in the event that the Bank, any company in its group or a third party waives part or all of the rights to free assignment held by them at the time of executing the Capital Increase, with the result that, in the event of such a waiver, the capital stock will be increased by the corresponding amount.

2. New Shares to be issued

The number of New Shares to be issued will be calculated by applying the following formula, rounding the result down to the nearest whole number:

NNS = TNSh / No. of rights

where,

NNS = Number of New Shares to be issued,

TNSh = Total number of shares of the Bank that are outstanding on the date the Board of Directors, or the body to which it delegates, resolves to implement the Capital Increase; and

No. of rights = Number of rights to free assignment that is needed to be assigned one New Share, which will be obtained by applying the following formula, rounding the result up to the nearest whole number:

No. of rights = TNsh / Prov. no. of shares

where,

Prov. no. of shares = Option Amount / PrePrice.

For these purposes, the term "Option Amount" will be understood as meaning the maximum reference market value of the Capital Increase that may be set by the Board of Directors or, by delegation, the Executive Committee or the Director(s) in whom the Board or the Executive Committee delegates, which will be at most of 271,962,250 euro, in accordance with the limits established in paragraph 1 above.

"PrePrice" shall be the arithmetic mean of the weighted average price of the Bank's share in the Sistema de Interconexión Bursátil automated quotation system in the five trading sessions prior to the resolution by the Board of Directors (or, by delegation, the Executive Committee or the Director(s) chosen by the Board or the Executive Committee) to implement the Capital Increase

and determine the number of free assignment rights required for the assignment of one New Share, and the Acquisition Price (as defined below), rounded to the nearest one-thousandth of a euro and, in the case of half of one-thousandth, rounded up to the next thousandth of a euro.

3. Rights to free assignment

Each outstanding share of the Bank will entitle its holder to one right to free assignment.

The number of rights to free assignment needed to receive one New Share will be determined automatically based on the proportion between the number of shares of the Bank that are outstanding on the date of execution of the Capital Increase (TNSh) and the provisional number of new shares, calculated using the formula established in the preceding section. Specifically, shareholders will be entitled to receive one New Share for each number of rights to free assignment that they hold, calculated as provided in the previous section (No. of rights).

The holders of bonds convertible into shares of Banco Sabadell will not enjoy the right of free assignment but, as appropriate, the bonds' conversion ratio will be modified in proportion to the amount of the increase in accordance with the provisions of the anti-dilution clauses provided in their issuance language.

In the event that the result of multiplying the number of rights to free assignment needed to obtain one New Share (No. of rights) by the number of New Shares to be issued (NNS) is less than the number of shares of the Bank outstanding on the date of execution of the Capital Increase (TNSh), the Bank (or an undertaking in its group that owns shares of the Bank) will waive a number of rights to free assignment that is equal to the difference between those two numbers, for the sole purpose of ensuring that the number of New Shares to be issued is a whole number and not a fraction.

The rights to free assignment will be assigned to shareholders of record in the accounting registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" ("Iberclear") on the appropriate date as determined by the securities clearing and settlement rules, systems and procedures that are applicable at the time this resolution is executed.

The rights to free assignment shall be transferable on the same terms as the shares from which they derive. The rights to free assignment may be traded in the market during the period established by the Board of Directors, which has express powers to sub-delegate, which period must be at least fifteen calendar days. During that period, it will be possible to acquire, in the market, rights to free assignment in the amount and proportion necessary to receive New Shares.

4. Irrevocable commitment to acquire the rights to free assignment

During execution of the Capital Increase, the Bank or, with its guarantee, the Group company to be determined will make, in the conditions set out below, an irrevocable undertaking to purchase the rights to assignment received free of charge by the shareholders at the price indicated below (the "Purchase Commitment"). The Purchase Commitment will be in force and *may be invoked by those shareholders during the time, within the period for trading the rights, that is established by the Board of Directors or, by delegation, the Executive Committee or the Director(s) in whom the Board or the Executive Committee delegate, which must be at least the first ten calendar days of the period during which the rights to free assignment are traded. For these purposes, Banco Sabadell or the corresponding company in its group is hereby authorised to acquire such rights to free assignment (and the shares corresponding to them), up to the maximum total amount of rights that are issued, subject to compliance at all times with any legal limitations which apply.*

Depending on the decision by the Board of Directors, using the powers delegated to it by the General Meeting of Shareholders, with express authority to sub-delegate, having regard to market conditions and the Bank's interests, the Purchase Commitment will refer to one of the following two alternatives:

(i) the rights of free assignment received by the shareholders of record per the accounting registers of Iberclear on the date indicated in item 3 above, excluding those rights that have been disposed of in the market; or

(ii) all the rights to free assignment, regardless of whether their holders received them free of charge from the Bank due to being shareholders at the time of assignment or purchased them in the market.

The "Purchase Price" for each right to free assignment shall be the fixed price at which the Bank will acquire each right to free assignment by virtue of the Purchase Commitment. The Purchase Price will be approximately 0.05 euro (gross) per share and the exact amount will be calculated in accordance with the following formula, with the resulting number being rounded to the closest one-thousandth part of one euro and, in the case of one-half of one-thousandth of one euro, to the next higher one-thousandth part of one euro:

Acquisition Price = PrePrice / (No. of rights + 1)

The acquisition by the Bank of the rights to free allocation as a consequence of the Purchase Commitment will be effected with a charge to the reserves referred to in article 303.1 of the Capital Companies Act.

5. Balance sheet for the transaction and reserve against which the capital increase is to be charged

The balance sheet used as a basis for the transaction is the one for the financial year ended 31 December 2015, duly audited by PricewaterhouseCoopers Auditores, S.L. and submitted to the shareholders for approval at this General Meeting of Shareholders under item one on the agenda.

The Capital Increase will be performed entirely with a charge to the reserves referred to in article 303.1 of the Capital Companies Act. When implementing the Capital Increase, the Board of Directors, with express power to sub-delegate, will determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

6. *Representation of the New Shares*

The New Shares will be represented by book entries, accounted for by Iberclear and its member firms.

7. *Rights of the New Shares*

The New Shares will grant their holders the same political and economic rights as the ordinary shares of the Bank that are currently outstanding as from the date on which the Capital Increase is declared to be subscribed and paid up. In particular, the holders of the New Shares will be entitled to collect the interim dividend and any supplementary dividend amounts that are paid as from the date on which the Capital Increase is declared to be subscribed and paid up.

8. *Shares on Deposit*

Once the period for trading the rights to free allocation has ended, the New Shares that could not be allocated for reasons not attributable to Banco Sabadell will be kept on deposit for parties who can provide evidence that they are the lawful holders of the corresponding rights to free allocation. Once three years have elapsed from the end of the aforementioned period for trading the rights to free allocation, the New Shares that are still pending allocation may be sold for the account of such rightful owners in accordance with the provisions of article 117.3 of the Capital Companies Act. The net proceeds from that sale will be deposited at the Bank of Spain or the State Cashier's Office (Caja General de Depósitos) at the disposal of such rightful owners.

9. *Application for listing*

To apply to list the New Shares to be issued pursuant to this capital increase resolution on the domestic and, as appropriate, international stock exchanges on which the shares of the Bank are listed at any given time, in accordance with the procedures provided by each such stock exchange, and to undertake such proceedings and actions as may be necessary and submit such documents as may be required to the competent bodies for listing of the New Shares issued as a consequence of the Capital Increase hereby approved, the Bank expressly submitting to the regulations that exist or may be enacted in connection with the stock exchange and, in particular, with regard to trading, continued listing, and delisting.

It is expressly stated for the record that, in the event of a subsequent request for delisting of the Bank's shares, such delisting will be carried out with the same formalities as may be applicable and, in such event, the interests of the shareholders opposing or not voting on the resolution to *delist will be safeguarded, in compliance with the requirements of the Capital Companies Act and related provisions, all in accordance with the consolidated text of the Securities Market Act, approved by Legislative Royal Decree 4/2015, of 23 October, and its secondary legislation in force at any given time.*

10. Execution of the Capital Increase

Within a period of one year from the date of this resolution, the Board of Directors or, by delegation, the Executive Committee or the director(s) they deem fit, may set the date on which the Capital Increase resolution is to be implemented and the terms and conditions thereof in all aspects not specified in this resolution (including, in particular, the Option Amount).

Nevertheless, before executing the resolution, the Board of Directors (with express powers to subdelegate) will analyse and take account of the conditions of the market, of the Bank itself and those arising from any other social or financial event of particular significance and, where, in their opinion, such circumstances warrant not executing the Capital Increase, they may decide not to do so. Additionally, the Capital Increase shall be not take place if, within the period of one year indicated by the General Meeting of Shareholders for its execution, the Board does not exercise the powers delegated to it.

Once the period for trading the rights to free allocation has ended, the following shall apply:

(a) The New Shares will be allocated to those who, according to the records of Iberclear and its member firms, are the owners of the rights to free allocation, in the proportion resulting from section 3 above.

(b) The Board of Directors, with express powers to sub-delegate, will declare the period for trading the rights to free allocation to have ended and will charge the appropriate amounts to the account(s) against which the Capital Increase is to be made, and it will thereby be paid up.

Likewise, once the period for trading the rights to free allocation has concluded, the Board of Directors, with express power to sub-delegate, will adopt the resolutions required to amend the Articles of Association so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the Capital Increase, and will apply to list the New Shares on the domestic and any foreign stock exchanges on which the Bank's shares are listed at any given time.

11. Delegation of powers to the Board of Directors to execute the Capital Increase

In accordance with the provisions of article 297.1.a) of the Capital Companies Act, it is resolved to delegate to the Board of Directors, as broadly as may be required by law, with the power to sub-delegate to the Executive Committee or the director(s) it considers appropriate, the powers expressly established in that precept, as well as all of the powers expressly conferred on it *by this resolution and the power to set the conditions that are not expressly envisaged in this resolution.*

In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power to sub-delegate:

(i) *Set the date on which the Capital Increase must be implemented, which must in any case be within one year from approval thereof, and determine the schedule for implementation of the Capital Increase, and make any procedural adjustments that may be required in connection with the provisions of this resolutions as a result of the entry into force of the new securities clearing and settlement system.*

(ii) *Set the exact amount of the Capital Increase, the Option Amount, the number of New Shares, and the number of rights to free allocation necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.*

(iii) *Determine the reserve(s), from among those contemplated in this resolution, against which the Capital Increase will be charged and against which the Bank will acquire the rights to free allocation as a result of the Purchase Commitment.*

(iv) *Declare the Capital Increase to have been completed and executed.*

(v) *Set the duration of the period for trading the rights to free allocation.*

(vi) *Set the period during which the Purchase Commitment will be in effect and determine the object of the Purchase Commitment within the limits established in this resolution.*

(vii) *Fulfil the Purchase Commitment, by paying the corresponding amounts to those who accepted it.*

(viii) *Declare the Capital Increase to be completed and implemented, establishing, for this purpose, the number of New Shares actually allocated and, therefore, the amount by which the Bank's share capital must be increased in accordance with the rules established by the shareholders at this General Meeting, and declare that the Capital Increase was not fully subscribed, if that is the case.*

(ix) *Amend the article of the Articles of Association that regulates share capital so as to reflect the new amount of share capital and the number of outstanding shares resulting from the implementation of the Capital Increase.*

(x) *Waive the rights to free allocation held by the Company at the end of the period for trading them as a result of the Purchase Commitment, and, therefore, waive the New Shares corresponding to such rights.*

(xi) *Waive rights to free allocation to subscribe for New Shares, for the sole purpose of ensuring that the number of New Shares is a whole number and not a fraction.*

(xii) *Perform all the necessary formalities in order to ensure that the New Shares are entered in the accounting records of Iberclear and listed on the domestic and any foreign stock exchanges on which the Bank's shares are listed at any given time, in accordance with the procedures implemented by such stock exchanges.*

(xiii) *Take such action as may be necessary or appropriate to implement and formalise the Capital Increase before any public or private entities or bodies, whether domestic or foreign, including declarations, supplements and rectification of defects or omissions that might hamper or prevent the foregoing resolutions from being enforceable.*"

ANNEX

Sample calculation of the maximum number of new shares to be issued in the Capital Increase, the maximum nominal amount of the Capital Increase, the number of rights to free assignment needed to be assigned one new share, and the Purchase Price:

For ease of comprehension, below is a sample calculation of the maximum number of new shares to be issued, the maximum nominal amount of the Capital Increase, the number of rights to free assignment needed to be assigned one new share, and the Purchase Price.

The outcome of these calculations is not representative of the actual figure that may arise in reality, as that will depend on the variables used in the formulas (essentially, Banco Sabadell's share price at that time, and the Amount of the Option that is established by the Board of Directors, with express powers to sub-delegate, in exercise of the powers delegated to it by the General Meeting).

For the sole purposes of this example

- The Option Amount is 0.05 euro.
- TNSh is 5,439,244,992.
- It is assumed that PrePrice is 1.454 euro (solely for the purposes of this example, the closing price of the Banco Sabadell share on 22 February 2016 is used).

Therefore:

Prov. no. of shares = Option Amount / PrePrice.	271,962,250 / 1.454 = 187,044,188.45= 187,044,188 shares (rounded down)
No. of rights = TNSh / Prov. no. of shares	5,439,244,992/187,044,188 = 29.08= 30.0 rights (rounded up)
NNS = TNSh / No. of rights	5,439,244,992/30.00 = 181,308,166.40= 181,308,166.00 shares (rounded down)
Purchase Price = PrePrice / (No. of rights + 1)	1.454/(30+1) = 0.0469 euro

Consequently, the maximum number of new shares to be issued in the Capital Increase would be 181,308,166, (ii) the maximum nominal amount of the Capital

Increase would be 22,663,520.75 euro (181,308,166 x 0.125), and (iii) 30 rights to free assignment (or pre-existing shares) would be needed to be assigned one new share[1].

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1 In this example, it would be necessary for the Bank (or an undertaking in its group owning shares of the Bank) to waive 12 rights to free assignment corresponding to 0.4 own shares in order to ensure that the number of shares to be issued is a whole number.