

REPORT BY THE BOARD OF DIRECTORS OF BANCO DE SABADELL, S.A. ON THE DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO INCREASE CAPITAL AT ONE OR MORE TIMES AND, WHERE APPROPRIATE, TO OVERRIDE THE PRE-EMPTIVE SUBSCRIPTION RIGHT, AS REFERRED TO IN ITEM NINE OF THE AGENDA OF THE GENERAL MEETING OF BANCO DE SABADELL, S.A. SCHEDULED FOR 31 MARCH 2016, AT SECOND CALL

In compliance with the Capital Companies Act, the Board of Directors of Banco de Sabadell, S.A. (hereinafter "Banco Sabadell" or the "Bank") issues this report in support of the proposal regarding the delegation to Banco Sabadell's Board of Directors of the power to increase capital, in accordance with article 297.1.b) of the Capital Companies Act, including the power, where appropriate, to override the pre-emptive subscription right, in accordance with article 506 of that Act, and the power to sub-delegate to the Executive Committee or to the director(s) that the Board of Directors or Executive Committee deems appropriate, which has been submitted to the Ordinary General Meeting of Shareholders of Banco Sabadell for approval.

In accordance with article 297.1.b) of the Capital Companies Act and the requirements established for the amendment of the Articles of Association, the General Meeting may grant to the Board of Directors the power to increase capital at one or more times up to a limit of one-half of the Bank's capital, in the amount decided by the Board, without consulting the General Meeting beforehand. Such capital increases must be performed in the five years following the approval of this motion by the General Meeting and must necessarily be for monetary contributions.

The Board of Directors of Banco Sabadell understands that the motion being presented to the General Meeting of Shareholders is justified by the advisability of providing the Board with a tool, which is authorised under current company law, that enables it, at any time and without having to call and hold a General Meeting beforehand, to increase capital as is considered appropriate to the Company's interests within the terms, periods and conditions determined by the General Meeting. In any company, particularly a large listed company, the governing and management bodies must have the most appropriate instruments available to them at all times to enable them to respond to the company's changing needs in view of market circumstances.

It is not always possible to anticipate a company's capital needs or the opportunities that arise in the market to raise funds in advantageous conditions; moreover, the normal process of convening a General Meeting to approve a capital increase, with the consequent delay, may make it difficult, in certain situations, for the company to respond quickly and effectively to market needs or opportunities. To that end, the delegation to the Board envisaged in article 279.1.b) of the Capital Companies Act

broadly avoids such difficulties, while also providing the Board of Directors with adequate flexibility to meet Banco Sabadell's needs, according to the circumstances.

Accordingly, it is proposed to the General Meeting to empower the Board of Directors of Banco Sabadell to increase capital at one or more times, in the amount, on the dates and under the conditions and other circumstances that it deems appropriate, within the maximum amount and period envisaged by law, and to perform any necessary paperwork to ensure that the new shares issued in the capital increase(s) are admitted to trading on any stock markets in Spain and other countries where Banco Sabadell shares are listed, in accordance with the procedures of each such market, with the power to sub-delegate to the Executive Committee and to the director(s) that the Board or Executive Committee sees fit.

In accordance with article 506 of the Capital Companies Act, when the General Meeting of a listed company delegates to the directors the power to increase capital in accordance with article 297.1.b), it may also empower them to override the pre-emptive subscription right in connection with the shares issued in such a capital increase, when it is in the best interests of the company; however, the decision to override the pre-emptive subscription right must be stated in the notice of the General Meeting and a report by the directors justifying such a proposal must be made available to all shareholders.

The delegation to Banco Sabadell's Board of Directors of the power to increase capital also includes, in accordance with article 506 of the Capital Companies Act, empowering the directors to totally or partially override shareholders' pre-emptive subscription rights when it is in the interests of the Bank, under the terms of articles 308, 505 and related articles of the aforementioned Act. In the event that the Board of Directors of Banco Sabadell uses the power to override the pre-emptive right, such a capital increase may not amount to more than 20% of capital stock.

The Board of Directors of Banco Sabadell considers that this proposal is justified due to the need for flexibility and agility to act in the current financial markets with a view to taking advantage of times when market conditions are most favourable.

If, in using those powers, the Board decides to override the pre-emptive subscription right in a specific capital increase that it decides to perform under the authorisation granted by the General Meeting of Shareholders, it must issue at the same time a detailed report setting out the specific reasons which justify that such a measure is in line with the company's interests, together with a mandatory auditors' report as referred to in article 506 of the Capital Companies Act. Both reports will be made available to the shareholders and notified to the first General Meeting following the decision to increase capital, in accordance with the provisions of the above-mentioned article.

Finally, for proper coordination with the powers granted to issue bonds or other securities convertible into newly-issued shares of Banco Sabadell, it is hereby specified that the limit available at any given time within the maximum referred to above will include any capital increases that are required to cater for the conversion of bonds or other securities that are convertible into newly-issued shares of Banco Sabadell which are issued under the proposal laid before the General Meeting under item Ten of the agenda or any other resolution that the General Meeting adopts in this connection.