

REPORT BY THE REMUNERATION COMMITTEE IN CONNECTION WITH THE REASONED PROPOSAL BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS TO APPROVE THE REMUNERATION POLICY FOR DIRECTORS OF BANCO DE SABADELL, S.A. REFERRED TO IN ITEM TWELVE OF THE AGENDA OF THE GENERAL MEETING OF BANCO DE SABADELL, S.A. SCHEDULED FOR 31 MARCH 2016, AT SECOND CALL.

The Remuneration Committee of Banco de Sabadell, S.A. ("Banco Sabadell" or the "Bank"), whose functions are defined in article 63 of the Articles of Association and article 14 bis the Regulation of the Board of Directors, has analysed and reviewed the terms of the remuneration policy for directors that is to be submitted by the Board of Directors for approval by the forthcoming General Meeting of Shareholders.

1. Introduction

On 28 May 2015, under item 14 on the agenda, the General Meeting of Shareholders approved the annual report on director remuneration envisaged in article 541 of the Capital Companies Act, which set out the policy for director remuneration.

Although the policy analysed here broadly contains the same principles and items, it is considered appropriate, having regard to practices among listed companies and the specific characteristics of remuneration in financial institutions, to approve a specific document that sets out the "Remuneration policy for directors of Banco Sabadell".

Additionally, at a meeting on 27 January 2106, the Remuneration Committee analysed a remuneration benchmarking report by Towers Watson that compares directors' remuneration for their status as such and that of directors who perform executive functions with widespread market practice.

2. Comments

The remuneration policy for directors of Banco Sabadell is based on distinguishing between remuneration for their status as such and that paid for performing executive functions.

The former, i.e. remuneration for the directors' functions as mere members of the Boards of Directors, conforms to the remuneration system for directors provided for in article 86 of the Articles of Association and respects the limits set in the resolution establishing the overall maximum amount of director remuneration for 2014 and subsequent years, which was adopted by the General Meeting of Shareholders on 27 March 2014 and is still in effect to the extent that it has not been amended. Consequently, this Committee understands that the amount of that remuneration is proper and appropriate and that the policy is in conformity.

Regarding the latter, i.e. remuneration for performing executive functions, the remuneration policy analysed here is considered to be coherent with the contracts signed by the executive directors and with habitual market practice among comparable companies, to be compatible with proper, healthy and effective management of the Bank's risks and, above all, to conform to the regulatory parameters on prudential regulation and capital adequacy that apply to Banco Sabadell.

3. Conclusion

The Remuneration Committee hereby notifies the Board of Directors that it has a favourable opinion of the remuneration policy for directors of Banco Sabadell that is to be submitted for approval by the General Meeting of Shareholders scheduled for 31 March 2016, at second call.