

REPORT BY THE BOARD OF DIRECTORS OF BANCO DE SABADELL, SOCIEDAD ANÓNIMA REGARDING THE MOTION TO AUTHORISE THE COMPANY TO DIRECTLY OR INDIRECTLY ACQUIRE OWN SHARES AND, WHERE APPROPRIATE, REDUCE CAPITAL, AS REFERRED TO IN ITEM SIX ON THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS OF BANCO DE SABADELL, SOCIEDAD ANÓNIMA SCHEDULED FOR 19 APRIL 2018, AT SECOND CALL.

In compliance with the Capital Companies Act, the Board of Directors of Banco de Sabadell, Sociedad Anónima issues this report in support of the motion to authorise Banco de Sabadell, Sociedad Anónima to acquire own shares, directly or indirectly, and reduce capital, where appropriate.

Articles 146, 509 and related articles of the Capital Companies Act allow companies, either directly or through subsidiaries, to hold shares issued by Banco de Sabadell, Sociedad Anónima itself, although they must comply with the requirements established in those articles, having regard to the recommendations by the regulatory authorities of the markets where the shares of Banco de Sabadell, Sociedad Anónima are listed, particularly that the acquisition must have been authorised by the General Meeting of Shareholders of Banco de Sabadell, Sociedad Anónima.

Once own shares of Banco de Sabadell, Sociedad Anónima have been acquired, several legal mechanisms may be used to reduce their number: they may be amortised, sold in the market or in the framework of corporate transactions, or delivered to employees or directors of Banco de Sabadell, Sociedad Anónima as part of their remuneration or as a result of their exercising stock options. The market conditions should be considered when deciding which mechanism to implement since, at any given time, those conditions may make it inadvisable to sell own shares directly on the market.

Since it is impossible to determine a priori which of the existing mechanisms will be most appropriate and given that there is currently no basis for deciding which method will be most appropriate in the future, the Board of Directors of Banco de Sabadell, Sociedad Anónima is empowered to evaluate and make such decisions when the time comes, with the power to sub-delegate to the Executive Committee or the director(s) that the Board of Directors or the Executive Committee deems fit.

In the event of amortisation of own shares, a capital reduction resolution must be adopted by the General Meeting of Shareholders; however, the decision as to the advisability and timing of that transaction must take into consideration the changing situations which influence the securities market, the socio-economic context, and the financial situation, objectives and policies of Banco de Sabadell, Sociedad Anónima; since all the terms of the capital reduction cannot be determined a priori, that mechanism must be conceived using broad criteria, delegating to the Board of Directors a series of powers which enable it to make use of this avenue, as allowed by

law. Those powers include determining the method and amount of the reduction and whether the amount will be allocated to a restricted reserve or to an unrestricted reserve, in which case certain legal requirements must be fulfilled as security for creditors. This motion seeks to provide Banco de Sabadell, Sociedad Anónima with the instruments that are in its own and its shareholders' best interests.

The authorisation sought from the General Meeting of Shareholders is proposed for the period allowed by law, and capped in any event at the maximum amount of own shares established in the current legislation at the time each acquisition is performed.