

ANNEX 1

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION DATA

DATE OF END OF REFERENCE YEAR	31/12/2016
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Tax ID number	A-08000143
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CORPORATE NAME

BANCO DE SABADELL, S.A.

CORPORATE ADDRESS

PL. DE SANT ROC, 20 - SABADELL (BARCELONA)
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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.
- The proportion between variable and fixed remuneration and standards for determining the components of directors' remuneration package

Describe the remuneration policy

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 level of responsibility and their contribution, 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 define their scope for action to a greater extent than in the case of other listed companies.

Consequently, 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 systems contained in Directive 2010/76/EU (CRD III) and Directive 2013/36/EU (CRD IV), and with Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014. It also complies with the provisions of Act 10/2014, of 26 June on ordering, supervision and solvency of credit institutions (LOSS) and of Royal Decree 84/2015, of 13 February, implementing the LOSS, and with Bank of Spain Circular 2/2016, of 2 February.

Additionally, on 1 August 2016, the Bank of Spain adopted the European Banking Authority's Guidelines on Sound Remuneration Policies.

Therefore, Banco Sabadell's remuneration policy is 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.

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.

Remuneration for directors for functions as members of the Board of Directors does not have a variable component.

The following are assigned variable remuneration within Banco Sabadell:

- The Designated Group, which comprises 68 people: the 3 executive directors, the 7 members of senior management and another 58 executives from various units of Banco Sabadell whose remuneration is supervised by the Bank's Remuneration Committee, as a function of their level of responsibility, risk-taking capacity and remuneration situation, in accordance with the provisions of the LOSS and its secondary legislation.
- 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.

In particular, director remuneration policy conforms to the provisions of articles 217 and 529 sexdecies et seq. of the Capital Companies Act (CCA), as amended by Act 31/2014, of 3 December, amending the CCA for the purposes of improving corporate governance.

On 31 March 2016, the General Meeting of Shareholders approved the annual report on the remuneration of directors of listed companies in accordance with the provisions of article 541 of the CCA and with Order ECC/461/2013, of 20 March, and it also approved the expansion of the Designated Group to which the cap on variable remuneration amounting to two years' salary is applicable, i.e. 200% of the annual fixed remuneration assigned to each of its members, in accordance with the provisions of article 34 of the LOSS, in the exceptional cases that may be authorised by the Remuneration Committee, all in conformity with the resolutions approved by the General Meetings of Shareholders on 27 March 2014 and 28 May 2015, authorising the Board of Directors to include such other members in 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.

(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.

Describe the process for determining the remuneration policy

The Articles of Association of Banco Sabadell set out the competencies of the Board of Directors and its Committees.

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.

As envisaged under article 58 of the Articles of Association, the Remuneration Committee had the following composition in 2016:

- On 19 May 2016, the Board of Directors of Banco Sabadell resolved to appoint Ms. Maria Teresa García-Milà Lloveras as a member of the Remuneration Committee in place of Mr Javier Echenique Landiribar
- On 22 September 2016, Mr. Héctor María Colonques Moreno resigned from the Board of Directors and, consequently, as a member of the Remuneration Committee.

Consequently, the composition from 22 September 2016 was as follows:

Ms. AURORA CATÁ SALA (Independent), Chairman
Mr. JOAQUÍN FOLCH-RUSIÑOL CORACHÁN (external), Member
Ms. M. TERESA GARCÍA-MILÀ LLOVERAS (independent), Member
Ms. MARÍA JOSÉ GARCÍA BEATO, Secretary (not a director)

Accordingly, as established in article 62 of the Articles of Association, the Remuneration Committee comprises three directors appointed by the Board of Directors, none of whom is an executive director and two of whom are independent directors. Moreover, one of the independent directors is the Chair of the Committee.

The Committee met on eleven occasions in 2016.

The Remuneration Committee has 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.

In accordance with Article 15 of the Board Regulation, the Risk Committee is responsible for informing — and did, in fact, inform — 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.

The Human Resources Department of Banco Sabadell draws up an annual report on remuneration to provide the Remuneration Committee with the basic information it needs to perform the functions entrusted to it in connection with reviewing the general principles of Banco Sabadell's remuneration policy and with supervising the remuneration of executive directors, the Bank's senior executives and the other persons in the Designated Group.

To discharge its functions, the Remuneration Committee can rely on advice from the Bank's internal units and any external advisory services required for that purpose.

In this regard, it is worth noting that specialised consulting firm Mercer Consulting S.L. has issued an independent assessment on the implementation of the remuneration policy, confirming that the policy was being applied properly; that report was submitted to the Risk Committee and the Remuneration Committee in January 2017.

Additionally, and as set out in section A.1, with a view to establishing a remuneration policy that is consistent with comparable companies, Banco Sabadell, advised by consulting firm Willis Towers Watson, periodically compares its remuneration situation for senior management and executive directors with the market; the most recent analysis was completed in January 2017.

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.

Describe the fixed components of remuneration
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In 2017, the members of the Board of Directors will collect the following amounts for belonging to the Board: the Chairman, 214,200 euro, the Vice-Chairman 116,800 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.

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:
Chair: 30,600 euro
Members who are non-executive directors: 15,300 euro

Appointments Committee:
Chair: 15,300 euro
Members who are non-executive directors: 7,650 euro

Remuneration Committee:
Chair: 30,600 euro
Members who are non-executive directors: 7,650 euro

Risk Committee:
Chair: 65,000 euro
Members who are non-executive directors: 15,300 euro

Executive Committee:
Members who are non-executive directors: 65,000 euro

The chairman of the SabadellGuipuzcoano Advisory Board receives 30,600 euro and members of the SabadellGuipuzcoano Advisory Board will receive up to 15,300 euros.

The fixed remuneration for executive directors in 2017 was approved by the Bank's Board of Directors on 26 January 2017, 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 2017 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.

In particular:

- 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.

Describe the variable components of the remuneration systems

Only executive directors have a variable component in their remuneration system.

1- Short-term variable remuneration

The objectives for 2017 were approved by the Board of Directors of the Bank at its meeting on 26 January 2017, with the following parameters:

- Net profit: 15 %
- 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: 15 %
- Spread + fees and commissions: 15 %
- Expenses + depreciation and amortisation 15%
- Reduction of problematic assets: 10%
- Cost of risk 10%
- TSB migration: 10 %
- Customer experience: 10%

The reference amounts for the executive directors' variable remuneration for 2017 are as follows: 1,300,000 euro for the Chairman; 1,100,000 euro for the Managing Director; and 350,000 for the Director-General Manager. Actual receipt will depend on the degree of attainment of the assigned objectives, within a qualitative margin of adjustment of +/- 25% to be determined by the Remuneration Committee.

The variable remuneration described above for 2017 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 five years, one-fifth each year; (iii) at least 50% of any payment will be in the form of shares of the Bank; and (iv) all the shares must be retained for a period of one year.

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 and 31 March 2016 for executives of the Bank.

Those plans are implemented through the allocation to the beneficiaries of a number of rights to share in the increase in the value of the same number of shares of Banco Sabadell, to be paid in the form of shares of Banco Sabadell.

Under the first plan, which expires on 31 March 2017, the Chairman is assigned 2,816,884 rights, following anti-dilution adjustment, as a result of the capital increase carried out on 27 April 2015, of the 2,600,000 rights delivered initially; the Managing Director is assigned 2,491,859 rights, following anti-dilution adjustment, as a result of the capital increase carried out on 27 April 2015, of the 2,300,000 rights assigned initially; the Director-General Manager is assigned 1,300,100 rights, following anti-dilution adjustment, as a result of the capital increase carried out on 27 April 2015, of the 1,200,000 rights assigned initially.

Under the second plan, which expires on 30 April 2019, the Chairman is assigned 1,600,000 rights; the Managing Director is assigned 1,400,000 rights; and the Director-General Manager is assigned 800,000 rights.

Section D.1.ii details each of the plans for each beneficiary, using a method adjusted for delta (sensitivity of the price of the instrument to the price of the underlying security), multiplying the number of underlying shares by the delta of the instrument both at the beginning and at the end of the year.

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.

Additionally, the variable remuneration is subject to clawback clauses under which the bank may recoup up to 100% of the total variable remuneration that has already been paid, regardless of the method of payment, where a member of the Designated Group contributed significantly to the obtainment of deficient or negative financial results and also in the case of fraud, malice or gross negligence resulting in significant losses.

In 2017, subject to approval beforehand by the Board of Directors, it is planned to submit to the General Meeting of Shareholders a new Long-Term Supplementary Incentive Plan 2017, in similar terms to its predecessors.

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.

Describe the long-term saving systems

The long-term saving systems are detailed below, along with their individual characteristics and amounts allocated and accumulated in 2016.

- 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 Olliu Creus, with a contribution of 32 thousand euro in 2016 and 1,226 thousand euro accumulated in total; the Director-General Manager, José Luis Negro Rodríguez, with a contribution of 16 thousand euro in 2016 and 191 thousand euro accumulated in total; director Joan Llonch Andreu, with a contribution of 16 thousand euro in 2016 and 365 thousand euro accumulated in total; and director Joaquín Folch-Rusiñol Corachán, with a contribution of 16 thousand euro in 2016 and 336 thousand euro accumulated in total. Similar contributions are envisaged in 2017.
- A defined-contribution group insurance policy for executives, which will pay out 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, with a contribution of 1,442 thousand euro in 2016 and 7,002 thousand euro accumulated in total, which is expected only to be adjusted for variables in 2017, and the Director-General Manager, José Luis Negro Rodríguez, with an adjustment for variables in the amount of 60 thousand euro in 2016 and 5,110 thousand euro accumulated in total, there being no plan to make additional contributions in subsequent years.

- There is a defined-benefit group insurance policy for executives, 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 2,451 thousand euro in 2016 and an accumulated total of 18,496 thousand euro; the 2017 contribution will be the last.
- 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 retirement plan will pay out when the beneficiary retires as an executive. The beneficiary is the Director-General Manager, José Luis Negro Rodríguez, and the accumulated amount is 655 thousand euro. The promoter made no contribution in 2016 and no further contributions are planned.
- Group B Company Pension Plan (defined-contribution), which will pay out upon retirement as employees of the following beneficiaries: the Chairman, José Oliu Creus, who has accumulated 17 thousand euro; the Managing Director, Jaime Guardiola, who has accumulated 7 thousand euro; and the Director-General Manager, José Luis Negro Rodríguez, with an accumulated amount of 8 thousand euro. Similar contributions are planned in 2017.

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) payment of fixed amounts as disclosed in this report; (iii) 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 the 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 any other kind of compensation.

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 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.

Variable remuneration for the Designated Group, who are recognised as persons whose professional activities have a significant impact on the entity's risk profile, is subject to a deferral scheme, whose main features are as follows:

(i) the deferral period is five 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 five-year period, one-fifth each year, in the case of executive directors and senior managers, and over a three-year period, one-third per year, for the others, 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 penalties under which the entity may reduce the value of all or part of the deferred variable remuneration on the basis of ex-post risk adjustments prior to vesting:

- 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.

Additionally, the variable remuneration is subject to clawback clauses under which the bank may recoup up to 100% of the total variable remuneration that has already been paid, regardless of the method of payment, where the member of the Designated Group contributed significantly to the obtainment of deficient or negative financial results and also in the case of fraud, malice or gross negligence resulting in significant losses.

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.

Describe the structure and remuneration items of the remuneration policy applied during the year

On 31 March 2016, the General Meeting of Shareholders was asked to approve the Annual Report on Director Remuneration, as provided in article 541 of the Capital Companies Act and in Order ECC/461/2013, of 20 March.

The criteria governing remuneration paid to the Board as a governing body were not modified in 2016 with respect to 2015, with the result that the total amount was €1,913,135, 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 2016 coincide with those described in section A of this document since they have not been changed.

The executive directors' variable remuneration for 2016 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. 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 as provided in article 34 of the LOSS, which Banco Sabadell has complied with since it entered into force.

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period for 2016
JOSÉ OLIU CREUS	Executive	From 01/01/2016 to 31/12/2016.
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	Independent	From 01/01/2016 to 31/12/2016.
JAIME GUARDIOLA ROMOJARO	Executive	From 01/01/2016 to 31/12/2016.
AURORA CATÁ SALA	Independent	From 01/01/2016 to 31/12/2016.
HÉCTOR MARÍA COLONQUES MORENO	Independent	From 01/01/2016 to 22/09/2016.
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	External	From 01/01/2016 to 31/12/2016.
MARIA TERESA GARCIA-MILÀ LLOVERAS	Independent	From 01/01/2016 to 31/12/2016.
JOSÉ MANUEL LARA GARCÍA	External	From 01/01/2016 to 31/12/2016.
JOAN LLONCH ANDREU	Independent	From 01/01/2016 to 31/12/2016.
DAVID MARTÍNEZ GUZMÁN	Proprietary	From 01/01/2016 to 31/12/2016.
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Independent	From 01/01/2016 to 31/12/2016.
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	Independent	From 01/01/2016 to 31/12/2016.
ANTÓNIO VITOR MARTINS MONTEIRO	Proprietary	From 01/01/2016 to 31/12/2016.
JOSÉ LUIS NEGRO RODRÍGUEZ	Executive	From 01/01/2016 to 31/12/2016.
DAVID VEGARA FIGUERAS	Independent	From 01/01/2016 to 31/12/2016.

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 at the reporting company:

i) Remuneration in cash (thousand euro)

Name	Employee compensation	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board committees	Indemnities	Other items	Total 2016	Total 2015
JOSÉ OLIU CREUS	1,702	214	0	633	0	0	0	42	2,591	2,839
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	0	119	0	0	0	63	0	31	213	215
JAIME GUARDIOLA ROMOJARO	1,314	92	0	578	0	0	0	17	2,001	2,487
AURORA CATÁ SALA	0	92	0	0	0	25	0	0	117	83
HÉCTOR MARÍA COLONQUES MORENO	0	64	0	0	0	17	0	9	90	123
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	0	92	0	0	0	16	0	0	108	102
MARIA TERESA GARCIA-MILÀ LLOVERAS	0	105	0	0	0	50	0	0	155	130
JOSÉ MANUEL LARA GARCÍA	0	92	0	0	0	0	0	0	92	48
JOAN LLONCH ANDREU	0	92	0	0	0	34	0	15	141	145
DAVID MARTÍNEZ GUZMÁN	0	83	0	0	0	0	0	0	83	83
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	0	92	0	0	0	66	0	0	158	148
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	0	92	0	0	0	15	0	0	107	107
ANTÓNIO VITOR MARTINS MONTEIRO	0	83	0	0	0	0	0	0	83	87
JOSÉ LUIS NEGRO RODRÍGUEZ	705	92	0	259	0	0	0	3	1,059	1,093
DAVID VEGARA FIGUERAS	0	92	0	0	0	67	0	10	169	88

ii) Share-based remuneration systems

JOSÉ OLIU CREUS												
ICLP plan 2014-2017												
Date of implementation	Options held at the beginning of 2016						Options assigned during 2016					
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
28/03/2014	2,816,884	78,873	1.75	31/03/2017			0	0	0.00	-		
Conditions: -												
Shares delivered in 2016			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	2,816,884	78,873	1.75	31/03/2017	
Other requirements for exercise: -												

JOSÉ OLIU CREUS												
ICLP plan 2016-2019												
Date of implementation	Options held at the beginning of 2016						Options assigned during 2016					
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
01/04/2016	0	0	0	-			1,600,000	337,120	1.49	30/04/2019		
Conditions: -												
Shares delivered in 2016			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	1,600,000	337,120	1.49	30/04/2019	
Other requirements for exercise: -												

JAIME GUARDIOLA ROMOJARO ICLP plan 2014-2017												
Date of implementation	Options held at the beginning of 2016						Options assigned during 2016					
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
28/03/2014	2,491,859	69,772	1.75	31/03/2017			0	0	0.00			
Conditions: -												
Shares delivered in 2016			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	2,491,859	69,772	1.75	31/03/2017	
Other requirements for exercise: -												

JAIME GUARDIOLA ROMOJARO ICLP plan 2016-2019												
Date of implementation	Options held at the beginning of 2016						Options assigned during 2016					
	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
01/04/2016	0	0	0				1,400,000	294,980	1.49	30/04/2019		
Conditions: -												
Shares delivered in 2015			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	1,400,000	294,980	1.49	30/04/2019	
Other requirements for exercise: -												

JOSÉ LUIS NEGRO RODRÍGUEZ
ICLP plan 2014-2017

Date of implementation	Options held at the beginning of 2016				Options assigned during 2016			
	No. of options	Shares affected	Strike price (€)	Exercise period	No. of options	Shares affected	Strike price (€)	Exercise period
28/03/2014	1,300,100	36,403	1.75	31/03/2017	0	0	0.00	-

Conditions: -

Shares delivered in 2016			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	1,300,100	36,403	1.75	31/03/2017

Other requirements for exercise: -

JOSÉ LUIS NEGRO RODRÍGUEZ
ICLP plan 2016-2019

Date of implementation	Options held at the beginning of 2016				Options assigned during 2016			
	No. of options	Shares affected	Strike price (€)	Exercise period	No. of options	Shares affected	Strike price (€)	Exercise period
01/04/2016	0	0	0	-	800,000	168,560	1.49	30/04/2019

Conditions: -

Shares delivered in 2016			Options exercised in 2016				Options vested but not exercised	Options at 2016 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	0	0	0	0	0	0	800,000	168,560	1.49	30/04/2019

Other requirements for exercise: -

iii) Long-term savings systems

Nombre	Contribution by the company in the year (thousand euro)		Total accumulated funds (thousand euro)	
	2016	2015	2016	2015
JOSÉ OLIU CREUS	1,475	1,063	8,245	6,669
JAIME GUARDIOLA ROMOJARO	2,452	1,601	18,503	15,806
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	16	16	336	314
JOAN LLONCH ANDREU	16	16	365	348
JOSÉ LUIS NEGRO RODRÍGUEZ	77	1,068	5,964	5,810

ii) Share-based remuneration systems

iii) Long-term savings systems

c) Summary of remuneration (€'000):

Summarise 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, disclose 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	2016 total - Company	Total cash remuneration	Value of shares delivered	Gross gain on options exercised	2016 total - Group	2016 Total	2015 Total	Contributions to savings systems during the year
JOSÉ OLIU CREUS	2,591	0	0	2,591	0	0	0	0	2,591	2,839	1,475
JOSÉ JAVIER ECHENIQUE LANDIRIBAR	213	0	0	213	0	0	0	0	213	215	0
JAIME GUARDIOLA ROMOJARO	2,001	0	0	2,001	0	0	0	0	2,001	2,487	2,452
AURORA CATÁ SALA	117	0	0	117	0	0	0	0	117	83	0
HÉCTOR MARÍA COLONQUES MORENO	90	0	0	90	0	0	0	0	90	123	0
JOAQUÍN FOLCH-RUSIÑOL CORACHÁN	108	0	0	108	0	0	0	0	108	102	16
MARIA TERESA GARCIA-MILÀ LLOVERAS	155	0	0	155	0	0	0	0	155	130	0
JOSÉ MANUEL LARA GARCÍA	92	0	0	92	0	0	0	0	92	48	0
JOAN LLONCH ANDREU	141	0	0	141	0	0	0	0	141	145	16
DAVID MARTÍNEZ GUZMÁN	83	0	0	83	0	0	0	0	83	83	0
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	158	0	0	158	0	0	0	0	158	148	0
JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	107	0	0	107	0	0	0	0	107	107	0
ANTÓNIO VITOR MARTINS MONTEIRO	83	0	0	83	0	0	0	0	83	87	0
JOSÉ LUIS NEGRO RODRÍGUEZ	1,059	0	0	1,059	0	0	0	0	1,059	1,093	77
DAVID VEGARA FIGUERAS	169	0	0	169	0	0	0	0	169	88	0
TOTAL	7,167	0	0	7,167	0	0	0	0	7,167	7,778	4,036

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 2016 and remain in force in 2017. 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:

		% of total
Votes cast	4,505,690	66.27%

	Number	% of total
Votes against	744,845	16.53 %
Votes in favour	3,748,576	83.20%
Abstentions	12,269	0.27%

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)

In accordance with the provisions of article 529 novodecies of the CCA, that same General Meeting of Shareholders on 31 March 2016 approved the remuneration policy for directors of Banco de Sabadell, S.A. for the years 2016, 2017 and 2018. That policy states that, in compliance with the time periods established in Article 529 novodecies of the CCA, and for the stated period, Banco Sabadell plans to maintain the principles, characteristics and items of remuneration for directors both for discharging their duties as members of the Board of Directors and for performing executive functions.

With a view to establishing a remuneration policy that is consistent with comparable companies, Banco Sabadell, advised by consulting firm Willis Towers Watson, periodically compares its remuneration situation for senior management and executive directors with the market; the most recent analysis was performed in January 2017.

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. The Supplementary Long-term Incentive plans detailed in section A4 are currently in force.

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 2017, no major changes are planned 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 26 January 2017

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

Yes

No