

REPORT PRESENTED BY THE APPOINTMENTS COMMITTEE IN CONNECTION WITH ITS PROPOSAL TO THE BOARD OF DIRECTORS, FOR REFERRAL TO THE GENERAL MEETING OF SHAREHOLDERS, TO RATIFY AND APPOINT AN INDEPENDENT DIRECTOR, AS REFERRED TO IN MOTION TWO UNDER ITEM THREE OF THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS OF BANCO DE SABADELL, SOCIEDAD ANÓNIMA SCHEDULED FOR 30 MARCH 2017, AT SECOND CALL.

The Appointments Committee has resolved to propose that the Board of Directors refer to the General Meeting of Shareholders the ratification of the appointment, by co-optation by the Board of Directors, of Mr Manuel Valls Morató as an Independent Director, and the approval, in accordance with article 50 of the Articles of Association, of his appointment as a member of the Board of Directors for a term of four years.

Mr Manuel Valls Morató was appointed as a director by co-optation by the Board of Directors on 22 September 2016 and he took up that position at the Board of Directors meeting on 26 January 2017 once the European Central Bank had expressed no objection to this appointment as an independent director. His appointment is registered with the Bank of Spain's Register of Officers.

Under section 4 of article 529 decies of Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of the Capital Companies Act, (the "Capital Companies Act"), as amended by Act 31/2014, of 3 December, amending the Capital Companies Act to enhance corporate governance, the power to propose the appointment or re-appointment of independent directors lies with the Appointments Committee.

In order to draw up this report, in compliance with its duty to oversee the qualitative composition of the Board of Directors and in application of the Director Selection Policy of Banco de Sabadell, Sociedad Anónima, the Appointments Committee analysed the needs of Banco de Sabadell, Sociedad Anónima and the current composition of the Board of Directors to ensure an appropriate balance between the various director categories.

The Board of Directors is currently comprised of fourteen directors, three of whom are executive directors and eleven are non-executive directors (eight of them independent, two external and one proprietary). Independent directors account for more than half of the total number of directors. Additionally, this proposal for ratification and appointment maintains the proportion of independent directors on the Board of Directors, in line with the recommendations of the Corporate Governance Code.

The Committee considers that the Board of Directors has an appropriate balance and diversity of knowledge, experience and skills among its members, and that the latter have the sufficient availability and a high degree of commitment to their function in the institution. This gives the Board of Directors greater capacity to debate and enriches the plurality of viewpoints when debating matters under its remit.

Mr Manuel Valls Morató holds a degree in Economics and Business Administration from the University of Barcelona and a post-graduate qualification in Business Administration from IESE. He is a qualified auditor and a member of Registro Oficial de Auditores de Cuentas. He has worked for over 40 years at PwC, as partner for the last 22 years, where he has held senior positions such as Head of PwC's Audit Division and member of the Executive, and of the Executive of the PwC Global Audit Division, and Chairman of PwC Auditores. He was formerly a member of the Governing Board of Institut Català de Finances and Chairman of its Combined Audit and Control Committee.

Mr Manuel Valls Morató has a suitable combination of technical knowledge of auditing and accounting in credit institutions, the financial and banking sector and its regulation, as well as executive and organisational skills, which lend value to the current Board of Directors of Banco de Sabadell, Sociedad Anónima, and, through his continuation in office, the Board of Directors maintains an appropriate equilibrium and diversity of knowledge, experience and skills among its members.

Mr Manuel Valls Morató meets the requirements for independent directors set out in section 4 of article 529 duodecies of the Capital Companies Act.

The Appointments Committee has also ratified the suitability assessment it performed of Mr Manuel Valls Morató prior to his appointment by co-optation, whose conclusions are still valid at this time, since all the requirements established in Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, and in Royal Decree 84/2015, of 13 February, implementing that Act, are met.

Accordingly, and having regard to the current needs of the Board of Directors of Banco de Sabadell, Sociedad Anónima; to the structure, size and qualitative composition of the Board of Directors; and to the objectives and criteria of professional competency, diversity and commercial repute established in the Director Selection Policy of Banco de Sabadell, Sociedad Anónima, Mr Manuel Valls Morató meets the requirements and has the necessary competency, experience and merits to hold the position of director; consequently, this Appointments Committee considers that the proposal to ratify and appoint Mr Manuel Valls Morató as an independent director of Banco de Sabadell, Sociedad Anónima is justified.