

**ANNEX 1**

**ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED  
COMPANIES**

**ISSUER IDENTIFICATION DATA**

<b>DATE OF END OF REFERENCE YEAR</b>	<b>31/12/2015</b>
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<b>Tax ID number:</b>	<b>A-08000143</b>
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<b>COMPANY NAME</b>
BANCO DE SABADELL, S.A.

<b>DOMICILE</b>
PZ. DE SANT ROC N.20, (SABADELL) BARCELONA

## ANNUAL REPORT ON REMUNERATION FOR DIRECTORS OF LISTED COMPANIES

### A. COMPANY REMUNERATION POLICY FOR THE CURRENT YEAR

A.1. Describe the Company's remuneration policy. Include the following information in this section:

- General principles and fundamentals of the remuneration policy.
- Most significant changes in the remuneration policy with respect to the previous year and changes made during the year to the conditions for the exercise of previously awarded options.
- Criteria used and composition of groups of comparable companies whose policies have been considered in establishing the company's remuneration policy.
- A proportion between variable and fixed remuneration and standards for determining the components of directors' remuneration package

Describe the remuneration policy
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Remuneration policy at Banco Sabadell is based generally on the idea that remuneration is a generator of value by which to attract and retain the best professionals, using a competitively-structured remuneration package which is partly linked to specific objectives that are aligned with shareholders' interests.

The compensation system allows for remuneration to be individualised based on each employee's contribution, his professional performance and the achievement of certain objectives, and is competitive with comparable parameters of the market, having regard to the levels of risk assumed by each one.

Financial institutions are subject to special regulations that limit their scope for action when compared with other listed companies and, consequently, give them less discretionality with regard to remuneration.

Since it is a financial institution, Banco Sabadell's remuneration system is aligned with the Financial Stability Board (FSB) Principles for Sound Compensation Practices dated 2 April 2009, with the provisions on remuneration contained in Directive 2010/76/EU (CRD III), and the national transpositions, basically Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, and Royal Decree 84/2015, of 13 February, implementing Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions. It is therefore subject to the most rigorous standards for transparency and deferral applicable to regulated listed companies and places particular emphasis on the achievement of the Bank's objectives, transparency and long-term interests as well as on not incentivizing excessive risk-taking in order to protect customers, investors and shareholders.

In particular, director remuneration policy conforms to the provisions of articles 217 and 529 sexdecies et seq. of the Capital Companies Act, as amended by Act 31/2014, of 3 December.

Banco Sabadell also complies with the principles of transparency and public disclosure regarding remuneration. As in 2014, at the General Meeting on 29 May 2015, the annual report on remuneration of directors of listed companies was submitted not just for an advisory vote, but for approval, reinforcing corporate governance principles and establishing more stringent criteria than required by law at that time. Similarly, the General Meeting of Shareholders on 28 May 2015 approved the maximum amount of director remuneration. Additionally, the General Meeting of Shareholders on 27 March 2014 approved a cap on variable remuneration for each member of the Designated Group of up to two years' compensation, i.e. 200% of the fixed annual remuneration assigned to each member, in accordance with the provisions of Act 13/1985, of 25 May, on investment ratios, own funds and reporting obligations of financial intermediaries, as amended by Royal Decree Act 14/2013, of 29 November, in the exceptional cases expressly authorised by the Appointments and Remuneration Committee. In this connection, the General Meeting of Shareholders on 28 May 2015 approved an increase in the size of the Designated Group to which the cap on variable remuneration of two years' salary applies, authorising the Board of Directors to include such other members in the Designated Group as may be required by the regulations or the regulators and, in that event, to update its composition in the information made available to shareholders at the next General Meeting of Shareholders.

As in 2015, the Board of Directors will submit the Annual Report on Director Remuneration for approval to the General Meeting in 2016, in order to strengthen transparency vis-à-vis remuneration and adapt to market best practices in connection with the remuneration policy and corporate governance. Additionally, the Bank's

remuneration policy will be maintained in subsequent years.

With a view to establishing a remuneration policy that is consistent with comparable companies, Banco Sabadell, advised by consulting firm Towers Watson, periodically compares its remuneration situation for senior management and other members of the Designated Group with the market; the most recent analysis was performed in January 2016.

Banco Sabadell's remuneration policy comprises a fixed component, for all employees, linked to criteria established under the banking sector collective agreement; voluntary components, as a function of the individual's responsibility and performance; and, for specific identified functions, a variable component based on the achievement of specific objectives. It also includes a supplementary long-term incentive plan for certain executives who perform specifically identified functions, approved, where appropriate, by the General Meeting. There are specific items of remuneration in kind that are linked generally to the Flexible Remuneration Programme (BSFlex).

Of the items mentioned above, variable remuneration is a key component of Banco Sabadell's remuneration strategy. Individual variable remuneration is determined on the basis of function and, as appropriate, the bank's overall objectives, collective objectives for each unit and individual objectives, combining both financial and non-financial indicators, regulated by the Professional Effectiveness Score (PES) policy.

Variable remuneration considers a range of factors, in particular professional performance, in accordance with risk-taking and quality of performance; it is not determined simply by the general performance of the markets or sectors in which the Bank operates or other similar circumstances.

(continues in section E)

**A.2 Information on the preparatory work and decision-making process followed to determine the remuneration policy and role, if any, performed by the Remuneration Committee and other supervisory bodies in shaping the remuneration policy. This information should include any mandate given to the remuneration committee, its composition and the identity of the external consultants whose services have been used to define the remuneration policy. Also describe the category of any directors who participated in the definition of the remuneration policy.**

<b>Describe the process for determining the remuneration policy</b>
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Because of the importance of the group's corporate governance structure and system, the Regulation of the Board of Directors of Banco Sabadell, published on the web, sets out the principles governing the actions of the Board and its committees, and establishes the basic rules for their functioning and organisation.

In compliance with the provisions of articles 31 and 36 of Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, on 28 May 2015 the General Meeting of Shareholders approved the dissolution of the Appointments and Remuneration Committee and the creation, separately, of an Appointments Committee and a Remuneration Committee. The Appointments Committee will comprise at most five directors, appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors. In any event, the Chairman of the Committee will be appointed from among its members who are independent directors.

The Appointments Committee will have the same basic responsibilities as set out in article 14 of the Regulation of the Board of Directors: a) making proposals to the Board of Directors as to the appointment of independent directors, for co-optation or for remittal to the General Meeting, and as to the re-appointment or removal of such directors; b) advising on proposals to appoint other directors by co-optation or for remittal to the General Meeting, and on proposals to re-appoint or remove them; c) ensuring that the composition of the Board of Directors complies with the provisions of article 54 of the Articles of Association; d) checking that the members of the Board of Directors are suitable and possess the necessary competency, knowledge and experience; e) advising on the appointment and removal of senior executives; f) advising on proposals for the appointment and removal of executives in the Designated Group; g) advising on the basic conditions of the contracts of executive directors and senior executives; h) examining and organising succession plans for the Chairman of the Board of Directors and of the Bank's chief executive and, as appropriate, making proposals to the Board; and i) establishing a target for representation of the gender that is less represented on the Board of Directors and drawing up guidelines on how to achieve that target.

The Appointments Committee envisaged in article 59 of the Articles of Association had the following composition in 2015:

HÉCTOR MARÍA COLONQUES MORENO Chairman  
AURORA CATÁ SALA Member  
JOSÉ JAVIER ECHENIQUE LANDIRIBAR Member  
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN Member  
MIQUEL ROCA I JUNYENT Secretary (not a director)

The Remuneration Committee must comprise at most five directors appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors. In any event, the Chairman of the Committee must be appointed from among its members who are independent directors. The Remuneration Committee must have at least the following basic responsibilities as set out in article 14 bis of the Regulation of the Board of Directors: a) proposing, to the Board of Directors, the director remuneration policy; b) proposing, to the Board of Directors, the remuneration policy for General Managers and others performing senior management functions who report directly to the Board of Directors, the Executive Committees or the Managing Directors, and the individual remuneration and other contractual conditions for executive directors, exercising oversight to ensure that they are complied with; c) regularly reviewing remuneration policy; d) advising on remuneration programmes based on shares and/or options; e) periodically reviewing the general principles of remuneration and the remuneration programmes for all employees, and considering whether they conform to those principles; f) ensuring that remuneration is transparent; g) ensuring that any conflicts of interests are not detrimental to the independence of external advisors; and h) verifying the information on remuneration contained in the various corporate documents, including the Report on Director Remuneration.

The Remuneration Committee envisaged in article 59 of the Articles of Association had the following composition in 2015:

AURORA CATÁ SALA Chair  
HÉCTOR MARÍA COLONQUES MORENO Member  
JOSÉ JAVIER ECHENIQUE LANDIRIBAR Member  
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN Member  
MARIA JOSÉ GARCÍA BEATO Secretary (not a director)

In accordance with Article 15 of the Board Regulation, the Risk Committee is responsible for informing the Remuneration Committee on whether employee remuneration programmes are coherent with the Bank's risk, capital and liquidity.

The Audit and Control Committee supervises the process of drafting and presenting the regulated financial information, including that related to remuneration, checking for compliance with the law and the correct application of accounting standards.

(continues in section E)

**A.3 Indicate the amount and nature of the fixed components, with a breakdown, where necessary, of the remuneration for the performance of senior management functions by the executive directors, the additional remuneration for acting as chairman or member of any board committee, per diem payments for attendance at meetings of the Board and its committees and other fixed payments for directorship, and an estimate of the fixed annual remuneration to which they give rise. Identify other benefits not paid in cash and the parameters on which they are based.**

<b>Described the fixed components of remuneration</b>
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In 2016, the members of the Board of Directors will collect the following amounts for belonging to the Board: the Chairman, 214,200 euro, the Vice-Chairmen 107,100 euro, and the other members 91,800 euro, depending on attendance. Executive Directors are remunerated for discharging their executive duties and as members of the Board of Directors; however they do not receive any remuneration for chairing, belonging to or attending meetings of the Board's subcommittees or the Boards of Directors of other group companies.
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The Lead Independent Director will collect an additional 20,000 euro for that function and the non-executive directors will collect the following additional amounts for membership of Board committees:

Audit and Control Committee:

Chairman: 30,600 euro

Members who are non-executive directors: 15,300 euro

Appointments Committee:

Chairman: 15,300 euro

Members who are non-executive directors: 7,650 euro

Remuneration Committee:

Chairman: 15,300 euro

Members who are non-executive directors: 7,650 euro

Risk Committee:

Chairman: 30,600 euro

Members who are non-executive directors: 15,300 euro

Executive Committee:

Members who are non-executive directors: 50,000 euro

The chairman of the SabadellGuipuzcoano Advisory Board will receive 30,600 euro, members of the SabadellGuipuzcoano Advisory Board will receive 15,300 euro, and the chairman of the Eastern Spain Advisory Board, 8,550 euro.

Fixed remuneration for executive directors in 2016 was approved by the Bank's Board of Directors on 28 January 2016, at the proposal of the Remuneration Committee, having consideration for their high levels of responsibility and remunerating the contribution of each post they hold and their executive and leadership skills. The remuneration amounts were determined on the basis of comparable situations in the market.

The amounts established for 2016 are 1,701,000 euro for the Chairman; 1,312,900 euro for the Managing Director, and 705,000 for the Director-General Manager.

#### A.4 Describe the amount, nature and main characteristics of the variable components of the remuneration systems.

Specifically,

- Detail the amount, date of approval, date of implementation, effective period and the main characteristics of the remuneration plans of which the directors are beneficiaries. For plans involving stock options and other financial instruments, the general features of the plan must include information on the conditions for exercising such options or financial instruments for each plan.
- Indicate any payments made under profit-sharing or bonus schemes, and the reason why they were granted.
- Detail the basic parameters and grounds for any annual bonus scheme.
- The types of directors (executive directors, proprietary external directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans that incorporate variable remuneration.
- The foundations of such variable remuneration systems or plans, the criteria chosen to assess performance as well as the components and methods for determining whether or not the criteria have been met, and an estimate of the total amount of variable remuneration that would result from the current

compensation plan, as a function of the degree to which targets or benchmarks have been met.

- Where appropriate, give information on any deferral periods or deferral of payment established and/or retention periods for shares or other financial instruments.

<b>Describe the variable components of the remuneration systems</b>
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Non-executive directors do not receive variable remuneration.

The executive directors receive the following remuneration:

#### 1 - Variable remuneration

Receipt of this remuneration is conditional upon attainment of the objectives approved by the Board of Directors at the proposal of the Remuneration Committee.

- Net profit: 20%
- Risk-weighted earnings, determined from Economic Value Added (EVA). This metric considers both the Group's profit and the cost of risk, the latter being determined from the minimum required regulatory capital and additional requirements imposed within the group's capital policies, considering the cost of that capital: 20%
- Basic costs-to-income ratio (ex-TSB): 20%
- Return on average total assets: 15%
- Decline in doubtful balances (ex-TSB): 15%
- Customer experience: 10%

In the case of the Director-General Manager, in consideration of his executive functions, 50% of his variable remuneration is linked to quantitative and qualitative objectives for his function, which include proper risk management and supervision of critical functions in the Group.

The reference amounts for the executive directors' variable remuneration for 2016 are as follows: 1,000,00 euro for the Chairman; 912,900 euro for the Managing Director; and 300,000 for the Director-General Manager. Actual receipt will depend on the degree of attainment of the assigned objectives as determined at the end of the year by the Remuneration Committee.

The variable remuneration described above is subject to deferral, the main characteristics of which are as follows: (i) 50% of total remuneration is deferred; (ii) the deferred remuneration is collected over three years, one-third each year; (iii) at least 50% of any payment will be in the form of shares of the Bank; and (iv) all shares will be subject to one year's lock-up.

#### 2- Long-term incentive plan

The executive directors are beneficiaries of the "Long-Term Supplementary Incentive" (ICLP), which was approved by the General Meeting on 27 March 2014 for executives of the Bank, and runs from 28/3/2014 to 31/3/2017.

The plan is linked to the value of the Company's shares. Beneficiaries are assigned a number of options that serve as the basis for determining the number of Banco de Sabadell shares to be received once the three-year period has elapsed, provided that the final share price exceeds the initial share price in the terms and other conditions set out in the general conditions of the plan.

The Chairman is assigned 2,816,884 rights, following anti-dilution adjustment of the 2,600,000 rights delivered initially as a result of the capital increase carried out on 27 April 2015; the Managing Director is assigned 2,491,859 rights, following anti-dilution adjustment of the 2,300,000 rights assigned initially as a result of the capital increase carried out on 27 April 2015; the Director-General Manager is assigned 1,300,000 rights, following anti-dilution adjustment of the 1,200,000 rights assigned initially as a result of the capital increase carried out on 27 April 2015.

As a result of the decisions adopted by the Appointments and Remuneration Committee in 2013 and 2014, executive directors have two options plans, since their variable remuneration accrued in 2012 and 2013, respectively, was paid entirely in the form of options.

This system, which is not an additional long-term incentive and makes collection of the variable remuneration conditional upon appreciation of the share over a three-year period, satisfactorily fulfils the requirements as to deferral and payment in capital instruments, and also aligns the interests of the executive directors with those of the shareholders.

The details of the two plans for each beneficiary are set out in section D.1.ii.

Moreover, the deferred portion is subject to penalty clauses which may, in some cases, lead to forfeiture of outstanding deferred variable remuneration.

- Where the annual professional performance rating fails to reach 60%, provided that the result of the evaluation is due to transactions in previous years which gave entitlement to collect variable remuneration.
- In the event of a serious breach, during the deferral period, of internal regulations applicable to the employee.
- In the event of fair dismissal.

**A.5 Describe the main features of the long-term savings systems, including retirement and any other survivorship benefit, partly or wholly funded by the company, whether endowed internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether defined-contribution or defined-benefit, the conditions for the vesting of the directors' economic rights and their compatibility with any type of severance payment for early cancellation or termination of the contractual relationship between the company and the director.**

Also indicate payments made to any director's defined-benefit pension scheme; or any increase in the director's vested rights with regard to contributions to defined-benefit schemes.

<b>Describe the long-term saving systems</b>
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The long-term saving systems are detailed below, along with their individual characteristics and amounts allocated and accumulated in 2015. The contributions to defined-contribution plans will not undergo significant changes in 2016, and the defined-benefit policy will be adjusted on the basis of actuarial calculations.

- A defined-contribution group insurance policy for the Board of Directors which will be paid in the form of a lump sum when each beneficiary ceases to be a director and is compatible with the termination indemnities envisaged in section A.7. The beneficiaries are as follows: the Chairman, José Oliu Creus, with a contribution of 32 thousand euro in 2015 and 1,173 thousand euro accumulated in total; Director-General Manager, José Luis Negro Rodríguez, with a contribution of 16 thousand euro in 2015 and 174 thousand euro accumulated in total; director Héctor María Colonques Moreno, with a contribution of 16 thousand euro in 2015 and 322 thousand euro accumulated in total; director Joan Llonch Andreu, with a contribution of 16 thousand euro in 2015 and 348 thousand euro accumulated in total; and director Joaquín Folch-Rusiñol Corachán, with a contribution of 16 thousand euro in 2015 and 314 thousand euro accumulated in total.
- A defined-contribution group insurance policy for executives, which will pay out as from a target date in the event of retirement, death or total permanent disability, in the form of a lump sum or the equivalent life annuity, and is compatible with the termination indemnities envisaged in section A.7. The beneficiaries are the Chairman, José Oliu Creus, whose target date is September 2016, with a contribution of 1,031 thousand euro in 2015 and 5,480 thousand euro accumulated in total; and the Director-General Manager, José Luis Negro Rodríguez, whose target date was in March 2015, with a final contribution of 1,052 thousand euro to make up the total commitment in 2015 and 4,997 thousand euro accumulated in total.
- There is a defined-benefit group insurance policy for executives indexed to the base fixed salary, with 50% reversal to the spouse, which may pay out upon reaching the age of 60, arranged in two parts: prior to retirement but after the beneficiary turns 60, and upon actual retirement. It also includes the possibility of surrender for a lump sum, in accordance with the legislation in force. It is compatible with the termination indemnities under section A.7. The beneficiary is the Managing Director, Jaime Guardiola Romojaro, with a contribution of 1,601 thousand euro in 2015 and an accumulated total of 15,800 thousand euro.
- Company-sponsored defined-contribution pension plan for Group G, newly created in 2015 by the decision for the voluntary conversion of the members of groups A and A1. The promoter will not make any further contributions to fund retirement benefits, which will be paid out upon effective retirement as an executive; the beneficiary is Director-General Manager, José Luis Negro Rodríguez, and the accumulated amount is 632 thousand euro.
- Group B Company Pension Plan (defined-contribution), which will pay out upon retirement as executives of the following beneficiaries: the Chairman, José Oliu Creus, who has accumulated 16 thousand euro; the Managing Director, Jaime Guardiola, who has accumulated 6 thousand euro; and the Director-General Manager, José Luis Negro Rodríguez, with an accumulated amount of 7 thousand euro.

A.6 Indicate any indemnity payments agreed or paid in the event of termination as a director.

**Describe the indemnity payments**

Not applicable.

A.7 Describe the conditions with which contracts with executive directors for performing senior management functions must comply. Among other aspects, give information on the term, limits to the amounts of indemnity, permanence clauses, notice periods and payments in lieu of notice, and any other clauses regarding hiring bonuses, as well as severance payments or golden handshakes for early cancellation or termination of the contractual relationship between the company and the executive director. include, inter alia, non-compete, exclusivity, permanence or loyalty covenants or agreements and any governing non-competition after termination.

**Describe the conditions of executive directors' contracts**

The contracts of Executive Directors of Banco Sabadell conform to the usual parameters in this type of legal relationship, with the following main conditions:(i) their duration is indefinite; (ii) the payment of fixed amounts which are disclosed in this report; (iii) receipt of variable remuneration, in accordance with the criteria set out in the corresponding section of this report; (iv) contributions to pension plans, the amounts of which are detailed in this report; (v) the same benefits as are provided to Banco Sabadell employees; (vi) indemnity clauses for the event of termination due to a change of control or other significant changes in ownership of the Bank, without this indemnity entailing forfeiture of rights under long-term savings systems; and (vii) the standard non-compete clauses.

A.8 Describe any additional remuneration paid to directors for services rendered other than those inherent to their directorship.

**Describe supplementary remuneration items**

None.

A.9 Indicate any remuneration granted in the form of advances, loans or guarantees, stating the interest rate, key features and any amounts repaid, as well as guarantee obligations assumed on their behalf.

**Describe the advances, loans and guarantees granted**

None.

A.10 Describe the main features of remuneration in kind.

**Describe any remuneration in kind**

The executive directors benefit from a group life insurance policy (applicable to all of the bank's employees), permanent total disability insurance (applicable to all of the bank's executives), employee loans (in the general conditions applicable to all the Bank's employees), and health insurance (if arranged via the flexible remuneration system).



A.11 Indicate the remuneration accruing to the director by virtue of payments made by the listed company to a third party in which the director provides services, where such payments are intended to remunerate the director's work in the company.

**Describe the remuneration accruing to the director by virtue of payments made by the listed company to a third party in which the director works.**

None.

A.12 Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or where its omission would detract from a true and fair view of the total remuneration accrued by the director.

**Describe other remuneration items**

None.

A.13 Describe the actions taken by the company in connection with the remuneration system to reduce excessive risk exposure and match it to the company's long-term goals, values and interests. Include references to any: measures designed to ensure that the remuneration policy is aligned with the company's long-term performance; measures to provide an appropriate balance between fixed and variable compensation; measures taken in relation to those categories of staff whose work has a material impact on the undertaking's risk profile; clawback formulae or clauses to claim back performance-based variable remuneration when it was paid out on the basis of data that is subsequently proven to be manifestly inaccurate; and measures designed to prevent conflicts of interest, where applicable.

**Describe actions taken to reduce the risks**

In accordance with Article 15 of the Board Regulation, the Risk Control Committee is responsible for checking whether employee remuneration programmes are coherent with the Bank's risk, capital and liquidity, and for reporting to the Remuneration Committee on this matter.

The Audit and Control Committee supervises the process of drafting and presenting the regulated financial information, including that relating to remuneration, and reviews compliance with the regulatory requirements and proper application of accounting standards.

Pursuant to Act 10/2014 and other provisions and recommendations, variable remuneration for the Designated Group is subject to a deferral scheme, whose main features are as follows:

(i) the deferral period is three years; (ii) the amount deferred is weighted as a function of the group involved: 50% for executive directors, and 40% for senior management and other executives in the Designated Group; (iii) at least 50% of the variable remuneration will be paid in shares of the Bank; (iv) deferred remuneration will be paid over a three-year period, one-third each year, 50% in shares and 50% in cash; (v) all the shares must be retained for a period of one year.

Moreover, the deferred portion is subject to penalty clauses which may, in some cases, lead to forfeiture of outstanding deferred variable remuneration.

- Where the annual professional performance rating fails to reach 60%, provided that the result of the evaluation is due to transactions in previous years which gave entitlement to collect variable remuneration.
- In the event of a serious breach, during the deferral period, of internal regulations applicable to the employee.
- In the event of fair dismissal.

## B. REMUNERATION POLICY PROJECTED FOR FUTURE YEARS

Derogated.

## C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR

C.1 Give a brief description of the main features of the structure and remuneration items of the remuneration policy applied during the last financial year, with a breakdown of the individual remuneration accrued by each of the directors listed in Section D of this report, and a summary of the resolutions passed by the board to implement those items.

<b>Describe the structure and remuneration items of the remuneration policy applied during the year</b>
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On 28 May 2015, the General Meeting was asked to approve, and not merely vote on an advisory basis, the Bank's remuneration report, in line with best practices in corporate governance.

The criteria governing remuneration paid to the Board as a governing body were not modified in 2015 with respect to 2014, with the result that the total amount was €1,849,134, i.e. below the maximum overall amount of €2,500,000 approved by the General Meeting on 27 March 2014 under item five on the agenda, which also established that this amount would remain in force in subsequent years until amended by a resolution of the General Meeting.

The general criteria of the remuneration policy applied in 2015 coincide with those described in section A of this document since they have not been changed.

The executive directors' variable remuneration for 2015 was determined by the Remuneration Committee on the basis of their fulfilment of the quantitative objectives for the year, which was measured using the scales designed by the Committee at the beginning of the year. The payment of the resulting amounts, set out in section D, will be deferred as described in section A.13 in compliance with the requirements of deferral and payment in capital instruments under Royal Decree 771/2011, currently set out in article 36 of Act 10/2014, which Banco Sabadell has complied with since the former entered into force.

## D. BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period for 2014
JOSÉ OLIU CREUS	Executive Director	From 01/01/2015 to 31/12/2015
JOSÉ MANUEL LARA BOSCH	Independent	From 01/01/2015 to 31/01/2015
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	Independent	From 01/01/2015 to 31/12/2015
JAIME GUARDIOLA ROMOJARO	Executive Director	From 01/01/2015 to 31/12/2015
AURORA CATÁ SALA	Independent	From 29/01/2015 to 31/12/2015
HÉCTOR MARÍA COLONQUES MORENO	Independent	From 01/01/2015 to 31/12/2015
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	Other External	From 01/01/2015 to 31/12/2015
MARIA TERESA GARCIA-MILÀ LLOVERAS	Independent	From 01/01/2015 to 31/12/2015
JOSÉ MANUEL LARA GARCÍA	Independent	From 19/03/2015 to 31/12/2015
JOAN LLONCH ANDREU	Independent	From 01/01/2015 to 31/12/2015
DAVID MARTÍNEZ GUZMÁN	Proprietary	From 27/03/2015 to 31/12/2015
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Independent	From 01/01/2015 to 31/12/2015
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	Independent	From 01/01/2015 to 31/12/2015
ANTÓNIO VÍTOR MARTINS MONTEIRO	Proprietary	From 01/01/2015 to 31/12/2015
JOSÉ LUIS NEGRO RODRÍGUEZ	Executive Director	From 01/01/2015 to 31/12/2015
JOSÉ PERMANYER CUNILLERA	Other External	From 01/01/2015 to 28/05/2015
DAVID VEGARA FIGUERAS	Independent	From 28/05/2015 to 31/12/2015

D.1 Complete the following tables on the individual remuneration accrued during the year by each of the directors (including remuneration for carrying out executive functions).

**a) Remuneration accrued in the reporting company:**

**i) Remuneration in cash (thousand euro)**

Name	Wages	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board committees	Indemnities	Other items	2015 total	2014 Total
JOSÉ OLIU CREUS	1,301	214	0	1,300	0	0	0	24	2,839	2,833
JOSÉ MANUEL LARA BOSCH	0	0	0	0	0	4	0	0	4	131
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	0	116	0	0	0	68	0	31	215	168
JAIME GUARDIOLA ROMOJARO	1,314	92	0	1,069	0	0	0	12	2,487	2,438
AURORA CATÁ SALA	0	68	0	0	0	15	0	0	83	0
HÉCTOR MARÍA COLONQUES MORENO	0	92	0	0	0	27	0	4	123	123
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	0	83	0	0	0	19	0	0	102	100
MARIA TERESA GARCIA-MILÀ LLOVERAS	0	92	0	0	0	38	0	0	130	105
JOSÉ MANUEL LARA GARCÍA	0	48	0	0	0	0	0	0	48	0
JOAN LLONCH ANDREU	0	92	0	0	0	38	0	15	145	153
DAVID MARTÍNEZ GUZMÁN	0	83	0	0	0	0	0	0	83	59
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	0	92	0	0	0	56	0	0	148	127
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	0	92	0	0	0	15	0	0	107	96
ANTÓNIO VÍTOR MARTINS MONTEIRO	0	87	0	0	0	0	0	0	87	83
JOSÉ LUIS NEGRO RODRÍGUEZ	625	92	0	367	0	0	0	9	1,093	974
JOSÉ PERMANYER CUNILLERA	0	40	0	0	0	27	0	0	67	107
DAVID VEGARA FIGUERAS	0	60	0	0	0	28	0	0	88	0

## ii) Share-based remuneration systems

JOSÉ OLIU CREUS												
Long-Term Supplementary Incentive Plan												
Date of implementation	Options held at the beginning of 2015						Options assigned during 2015					
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
28/03/2014	2,816,884	2,816,884	1.75	-			0	0	0.00	-		
Conditions: -												
Shares delivered in 2014			Options exercised in 2015				Options vested but not exercised	Options at 2015 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (€mn)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	2,816,884	2,816,884	1.75	31/03/2017	
Other requirements for exercise: -												

JAIME GUARDIOLA ROMOJARO											
Long-Term Supplementary Incentive Plan											
Date of implementation	Options held at the beginning of 2015						Options assigned during 2015				
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period	

28/03/2014	2,491,859	2,491,859	1.75	-			0	0	0.00	-		
Conditions: -												
<b>Shares delivered in 2015</b>			<b>Options exercised in 2015</b>				<b>Options vested but not exercised</b>	<b>Options at 2015 year-end</b>				
<b>No. of shares</b>	<b>Price</b>	<b>Amount</b>	<b>Strike price (€)</b>	<b>No. of options</b>	<b>Shares affected</b>	<b>Gross gain (€mn)</b>	<b>No. of options</b>	<b>No. of options</b>	<b>Shares affected</b>	<b>Strike price (€)</b>	<b>Exercise period</b>	
0	0.00	0	0.00	0	0	0	0	2,491,859	2,491,859	1.75	31/03/2017	
Other requirements for exercise: -												

JOSÉ LUIS NEGRO RODRÍGUEZ												
Long-Term Supplementary Incentive Plan												
<b>Date of implementation</b>	<b>Options held at the beginning of 2015</b>						<b>Options assigned during 2015</b>					
	<b>No. of options</b>	<b>Shares affected</b>	<b>Strike price (€)</b>	<b>Exercise period</b>			<b>No. of options</b>	<b>Shares affected</b>	<b>Strike price (€)</b>	<b>Exercise period</b>		
28/03/2014	1,300,100	1,300,100	1.75	-			0	0	0.00	-		
Conditions: -												
<b>Shares delivered in 2015</b>			<b>Options exercised in 2015</b>				<b>Options vested but not exercised</b>	<b>Options at 2015 year-end</b>				
<b>No. of shares</b>	<b>Price</b>	<b>Amount</b>	<b>Strike price (€)</b>	<b>No. of options</b>	<b>Shares affected</b>	<b>Gross gain (€mn)</b>	<b>No. of options</b>	<b>No. of options</b>	<b>Shares affected</b>	<b>Strike price (€)</b>	<b>Exercise period</b>	
0	0.00	0	0.00	0	0	0	0	1,300,100	1,300,100	1.75	31/03/2017	
Other requirements for exercise: -												

### iii) Long-term savings systems

Name	Contribution by the company in the year (thousand euro)		Total accumulated funds (thousand euro)	
	2015	2014	2015	2014
JOSÉ OLIU CREUS	1,063	984	6,669	5,393
JAIME GUARDIOLA ROMOJARO	1,601	1,334	15,806	13,675
HÉCTOR MARÍA COLONQUES MORENO	16	16	322	296
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	16	16	314	289
JOAN LLONCH ANDREU	16	16	348	330
JOSÉ LUIS NEGRO RODRÍGUEZ	1,068	980	5,810	4,325

### b) Remuneration accrued by company directors for belonging to boards of other Group companies:

#### i) Remuneration in cash (thousand euro)

Name	Wages	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board committees	Indemnities	Other items	2015 total	2014 Total
JOSÉ PERMANYER CUNILLERA	0	21	0	0	0	0	0	0	21	102

#### ii) Share-based remuneration systems

#### iii) Long-term savings systems

**c) Summary of remuneration (thousand euro):**

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to the director, in thousand euro.

Where there are long-term Saving Systems, include contributions or endowments made to such systems:

Name	Remuneration accrued in the Company				Remuneration accrued in group companies				Total		
	Total cash remuneration	Value of shares granted	Gross gain on options exercised	2015 total - Company	Total cash remuneration	Value of shares delivered	Gross gain on options exercised	2015 total - Group	2015 total	2014 Total	Contributions to savings systems during the year
JOSÉ OLIU CREUS	2,839	0	0	2,839	0	0	0	0	2,839	2,833	1,063
JOSÉ MANUEL LARA BOSCH	4	0	0	4	0	0	0	0	4	131	0
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	215	0	0	215	0	0	0	0	215	168	0
JAIME GUARDIOLA ROMOJARO	2,487	0	0	2,487	0	0	0	0	2,487	2,438	1,601
AURORA CATÁ SALA	83	0	0	83	0	0	0	0	83	0	0
HÉCTOR MARÍA COLONQUES MORENO	123	0	0	123	0	0	0	0	123	123	16
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	102	0	0	102	0	0	0	0	102	100	16
MARÍA TERESA GARCIA-MILÀ LLOVERAS	130	0	0	130	0	0	0	0	130	105	0
JOSÉ MANUEL LARA GARCÍA	48	0	0	48	0	0	0	0	48	0	0
JOAN LLONCH ANDREU	145	0	0	145	0	0	0	0	145	153	16



DAVID MARTÍNEZ GUZMÁN	83	0	0	83	0	0	0	0	83	59	0
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	148	0	0	148	0	0	0	0	148	127	0
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	107	0	0	107	0	0	0	0	107	96	0
ANTÓNIO VÍTOR MARTINS MONTEIRO	87	0	0	87	0	0	0	0	87	83	0
JOSÉ LUIS NEGRO RODRÍGUEZ	1,093	0	0	1,093	0	0	0	0	1,093	974	1,068
JOSÉ PERMANYER CUNILLERA	67	0	0	67	21	0	0	21	88	209	0
DAVID VEGARA FIGUERAS	88	0	0	88	0	0	0	0	88	0	0
<b>TOTAL</b>	<b>7,849</b>	<b>0</b>	<b>0</b>	<b>7,849</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>7,870</b>	<b>7,599</b>	<b>3,780</b>

**D.2 Describe the relationship between the remuneration received by the directors and the undertaking's earnings or other performance indicators, detailing how any variations in the company's performance influenced the variation in directors' remuneration.**

The remuneration for directors, as members of the Board of Directors, comprises a fixed amount and an additional amount for membership of the Board committees, conditional upon attendance, and it is not linked to the Bank's earnings.

Since executive directors collect variable remuneration, they are affected by the Bank's earnings in the terms set out in section A.4, which were applied in 2014 and remain in force in 2015. Additionally, the amounts to be collected are covered by the rules applicable to financial institutions, i.e. they are deferred and paid in capital instruments.

**D.3 Describe the outcome of the consultative vote at the annual meeting on the annual remuneration report for the previous year, indicating the number of votes cast against, if any:**

	Number	% of total
Votes cast	4,271,148	66.87%

	Number	% of total
Votes against	260,751	6.10%
Votes in favour	3,962,888	92.79%
Abstentions	47,509	1.11%

## **E OTHER INFORMATION OF INTEREST**

If there are any material aspects relating to directors' remuneration that could not be disclosed in other sections of this report but are necessary to provide a more comprehensive and fully reasoned picture of the remuneration structure and practices for the company's directors, describe them briefly.

Section A.1: (continued)

The following are assigned variable remuneration within Banco Sabadell:

- The Designated Group comprises the 3 executive directors, the 5 members of senior management and another 38 executives from various units of Banco Sabadell whose remuneration is supervised by the Bank's Appointments and Remuneration Committee, as a function of their level of responsibility, risk-taking capacity and remuneration situation, in accordance with the provisions of Royal Decree 771/2011, of 3 June.
- other employees with specific objectives

The ratio between fixed and variable remuneration is appropriate, since variable remuneration does not exceed 100% of fixed remuneration in any case (executive directors, senior management or the Designated Group).

In accordance with the applicable regulations, variable remuneration is deferred and collected in the form of capital instruments, in line with the Bank's long-term results and the share performance, thereby aligning their interests and risks with those of the shareholders.

Long-term incentives are another component of Banco Sabadell's remuneration policy. The goal is to align the remuneration of executives who assume greater responsibility and risks with the shareholders' interests and risks, while also serving as a means of retaining talent in the Group, through systems that allow for remuneration to be collected as a function of the share's appreciation.

A Supplementary Long-term Incentive authorized by the General Meeting on 27 March 2014 is currently in force. The incentive will enable its beneficiaries to collect, in 2017, shares of the Company as a function of the appreciation by

Banco Sabadell's shares, during the period of the current Business Plan ("TRIPLE" Plan).

Therefore, the remuneration policy conforms to the most demanding standards, and is in line with the business strategy and the Bank's long-term objectives, values and interests. It is consistent with the principles governing the protection of customers, investors and shareholders, and does not encourage excessive risk-taking.

It also aligns employee remuneration with the Bank's results, the cost and volume of capital needed to cover the risks that are accepted, the cost and liquidity risk assumed in the business, the consistency with the likelihood and timing that potential future revenues are included in current profit, the risks undertaken by employees, and qualitative criteria established in performance evaluation.

In 2015, during which the current business plan is in force, no major changes are envisaged in remuneration policy, which will continue to conform to the principles of austerity and containment that have been applied in recent years.

This annual report on the remuneration of directors was approved by the company's Board of Directors on 19 February 2015.

Indicate whether any board members voted against or abstained with respect to the approval of this report.

Yes

NO