

REPORT BY THE BOARD OF DIRECTORS OF BANCO DE SABADELL, S.A. IN SUPPORT OF THE PROPOSAL TO AMEND THE REGULATION OF THE GENERAL MEETING OF SHAREHOLDERS AS REFERRED TO IN ITEM FIVE OF THE AGENDA OF THE GENERAL MEETING OF BANCO DE SABADELL, S.A. SCHEDULED FOR 31 MARCH 2016, AT SECOND CALL

The Board of Directors of Banco de Sabadell, S.A. ("Banco Sabadell" or the "Bank") hereby fulfils the provisions of article 286 of the Capital Companies Act by explaining and justifying the aforementioned proposal and including the full text of the proposed amendment to the Regulation of the General Meeting of Shareholders, all subject to the authorisations required under the law or the regulations.

The Board of Directors, following consultation with the Audit and Control Committee, proposes the amendment of articles 7, 9, 10 and 14 of the Regulation of the General Meeting. All the amendments are directly attributable to the amendment of the Articles of Association proposed to the General Meeting and arise from the need to adapt the articles in this Regulation to the new wording of the Articles of Association.

The Board wishes to keep up to date the Regulations of the General Meeting, which establishes the principles of action of the General Meeting of the Company and the basic rules for its transaction, with a view to guaranteeing shareholders' rights and transparency; consequently, it is considered necessary to amend those Regulations.

The proposed amendments are discussed below:

1. Amendment of article 7:

In line with the amendment proposed to article 42 of the Articles of Association and with the provisions of articles 168 and 495.2 of the Capital Companies Act, the reference to three per cent of capital is modified.

The complete article is reworded to read as follows:

7. *Notice of meeting*

1. *Ordinary General Meetings must be called by the Board of Directors.*
2. *Extraordinary General Meetings may be called by the Board of Directors on its own initiative or at the request of shareholders representing at least 3% of capital stock, subject to the other requirements and consequences set out in the Articles of Association.*
3. *The decision by the Board of Directors to call the General Meeting must be adopted sufficiently in advance to ensure that the notice is publicised and to safeguard shareholders' right to information.*

2. Amendment of article 9:

In line with the amendment proposed to article 41 of the Articles of Association and with the provisions of article 519.3 of the Capital Companies Act, the reference to three per cent of capital is modified.

The complete article is reworded to read as follows:

9. *Motions presented by shareholders*

1. *Shareholders representing at least three per cent (3%) of capital may present motions, duly signed, provided that they are germane to the items that are already on the agenda or which ought to be on the agenda for the scheduled meeting.*
2. *Such proposals must be presented within five days following the publication of the notice of meeting, and they shall be vetted by the Board of Directors. If such motions fulfil the requirements established herein, the Board of Directors shall read the motion into the corresponding item of the agenda, alongside the motion proposed by the Board itself. Where the motions are mutually exclusive, the approval of the motion put forward by the Board of Directors shall entail simultaneous rejection of the alternative motion(s). Where the motions are complementary, they shall be voted on separately and consecutively, commencing with the one put forward by the Board of Directors.*
3. *If the Board of Directors rejects a motion presented by the shareholders on the grounds that it is not directly germane to the items on the agenda, the shareholders may exercise their other rights.*
4. *The Board of Directors shall strive to ensure that, while providing guarantees of authenticity and security, the shareholders may also present motions via the company's website; the Board of Directors may also use that same channel to notify the requesting shareholders of its decision to accept or reject such motions, and to report the content of the motions to the other shareholders, as appropriate.*

3. Amendment of article 10:

The wording of this article is adapted to the amendment proposed in articles 38 and 39 of the Articles of Association in connection with the number of shares that listed companies may require in order to attend the General Meeting of Shareholders.

The complete article is reworded to read as follows:

10. *Attendance and proxy rights*

1. *Holders of shares representing at least one thousand (1000) shares that are registered in the Company's Register of Shareholders at least five days in advance of the date scheduled for the General Meeting at first call shall be entitled to attend the Meeting. Shareholders holding less than that minimum amount of shares may group together to constitute the minimum and grant proxy to any one of them, or to another shareholder that is entitled to attend the General Meeting in accordance with the provisions of the Articles of Association and this Regulation.*

2. *To gain admittance to the General Meeting, shareholders entitled to attend must apply to the Secretary, not later than five days before the Meeting date at first call, for the pertinent admission or attendance card, which shall be issued personally in their name. Without prejudice to requests by shareholders, in order to facilitate shareholder participation in the General Meeting, the Board of Directors may send all registered shareholders the aforementioned attendance card, which shall entitle them to attend in the terms provided in the Articles of Association and in this Regulation.*
3. *The attendance card shall state the number of votes corresponding to the holder, at a rate of one vote per thousand (1000) shares.*
4. *The right to attend and the corresponding right to vote may be exercised by the shareholder personally or by proxy.*
5. *Holders of a general power of attorney for the shareholder in the form of a public instrument with the power to administer all of the shareholder's assets in Spanish territory are also entitled to represent the shareholder.*
6. *Minors must be represented by their legal guardians or representatives, and corporations or companies by their legal representatives, in which case the identity of such person must be specified.*
7. *The delegation of the right to attend and vote must be indicated at the bottom or on the back of the attendance card, which must contain or be attached to the Agenda. Proxies must be signed by the shareholder, provided that the shareholder's signature is authenticated or is recognized by the Bank. The shareholder may give express instructions regarding his vote for each item on the Agenda. In the absence of express instructions, the proxy shall be entitled to vote as he sees fit, except in the event of a conflict of interest.*
8. *If a shareholder sends the company an attendance card with a duly signed proxy form but without identifying the proxy, the proxy will be exercised by the Chairman of the Board of Directors or, if he is not a shareholder, by another Director who is a shareholder.*
9. *Before his appointment, the proxy must inform the shareholder in detail whether there is a conflict of interests. If the conflict arises after the appointment of the proxy and the shareholder principal has not been warned of its possible existence, he must be informed of it immediately. In both cases, absent specific voting instructions for each item on which the proxy must vote on behalf of the shareholder, the proxy must abstain.*
10. *Where the proxy has a conflict of interests, unless the shareholder indicates otherwise it shall be assumed that the shareholder has also designated as representatives, jointly and severally, in the following order, the Chairman of the General Meeting and, if he has a conflict of interests, the person designated by the Chairman.*
11. *Without prejudice to the provisions of article 187 of the Capital Companies Act, if a proxy is granted in accordance with the terms of the preceding section either to the Board of Directors or its Chairman, without express voting instructions, the shareholder shall be deemed to have decided to vote in favour of all the motions proposed by the Board of Directors.*
12. *The Board of Directors may provide electronic systems for granting proxy where it considers that the necessary guarantees of authenticity and legal certainty exist.*

13. *Shareholders who grant proxy by electronic means may give voting instructions for each item on the Agenda by those same means.*
14. *Proxies or delegations shall be granted for a specific General Meeting and shall only be valid for that meeting; they may be revoked in any event. Attendance in person by the principal at the Meeting shall have the effect of revoking any proxies.*
15. *The Company's executives and advisors and any other persons that the Chairman of the General Meeting sees fit may attend General Meetings and speak but not vote.*
16. *The members of the Board of Directors and the Secretary or Vice-Secretary, who is not a director, are obliged to attend the General Meeting.*
17. *The Company's external auditors must attend ordinary General Meetings and any others where the Board of Directors considers that their presence is necessary because of the motions on the agenda.*

4. Amendment of article 14:

The wording of this article is to be adapted to the proposed amendment of the third paragraph of article 44 of the Articles of Association and the provisions of article 201 of the Capital Companies Act to replace the reference to the vote in favour by two-thirds of the validly cast votes with a reference to the vote in favour by two-thirds of the capital in attendance at the Meeting, either in person or by proxy.

The complete article is reworded to read as follows:

14. *Voting*

1. *Where the Articles of Association or the laws do not require a special majority or a supermajority, motions shall be approved by a simple majority of the votes validly cast.*
2. *At General Meetings attended by shareholders representing less than 50 per cent (50%) of the subscribed voting capital, the resolutions referred to in article 44 of the Articles of Association and 12.4 of this Regulation may only be validly adopted with the favourable vote of two-thirds of the capital in attendance, either in person or by proxy.*
3. *The Board may permit voting by mail or by electronic systems whenever possible subject to there being assurances of legal certainty and the authenticity of the shareholders' votes.*

The Board of Directors considers that all the amendments proposed to the General Meeting of Shareholders under item five of the agenda are sufficiently justified basically because they arise from adapting the Regulation to the proposed changes in the Articles of Association.

