

**REPORT PRESENTED BY THE BOARD OF DIRECTORS OF BANCO DE SABADELL, SOCIEDAD ANÓNIMA, IN CONNECTION WITH ITS PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS TO RE-APPOINT AN EXECUTIVE DIRECTOR, AS REFERRED TO IN MOTION ONE UNDER ITEM THREE ON THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS OF BANCO DE SABADELL, SOCIEDAD ANÓNIMA SCHEDULED FOR 19 APRIL 2018, AT SECOND CALL.**

The Board of Directors has resolved, following a favourable report by the Appointments Committee, Mr. Jaime Guardiola Romojaro having abstained from the vote, to propose the re-appointment of Mr. Jaime Guardiola Romojaro as a member of the Board of Directors, with the status of executive director, for a term of four years, in accordance with the provisions of article 50 of the Articles of Association.

The Board of Directors issues this supporting report to accompany that proposal for re-appointment in compliance with section 5 of article 529 decies of the Capital Companies Act.

In order to draft the motion to re-appoint Mr. Jaime Guardiola Romojaro, the Board of Directors took account of the favourable report issued by the Appointments Committee in compliance with the obligation established by paragraph 6 of article 529 decies of the Capital Companies Act and the provisions of article 61 of the Articles of Association and article 14 of the Regulation of the Board of Directors, according to which the Appointments Committee must advise the Board of Directors on proposals to re-appoint non-independent directors before the matter is referred to the General Meeting of Shareholders for a decision.

The Appointments Committee performed an analysis of the current composition of the Board of Directors and its needs, assessing the conditions that the directors must fulfil and the dedication required in order to discharge their duties effectively, specifically the requirements as to fitness and suitability, competency, experience and merits for holding the position of executive director and Managing Director.

Mr. Jaime Guardiola Romojaro has been an executive director, Managing Director and a member of the Executive Committee of Banco de Sabadell, Sociedad Anónima since 2007; he is the chief executive in charge of management and administration of the Banco Sabadell Group. He holds a degree in Business Administration and an MBA from ESADE and also graduated in Law from the University of Barcelona. He is a member of the Board of Trustees of Fundación ESADE, Chairman of the Economic Policy Committee of Barcelona Chamber of Commerce, and a member of the Management Board of Círculo de Economía. Within the Banco Sabadell group, he is also a member of the Board of Directors of Sabadell Consumer Finance, S.A.U. and Chairman of Banco Sabadell, S.A., IBM and SabCapital, S.A. de C.V., SOFOM, E.R. He has a lengthy track record in banking; since joining Banco de Sabadell,

Sociedad Anónima, he has successfully demonstrated his great executive and strategic skills as well as managerial ability, and leadership in the Group's domestic and international businesses. His performance as executive director and Managing Director has been rated very positively by the Board of Directors in those years and he is considered to be a suitable person to continue as executive director on the Board of Directors.

In view of his track record and performance as an executive director and Managing Director, the Board of Directors and the Appointments Committee consider that he will continue to provide the Board of Directors with considerable experience and extensive knowledge of the banking industry and the Banco Sabadell group, with which he will undoubtedly continue to add value in decision making by the Board of Directors.

The Appointments Committee ratified the suitability assessment of Mr. Jaime Guardiola Romojaro that it performed in the past, whose conclusions are still valid at this time, since all the requirements established in articles 24 et seq. of Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, and of articles 29 et seq. of Royal Decree 84/2015, of 13 February, implementing that Act, are met.

In view of the foregoing, and of the assessment of the capabilities, experience and merits of the director proposed for re-appointment as referred to in paragraph 5 of article 529 decies of the Capital Companies Act, given the track-record and fulfilment by Mr. Jaime Guardiola Romojaro of all of the necessary requirements enabling him to be evaluated and assessed, including notably his professional capabilities and suitability for the post which he holds and his excellent work to date for Banco de Sabadell, Sociedad Anónima, this Board of Directors believes that he has all of the abilities, experience and merits required to hold the position of executive director and Managing Director.