

**REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE OF  
“BANCO DE SABADELL, S.A.”**

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## CHAPTER I. INITIAL MATTERS

### ARTICLE 1. PURPOSE

1. The purpose of this Regulation is to determine, within the framework of the Articles of Association and the Regulation of the Board of Directors, the principles governing the actions of the Audit and Control Committee (the "Committee") of BANCO DE SABADELL, S.A. (the "Company"), and the basic rules of its organisation and operation.

### ARTICLE 2. INTERPRETATION

1. This Regulation shall be interpreted in accordance with the applicable current law and Articles of Association.
2. Any doubt or discrepancy arising with regard to the interpretation of this Regulation shall be resolved by a majority of the Committee or, absent a majority decision, by the Chairman.

### ARTICLE 3. AMENDMENT

1. The Regulation may be amended, at the request of any of its members, by majority vote of the members.
2. It must also be amended when so required by an amendment of the current law, the Articles of Association or the Regulation of the Board of Directors.

## CHAPTER II. COMPETENCIES AND FUNCTIONS OF THE COMMITTEE

### ARTICLE 4. COMPETENCIES

1. The Audit and Control Committee has the following competencies:
  - I. Informing the Shareholders' Meeting on questions raised by shareholders which fall within its competency.
  - II. Supervising the effectiveness of the company's internal control system, the internal audit unit and risk management systems, including tax risks, as well as discussing with the auditors or audit companies any significant

weaknesses in the internal control system that were detected during the audit.

- III. Overseeing the drafting and presentation of regulated financial information.
- IV. Proposing the appointment of the external auditors to the Board of Directors, for submission to the General Shareholders' Meeting, establishing the engagement conditions, the scope of the professional mandate, and revocation or non-renewal, if appropriate; reviewing compliance with the audit contract, striving to ensure that the opinion on the financial statements and the main content of the auditors' report are drafted clearly and accurately.
- V. Advising on the annual, quarterly and half-yearly financial statements and the prospectuses that must be submitted to the regulatory or supervisory bodies, exercising vigilance to ensure compliance with the requirements of the law and the proper application of generally accepted accounting principles, and advising on proposals to amend those principles.
- VI. Establishing the appropriate relations with external auditors to receive information about any issues that might jeopardise their independence, to be reviewed by the Commission, and any others related to the process of performing the audit functions or in the audit rules.
- VII. Advising on all matters within the scope of its competencies that are referred to it by the Board of Directors.
- VIII. All other competencies attributed to it by law and by the Articles of Association and the regulations implementing them.

## **ARTICLE 5. FUNCTIONS**

To exercise these competencies, the Committee shall have the following functions:

### **5.1 FUNCTIONS RELATING TO THE FINANCIAL REPORTING PROCESS AND TO INTERNAL CONTROL SYSTEMS**

The Committee's main functions are as follows:

- a) Supervising the process of drawing up the financial and accounting information, checking the proper application of generally accepted accounting principles, and advising on proposals by Management to amend those principles.

- b) Supervising the Company's internal control systems and procedures and exercising vigilance to ensure that the main direct or indirect risks are reasonably identified, measured and controlled.

## **5.2 FUNCTIONS RELATING TO AUDITS**

The Committee's main functions are as follows:

- a) Being apprised of the functions, scope, work methods and responsibilities of the external auditors.
- b) Reviewing compliance with the audit contract, seeking to ensure that the opinion on the annual financial statements and the main content of the audit report are drafted clearly and accurately;
- c) Liaising with the external auditors in order to receive information about matters that might jeopardise their independence and any other matters related to the audit process as well as other communications envisaged in the audit legislation and technical standards on auditing.
- d) Receiving a written statement each year from the external auditors confirming their independence vis-à-vis the entity or entities related directly or indirectly to it, as well as information about other services of any type that are provided to such entities by the auditors or persons or entities related to them.
- e) Issuing a report expressing its opinion on the independence of the external auditor each year prior to the issuance of the auditor's report. This report must address the provision of additional services referred to in the preceding section.
- f) Being informed of Management's responses to the recommendations by the external auditor and mediating in any disputes between them in connection with the principles and standards applicable to drawing up the financial statements.
- g) Liaising between the Board of Directors and the external auditors.

## **5.3 FUNCTIONS RELATING TO FINANCIAL REPORTING**

The Committee's main functions are as follows:

- a) Reviewing the Company's annual financial statements, both separate and consolidated, before forwarding them to the Board of Directors, monitoring compliance with the legal requirements and the proper application of generally accepted accounting principles.

- b) Reviewing the interim financial disclosures (quarterly and half-yearly) before forwarding them to the Board of Directors, monitoring the consistency of the accounting standards applied in the quarterly, half-yearly and annual accounts.
- c) Reviewing the prospectuses that the Board of Directors must supply to the markets and their supervisory bodies.

#### **5.4 FUNCTIONS RELATING TO THE INTERNAL AUDIT UNITS**

- a) Approving the orientation, methodology and plans of the Internal Audit Department, ensuring that its activity is focused primarily on the Company's major risks.
- b) Evaluating the degree of compliance with the Internal Audit plans and the implementation of its recommendations, and supervising the appointment and removal of the head of that Department.
- c) Supervising the independence of the Internal Audit Department and ensuring that it has sufficient resources and professional qualifications to discharge its duties.
- d) Evaluating the results of each audit and Management's responses to its recommendations, intervening in the event of any dispute between them.

#### **5.5 FUNCTIONS RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS AND THE CODES OF CORPORATE GOVERNANCE**

The Committee's main functions are as follows:

- a) Exercising vigilance with respect to compliance with the laws, internal regulations and regulations governing the Company's activity.
- b) Assessing the sufficiency of, and compliance with, the Regulation of the General Shareholders' Meeting, the Regulation of the Board of Directors, and the Company's Code of Conduct, particularly the Internal Code of Conduct in connection with the Securities Markets.
- c) Examining the degree of compliance with the Company's corporate governance rules, and making any proposals for improvement that it deems pertinent to the Board of Directors.
- d) Supervising the annual corporate governance report to be approved by the Board of Directors for its inclusion in the annual report.

## CHAPTER III. SCOPE OF THE COMMITTEE'S ACTIVITIES

### ARTICLE 6. SCOPE OF THE COMMITTEE'S ACTIVITIES

The activities of the Committee shall extend to BANCO SABADELL, S.A., although, in discharging its duties, it may also obtain information about any investee company that, together with BANCO DE SABADELL, S.A., comprises a decision-making unit, in the terms of article 5 of the consolidated text of the Securities Market Law.

## CHAPTER IV. COMPOSITION OF THE COMMITTEE

### ARTICLE 7. COMPOSITION

1. The Committee shall consist of at most five directors, the majority of which must be independent directors, appointed by the Board of Directors. Other non-executive directors entitled to attend may be designated to cover absences or illness, but not to vote.
2. The Committee may propose to the Board of Directors, which may refer the proposal to the General Shareholders' Meeting if it sees fit, to change the number of its members to the level that is most appropriate for the effective operation of the Committee.
3. At least one of the members of this Committee shall be appointed in consideration of his/her expertise in accounting, auditing, or both.

## CHAPTER V. APPOINTMENT AND REMOVAL OF MEMBERS

### ARTICLE 8. APPOINTMENT

1. The members of the Committee shall be appointed by the Company's Board of Directors from among its members.
2. The Committee shall have a Chairman appointed by the Board of Directors with the favourable vote of two-thirds of its members, appointed from among the independent directors that comprise it.

3. The Board of Directors shall also appoint the Committee Secretary and, if it sees fit, a Vice-Secretary, neither of whom may be a Director.
4. The Secretary and, in his/her absence, the Vice-Secretary shall be responsible for drawing up the minutes of Committee meetings and signing them with the Chairman.

#### **ARTICLE 9. REMOVAL**

The members of the Committee shall terminate their office:

1. When they cease to be Directors of Banco de Sabadell, S.A.
2. By a decision of the Board of Directors of Banco de Sabadell, S.A.
3. If they become executive directors as provided in article 7 of this Regulation.

#### **ARTICLE 10. TERM**

1. Members of the Committee shall be appointed for at most four years, and can be re-appointed one or more times for periods of the same maximum duration.
2. The office of the Chairman of the Committee shall have a maximum term limit of four years, after which period the Chairman must step down as such and may not be re-appointed as Chairman until one year has elapsed, although he/she may continue as an ordinary member of the Committee.

### **CHAPTER VI. OPERATION OF THE COMMITTEE**

#### **ARTICLE 11. COMMITTEE MEETINGS**

The Committee shall meet as often as necessary and at least once every three months, and whenever convened by the Chairman at his/her own initiative or at the request of any Committee member, or at the request of the Chairman of the Board of Directors or of the external auditors, to discharge the duties entrusted to it. Meeting dates shall be set in an annual calendar.

#### **ARTICLE 12. NOTICE OF MEETING**

1. Notice of meeting shall be given at least seven days in advance by the Secretary of the Committee, sent to each member by letter, fax, telegram or e-

mail, bearing the signature of the Chairman or of the Secretary by order of the Chairman.

2. The notice shall be accompanied by the agenda and the available documentation.

### **ARTICLE 13. QUORUM**

1. In order for the Committee to be quorate, there must be a majority of members present in person or by proxy.
2. In the event of absence of the Chairman, the meeting shall be chaired by the most senior director; in the absence of the Secretary, the Vice-Secretary, if any, shall take his/her place.

### **ARTICLE 14. RESOLUTIONS**

1. Resolutions shall be adopted by a majority of the members present in person or by proxy. In the event of a tie, the Chairman has a casting vote.
2. The Secretary of the Committee shall draw up the minutes of each meeting, which shall be approved immediately upon conclusion of the meeting or at the next meeting.
3. The business transacted at Committee meetings shall be reported to the Board of Directors at the next meeting by means of a reading of the minutes of each meeting.
4. The resolutions of the Committee shall be recorded in a Minutes Book, and each set of minutes shall be signed by the Committee Chairman and the Secretary, or by the persons who occupied those positions at the meeting in question, in accordance with that laid out in this Regulation.

### **ARTICLE 15. ATTENDANCE**

1. The Committee may require the attendance at its meetings of such executives as it sees fit, including Directors, to which end it shall notify the General Manager(s) to schedule his/her/their attendance.
2. The Committee may request the attendance of the auditors at its meetings.

## CHAPTER VII. RELATIONS OF THE COMMITTEE

### **ARTICLE 16. RELATIONS WITH THE GENERAL SHAREHOLDERS' MEETING**

1. The Committee must inform the General Shareholders' Meeting about the matters raised by shareholders within the scope of its functions.
2. In addition to the matters set out in the preceding section, the Committee shall draft an annual report on its activities, which must be included in the Directors' Report referred to in article 76 of the Articles of Association, and which shall be made available to the shareholders once it has been approved by the Board of Directors.

### **ARTICLE 17. RELATIONS WITH THE BOARD OF DIRECTORS**

The Chairman of the Committee shall report periodically about the Committee's activities to the Board of Directors and shall evaluate and propose such measures as it is deemed advisable to implement within the scope of its functions.

### **ARTICLE 18. RELATIONS WITH THE AUDITOR**

1. The Committee shall make proposals to the Board of Directors, for submission to the General Shareholders' Meeting, regarding the appointment of external auditors, establishing the conditions of the engagement, the scope of the professional mandate and, if appropriate, removal or non-renewal.
2. The Committee shall monitor the recommendations made by the Auditor and may demand the auditor's assistance when it sees fit.

### **ARTICLE 19. RELATIONS WITH THE COMPTROLLER GENERAL AND THE INTERNAL AUDIT DEPARTMENT**

1. The Committee is entrusted with supervising the appointment/replacement of the head of the Internal Audit Department.
2. The Committee shall review the reports by the Comptroller General and/or the Internal Audit Department to assess banking and accounting best practices at the various echelons of the organisation, and to ensure that General Management and the other executive levels take the appropriate measures to combat inappropriate conduct or methods on behalf of the people at the organisation.

3. In addition to their normal responsibilities, the Comptroller General and the Internal Audit Department shall be the normal channels for communication between the Committee and the rest of the Company's organisation; the latter bears final responsibility for preparing the information required for the meetings, which shall be attended by the Comptroller General and the Internal Audit Manager if the Committee sees fit.

## **ARTICLE 20. RELATIONS WITH COMPANY MANAGEMENT**

The Committee may gather information and demand assistance from any executive or employee of the Company, by giving notice to this end to the General Manager(s) so that they may make the necessary arrangements.

## **CHAPTER VIII. POWERS AND OBLIGATIONS OF THE COMMITTEE**

### **ARTICLE 21. POWERS AND OBLIGATIONS**

1. The Committee may obtain information about any aspect of the Company, and examine the books, records, documents and other background information on the Company's transactions. It may also obtain advice from external professionals in order to optimally discharge its duties.
2. So as not to disturb the ordinary running of the Company, the exercise of the powers of information and advice shall be channelled through the Comptroller General, who shall attend to the Committee's requests by giving the information directly, providing appropriate access to individuals at the relevant level of the organisation, or providing the means by which the desired formal examination and inspection may be carried out on site.
3. As Directors, the members of the Committee must act independently to the rest of the organisation, discharge their duties with the utmost diligence and professional skill, and keep in the utmost confidence any information to which they have access while discharging their duties, even after they have stepped down from their office.