

ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES

ISSUER IDENTIFICATION DATA

REPORTING YEAR ENDED

31/12/2019

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CORPORATE NAME

Banco de Sabadell, S.A.

REGISTERED OFFICE

AVENIDA ÓSCAR ESPLÁ, 37-ALICANTE

FORM FOR ANNUAL REPORT ON DIRECTOR REMUNERATION AT LISTED COMPANIES

A COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1. Describe the current director remuneration policy applicable to the current year. To the extent relevant, include disclosures relating to the remuneration policy approved by the General Meeting of Shareholders, provided that these references are clear, specific and concrete. Describe the specific decisions by the Board that apply to this year, relating to both directors' remuneration for their functions as such and for executive functions, as provided in the contracts signed with the executive directors, and to the general remuneration policy approved by the General Meeting of Shareholders. In any event, the following should be disclosed:

- Description of company's procedures and the bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate whether the company's remuneration policy was benchmarked against other companies and, if so, give details.
- Disclose whether any external advisers were involved in this process and, if so, identify them.

General features of the Remuneration Policy

The Remuneration Policy (the "Policy") of Banco de Sabadell, S.A. ("Banco Sabadell", the "Bank" or the "Institution") is focused on creating long-term value by aligning the interests of its shareholders and employees, in coherence with the strategic goals in terms of risks and the business, and the values of the Bank, all under a prudent management approach while avoiding conflicts of interest.

The Policy complies with the current European Directives and Regulations and other legislation, in particular Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, implementing Act 10/2014, of 26 June, on ordering, supervision and solvency of credit institutions, and Bank of Spain Circular 2/2016, of 2 February, to credit institutions, on supervision and capital adequacy, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) 575/2013, as well as the EBA Guidelines on internal governance (EBA/GL/2017/11) of 21 March 2018, EBA Guidelines EBA/GL/2015/22 of 27 June, and Delegated Regulation (EU) n° 604/2014 .

The principles of Banco Sabadell's Remuneration Policy are as follows:

1. Promote medium- and long-term social and business sustainability, in addition to alignment with the Group's values. This entails:
 - Aligning the remuneration with the interests of the shareholders and with the creation of long-term value.
 - Promoting rigorous risk management, with measures to avoid conflicts of interest.
 - Aligning with the Group's long-term business strategy, objectives, values and interests.
2. Ensure a competitive and equitable remuneration system (external competitiveness and internal fairness) based on equal remuneration of female and male employees for a given job or a position of equal value:
 - Ability to attract and retain the best talent.
 - Rewarding professional track record and responsibility, regardless of the employee's gender.
 - Aligning with market standards, while providing flexibility to adapt to changes in the situation and in the demands of the sector.
3. Reward performance, by aligning remuneration with the results achieved by the individual and the level of risk assumed:
 - An appropriate balance between the various components of the remuneration.
 - Consideration of current and future risks and results, without incentivising the assumption of risks that exceed the level tolerated by the Group.
 - A simple, transparent and clear system. The Remuneration Policy must be understandable and easy to communicate to the entire workforce.

The Banco Sabadell Director Remuneration Policy for the years 2019, 2020 and 2021 was approved by the General Meeting of Shareholders on 28 March 2019. In accordance with the provisions of articles 529 *septdecies*, *octodecies* and *novodecies* of the Spanish Capital Companies Act, and it sets out the principles applicable to the remuneration of the Directors for their functions as members of the Board of Directors, as well as the remuneration of Directors who perform executive functions, which is the same as the policy applicable to Senior Management of Banco Sabadell. The main features of the Director Remuneration Policy are as follows:

- In the case of the remuneration for Directors for their status as members of the Board of Directors, a distinction is made between fixed remuneration and attendance fees; Directors may collect attendance fees for up to two missed meetings provided that they grant proxy.

- For Executive Directors:
 - It delimits the proportion between fixed and variable remuneration, defines short-term variable remuneration and long-term remuneration, and defines the parameters for measuring the objectives to which both short-term variable remuneration and long-term remuneration are linked.
 - It sets the percentage of deferral of short-term variable and long-term remuneration for Executive Directors, which is 60% of the total amount to be received.
 - It establishes the period over which short-term variable remuneration is to be deferred as 5 years.
 - It sets the single-year and multi-year objectives (in long-term remuneration) with parameters defined to include correction factors or minimum thresholds (key goals) linked to the Group's capital and liquidity indicators.
 - It incorporates an *ex ante* adjustment to the entire variable remuneration, which may be set at Group, unit, country or even individual level, to reflect the various classes of risk, and is determined by the Board of Directors based on a proposal of the Remuneration Committee. That adjustment will be based on risk factors and the Institution's results.
 - This variable remuneration adjustment can reduce the initial amount of available remuneration to zero, which ensures full alignment with the risks assumed.
 - The variable remuneration adjustment will cover all the cases or situations that might have an impact on the Group's risk profile and that were not fully factored into the assessment of the objectives set at the beginning of the year.
 - If the Maximum Distributable Amount (MDA) established by the regulations is reached, the variable remuneration may be reduced or eliminated entirely.
 - It determines that a portion of the approved amount of short-term and long-term variable remuneration is paid in the form of equity instruments.
 - It sets the maximum overall remuneration limit that the Board of Directors can approve for all Executive Directors under the headings of fixed remuneration, variable short-term remuneration and long-term remuneration.
 - It defines the malus and clawback clauses and the cases where they apply. These clauses include criteria based on results and risk and are applicable without requiring malice or negligence. The following factors will be considered when applying them:
 - Significant failures in risk management by the Institution or by a unit.
 - An increase in capital requirements at the Institution or one of its business units not envisaged at the time that exposure was generated.
 - Regulatory penalties or legal convictions for events attributable to the unit or its managers. Failure to comply with the institution's internal codes of conduct.
 - Improper conduct, whether individual or collective. Particular consideration will be given to the negative effects deriving from marketing unsuitable products and the liability of persons or bodies making such decisions.
 - It establishes restrictions on the disposal of shares received in the form of short-term variable remuneration and long-term remuneration until a period of at least three years has elapsed since their delivery, if the Director does not own an amount of shares equivalent to twice their annual fixed remuneration.
 - It limits the amount of any termination and non-competition clauses to two years' remuneration.
 - Post-contractual non-competition clauses subsist at most until the first age of ordinary retirement established in the current legislation.
 - Quarterly payment of the amounts derived from post-contractual non-competition clauses, capped at the amount of remuneration that would have been paid in the non-competition period if the Director were still employed.

Variable remuneration (both short- and long-term) is capped at 100% of the fixed remuneration for a given year. The cap can be raised to 200% of fixed remuneration, subject to approval by the General Meeting of Shareholders (as occurred most recently in 2019), in the cases expressly defined in the Policy, there being no scope for discretion on the part of the Remuneration Committee at the time when it is recognised.

Apart from the Director Remuneration Policy, the Banco Sabadell Remuneration Policy comprises the following policies (listed from more generic to more specific):

- Banco Sabadell Group Remuneration Policy: establishes the remuneration criteria that are applicable to all personnel of all entities that are within the Banco Sabadell Group prudential consolidation scope and those companies for which there is an obligation to disclose public information. This policy is not applicable to Directors of the Group for their non-executive functions.

- The Remuneration Policy for the Group's Identified Staff: establishes the remuneration criteria that are applicable to the members of the Banco Sabadell Group Identified Staff at all entities that are within the Banco Sabadell Group prudential consolidation scope and those companies for which there is an obligation to disclose public information.
- Senior Management Remuneration Policy: establishes the remuneration criteria that are applicable to the members of Senior Management. Senior management remuneration is governed by the criteria established in the Banco Sabadell Group general remuneration policy and by the specific features set out in the Remuneration Policy for the Group Identified Staff, of which they are members; the Senior Management Remuneration Policy details the criteria applicable to members of Senior Management, which take precedence over those set out in the other two policies referred to above.
- The Remuneration Policy of Banco de Sabadell, S.A., formerly known as the Banco Sabadell Spain Remuneration Policy, whose most recent revision was approved by the Board of Directors on 30 January 2020 based on a proposal by the Remuneration Committee.

Banco Sabadell Group also has specific remuneration policies for the Group's subsidiaries.

The current versions of the foregoing policies were approved by the Board of Directors of Banco Sabadell, following a favourable report adopted by the Remuneration Committee, at a meeting on 18 December 2019, but the revisions that were adopted do not require any amendments to the Director Remuneration Policy adopted by the General Meeting of Shareholders on 28 March 2019.

Remuneration components contained in the Remuneration Policy:

The Remuneration Policy contemplates a vision of total remuneration taking into account all the remuneration elements and the relationship between them, establishing an appropriate balance between fixed and variable remuneration, and a distribution of remuneration between the short and long term, safeguarding the rights and interests of customers.

The components into which the remuneration of all Banco Sabadell employees — including Senior Management and, therefore, the Chairman, CEO, Director General Manager, Director Secretary General, and Director Chief Risk Officer — are as follows:

- A sufficient amount of fixed remuneration so as not to encourage excessive risk-taking. This includes the following items:
 - Fixed salary, which comprises the sum of guaranteed remuneration components linked to the set of functions and responsibilities of the person's position and that recognise the employee's contribution in that position.
 - Benefits, which aim to complement the monetary and non-monetary remuneration with other elements that increase the loyalty and commitment on the part of Banco Sabadell employees. Benefits apply to all Banco Sabadell employees, including members of the Identified Staff and Senior Management, using the same criteria. Benefits may vary according to territory, the sector and/or the collective agreement that is applicable to the employee.
 - Pension and other specific providential schemes of varying types and amounts depending on the group to which the employee belongs, in order to cover retirement and other contingencies appropriate to the nature of the functions performed by certain employees. The Board of Directors has the power, based on a proposal by the Remuneration Committee, to assign specific providential plans to members of Senior Management and other members of the Identified Staff.
- Short-term variable remuneration, which is defined annually and whose main purpose is to reward performance during the year measured through objectives aligned with the risk incurred. The main goals of the short-term variable remuneration are not only to promote the attainment of the short- and medium-term strategic objectives without encouraging risk-taking in excess of the level tolerated by the Group and taking into account the interests of customers, but also to motivate employees to achieve better performance, differentiate high-performance employees and align remuneration with present and future risks borne by the Group and/or its component entities, such as credit, market, liquidity, interest rates, reputational, operational or other risks. In the case of the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer, other members of Senior Management and the other members of the Identified Staff, this variable remuneration is deferred and paid in equity instruments, in accordance with the applicable regulations and with decisions by the competent bodies. In line with practice adopted by the Bank since 2011 and reflected in the Director Remuneration Policy approved by the General Meeting of Shareholders, equity instruments are generally valued for this purpose at their market value on the grant date.
- Long-term remuneration for the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer, other members of Senior Management and the other members of the Identified Staff, which may consist, by decision of the Board of Directors, at the proposal of the Remuneration Committee, of a long-term variable remuneration system, to which end a specific target amount tied to multi-year objectives may be established, or multi-year objectives may be established for part of the deferred amounts of short-term variable remuneration, in combination with the executive's performance; or a proposal, for approval by the General Meeting of Shareholders, of a system based on the appreciation of the share price tied to the attainment of certain multi-year objectives in combination with the individual's performance, which is deferred and paid in equity instruments in accordance with the applicable regulations and the decisions of the competent bodies, thus aligning the remuneration with long-term results and with the interests and risks of the shareholders.

In the case of the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer, other members of Senior Management and of the Identified Staff, the short-term variable remuneration and long-term remuneration may be subject to reduction (malus clause) in the deferral period and clawback in the deferral and lock-up period, up until conclusion of the lock-up period, if the Board of Directors so decides on the basis of a proposal by the Remuneration Committee.

The shares received by Chairman, CEO, Director General Manager, Director Secretary General and Director Chief Risk Officer as variable remuneration are under lock-up for a period of one year after their delivery.

Unless they own shares amounting to the equivalent of twice their variable annual remuneration, they may not dispose of the shares they receive until at least three years have elapsed from the time of delivery. The above condition will not apply to any shares that the Director must dispose of to cover tax obligations related to their delivery.

The Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer, and the other members of Senior Management and of the Identified Staff may not use personal hedging strategies with ad hoc financial products or any mechanism that guarantees that they will collect part or all of the remuneration.

Directors' remuneration for their functions as members of the Board of Directors is structured as follows:

- Members of the Banco Sabadell Board of Directors who do not have executive functions collect only an amount of fixed remuneration plus meeting fees, capped at fees for at most 11 ordinary meetings; Directors may collect attendance fees for at most two meetings per year

which they miss for justified reasons provided that they grant proxy in those cases. No amounts are payable for attendance at extraordinary meetings of the Board of Directors.

- Additional amounts are collected for performing the functions of Lead Independent Director, chairing or being a member of Board Committees, and, if it's the case, for membership of any of Banco Sabadell's Advisory Boards.

Non-executive Directors do not qualify for the remuneration or benefits that apply to Bank employees, the Group's Identified Staff or Senior Management, and they are not members of the providential systems or long-term incentive schemes that the General Meeting of Shareholders has adopted, nor that referring to long-term remuneration. Additionally, Non-executive Directors are not under contract to the Bank by virtue of their status as Director, and no indemnities have been agreed upon for the event of termination of their position as Director.

Decision-making process that is applied to establish the Group's long-term remuneration, and the bodies that participate in this process

The Articles of Association of Banco Sabadell set out the competencies of the Board of Directors and its Committees. The Board of Directors Regulation sets out the terms of reference for the Board of Directors and its Committees, establishing their powers and basic rules of functioning and organisation, in line with the regulations applicable to listed companies and credit institutions as implemented and complemented in the terms of reference of the Board Committees. The Articles of Association and the Regulation of the Board of Directors of Banco Sabadell and those of its Committees are available on the Banco Sabadell corporate website.

In accordance with the provisions of the Capital Companies Act, the Board of Directors is vested with the non-delegable power to determine the company's general policies and strategies and to make decisions regarding the remuneration of the Directors, within the framework of the Articles of Association and of any Director Remuneration Policy approved by the General Meeting of Shareholders.

To this end, there is a Remuneration Committee, whose function is to make proposals to the Board of Directors regarding the Director remuneration policy in accordance with the Regulation of the Board of Directors and of the committee itself, and the individual remuneration and other contractual conditions of the Chairman, the CEO and the Executive Directors, and to oversee compliance. 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 and elaborated upon in the Regulation of the Remuneration Committee:

- Proposing, to the Board of Directors, the remuneration policy for Directors, general managers and others performing Senior Management functions who report directly to the Board of Directors, the Delegated Committee or the CEOs, and the individual remuneration and other contractual conditions for the Chairman, the CEO and the Executive Directors, exercising oversight to ensure that they are complied with.
- Reviewing the Remuneration Policy on an annual basis and the general principles of remuneration and the remuneration programmes for all employees, and considering whether they conform to those principles;
- Verifying the information on remuneration contained in the various corporate documents, including the Report on Director Remuneration.
- Ensuring that remuneration is transparent.
- Ensuring that any conflicts of interests are not detrimental to the independence of external advisers.
- Verifying the information on remuneration contained in the various corporate documents, including the Report on Director Remuneration.

In accordance with the provisions of article 62 of the Articles of Association, at the end of 2019 Banco Sabadell's Remuneration Committee comprised four Non-executive Directors, all of whom are Independent Directors, as follows:

- Chair, Ms. Aurora Catá Sala
- Member, Mr. Anthony Frank Elliott Ball
- Member, Mr. George Donald Johnston
- Member Mr. José Ramón Martínez Sufrategui
- Secretary (non-voting), Ms. María José García Beato

The Remuneration Committee complies with the principles, good practices and criteria for its proper functioning established by Technical Guide 1/2019 On nomination and remuneration committees, dated February 20, published by the Spanish National Securities Market Commission.

In accordance with Article 15 of the Board Regulation and with its own Regulation, the Board Risk Committee is responsible for informing the Remuneration Committee as to whether the employee remuneration programmes are coherent with the Bank's risk, capital and liquidity.

In accordance with Article 13 of the Board Regulation and with its own Regulation, 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. In particular, an annual audit of the Remuneration Policy is performed whose conclusions are submitted to the Remuneration Committee.

Proposals by the Remuneration Committee are submitted to the Board of Directors for consideration and, where appropriate, approval.

At a meeting on 30 January 2020, in accordance with the current Director Remuneration Policy and within the limits established therein, the Board of Directors determined the amount of Director remuneration for the current year both for membership of the Board of Directors per se and for the Chairman, the CEO and the Executive Directors for performing their functions, as disclosed in detail elsewhere in this report.

The following Bank Divisions participate in the application and oversight of the Remuneration Policy:

- The Human Resources Division produces an annual report on remuneration whose purpose is to provide the Remuneration Committee with basic information to enable it to perform the functions entrusted to it in connection with the review of the general principles of the Banco Sabadell Remuneration Policy and oversight of the remuneration for the Chairman, the CEO, the Executive Directors, Senior Management and the other persons who, because of their responsibility, risk-taking capacity and remuneration status, form part of the Bank's Identified Staff, in accordance with the provisions of Act 10/2014 and Delegated Regulation 604/2014/EU.
- The Risk Control Division advises the Board Risk Committee about the appropriateness and coherence of the Remuneration Policy with respect to the Group's risk management framework and strategy. It also submits a report to the Board Risk Committee on the appropriateness and coherence of the Group's objectives and of the special projects, the Chairman, the CEO, the Executive Directors, Senior Management and the Group's Identified Staff with respect to the risks assumed by the Group. This report must be drafted at least once per year, when the objectives are set and whenever there are substantial modifications.
- The Risks and Regulation Division makes a proposal to the Remuneration Committee on the adjustment to variable remuneration to be applied at year-end.

- The Compliance Division checks that the defined objectives are in accordance with the current rules of conduct and regulations that are applicable. In particular, it supervises that no defined sales incentives contravene the regulations in the product design and approval process.
- The Finance Division participates and advises in the preparation of the annual variable remuneration fund, applying the appropriate controls and following a transparent, well-documented process. It also participates in the process of setting and evaluating the objectives to which the variable remuneration is linked.
- The Internal Audit Division carries out an independent examination, at least once per year, of the definition, application and effects of the institution's Remuneration Policy on its risk profile, and the way in which these effects are managed.

External advisers

In addition to the assistance of the aforementioned Divisions, the Remuneration Committee obtains advice from the specialised firm Willis Towers Watson, which assists the committee in identifying market trends and regulatory developments in connection with remuneration.

Additionally, Mercer Consulting S.L. issued an independent assessment on the implementation of the remuneration policy applicable to the Identified Staff and the Director Remuneration Policy and the degree to which they conform to the requirements of the standards and interpretations of the EBA and the Bank of Spain; the report, which concluded that they were being applied correctly, was submitted to the Board Risk Committee on 27 January 2020 and the Remuneration Committee on 29 January 2020.

Peer group

Each year Banco Sabadell performs a comparative analysis of the remuneration of the Board of Directors, the Chairman, the CEO, the Executive Directors, the members of Senior Management and Identified Staff with respect to the market. The most recent analysis was carried out in January 2020 and was based on the Spencer Stuart Index of Boards of Directors 2019 and the report "*La remuneración de los consejeros de las compañías del IBEX 35*" issued by consulting firm KPMG, as well as advice from consulting firm Willis Tower Watson, with the objective of determining the fixed remuneration for the year 2020.

To establish the remuneration of the Chairman and the CEO for 2020, a benchmark group of 16 European banks (Crédit Agricole, Groupe Société Générale, Santander, BBVA, Intesa San Paolo, Nordea Bank, Natixis, ABN Amro Group, Caixabank, Skandinaviska Enskilda Banken, KBC Groep, Swedbank, Bankia, Unione di Banche Italiane, Mediobanca, and Bankinter), and another domestic set of peers consisting of 9 Spanish IBEX-35 companies with a market capitalisation of more than 6,000 million euros (Santander, BBVA, Naturgy, Ferrovial, CaixaBank, Amadeus, Bankia, Bankinter and Red Eléctrica) were used, which provide guidance in determining the remuneration mix as well as the competitiveness of the remuneration assigned to them.

The remuneration of the Director General Manager, Director Secretary General and Director Chief Risk Officer was determined on the basis of comparable information about those functions from among the aforementioned groups of European and Spanish companies, supplemented with other IBEX 35 companies where the sample was not sufficiently comparable in terms of the assigned responsibilities and functions.

In the case of the Director General Manager, the sample is confined to 5 companies in the European peer group and 3 in the domestic peer group.

In the case of the Director Secretary General, the sample is confined to 8 companies in the European peer group and 7 companies in the domestic peer group, supplemented by four IBEX 35 companies that were not in the domestic peer group.

In the case of the Director Chief Risk Officer, the sample is confined to 13 companies in the European peer group and 5 in the domestic peer group.

The remuneration of the other members of Senior Management was benchmarked against a sample of domestic undertakings. This ensures that the remuneration is in line with market parameters.

The conclusions of these comparisons were submitted to the Remuneration Committee in January of this year, and the committee was informed of the remuneration situation relating to the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer, other members of Senior Management and the other members of the Identified Staff.

- Proportion between variable remuneration and fixed remuneration (remuneration mix) and the criteria and objectives used to determine and ensure an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, including references to any measures to guarantee that the company's long-term results are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose work has a material impact on the company's risk profile and any measures to avoid conflicts of interest.

Also disclose if the company has established a period for the accrual or vesting of certain variable remuneration items, whether in cash, shares or other financial instruments, any period of deferral of the payment of amounts or the delivery of accrued or vested financial instruments, any clause that reduces the deferred remuneration or that obliges the director to refund remuneration already received, where such remuneration was based on figures that have been clearly shown to be inaccurate.

Remuneration mix

In accordance with the Banco Sabadell Director Remuneration Policy, Directors do not collect variable remuneration for their status as such; only the Chairman, the CEO and Executive Directors receive variable remuneration, for performing their executive functions.

In connection with the components of the Chairman, the CEO and Executive Directors' variable remuneration, the Remuneration Policy establishes that variable remuneration (both short- and long-term) is capped at 100% of the fixed remuneration for each year. The cap can

be raised to 200% of annual fixed remuneration, subject to approval by the General Meeting of Shareholders (as occurred most recently in 2019), in the cases expressly defined in the Policy, there being no scope for discretion on the part of the Remuneration Committee at the time when it is recognised.

The weightings of the variable remuneration components in 2020 are described below:

- Short-term variable remuneration: assuming 100% fulfilment of the objectives, the short-term variable remuneration of reference, expressed as a percentage of the fixed salary, amounts to approximately 76% for the Chairman, 81% for the CEO, 50% for the Director General Manager, 44% for the Director Secretary General, and 22% for the Director Chief Risk Officer.

In the event of maximal fulfilment of the objectives, the short-term variable remuneration may not in any event exceed 150% of the reference amounts set out in the corresponding paragraph.

- Long-term remuneration 2020-2022 for the Banco Sabadell Group Identified Staff approved by the Board of Directors on 30 January 2020 based on a recommendation by the Remuneration Committee, on the basis of fulfilment of annual and multi-year objectives, that establishes a benchmark amount for long-term remuneration (the amount to be received in the event of 100% attainment of the objectives) and equivalent to 30% of the annual fixed salary assigned to the Chairman and CEO and 25% of the annual fixed salary assigned to the Director General Manager, Director Secretary General and Director Chief Risk Officer. Other long-term remuneration schemes remain in force in 2020 and are described in this report in the section on long-term variable components.

Section C.1 details each of the supplementary incentive plans in force 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 amounts payable under the long-term remuneration will be subject to reduction clauses (malus) and to clawback of the variable remuneration paid. All shares that are delivered will be subject to a one-year lock-up from the delivery date.

Additionally, as detailed in the section of this report relating to long-term savings systems, 15% of the contributions are considered as discretionary pension benefits and, therefore, they are linked to the percentage of compliance with the beneficiary's short-term targets, in no case being allowed to exceed 100% of the amount.

Measures to reduce exposure to excessive risks

The Banco Sabadell Remuneration Policy is aligned with the shareholders' interests, the Banco Sabadell Group strategy and the creation of long-term value, while promoting appropriate risk management.

Without prejudice to the oversight exercised by the Bank's governing and management bodies (see earlier in this section A.1), the remuneration policy for Directors, the remuneration policy for Senior Management and the remuneration policy for the Identified Staff incorporate the following elements that reduce exposure to excessive risk-taking:

a) Adjustments for fulfilment of objectives

Each individual's variable annual remuneration is subject to the attainment of certain annual objectives, including a certain percentage of the Group objectives, as detailed below, including risk-related variables.

Additionally, the degree of attainment of the Group objectives will be adjusted by a risk-related correction factor that includes indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio).

Long-term remuneration is subject to attainment of certain multi-year objectives, including indicators relating to capital (CET1), liquidity, RoRAC and the share's performance with respect to a set of European institutions, in addition to the person's individual performance.

b) Ex-ante risk adjustments

The total amount of any variable remuneration item is subject to downward adjustment at the discretion of Board of Directors based on a recommendation by the Remuneration Committee, and may even be reduced to zero, depending on the following parameters:

- A variable remuneration adjustment based on risk profile and earnings performance. The adjustment may be applied at Group, unit, country or even individual level, to reflect the various classes of risk. This variable remuneration adjustment, which can reduce the initial amount of available remuneration to zero, ensures that the variable remuneration is fully aligned with the risks assumed. The variable remuneration adjustment will cover all the cases or situations that might have an impact on the Group's risk profile and that were not fully factored into the assessment of the objectives set at the beginning of the year and will be related to risk and control factors such as breaches of standards and regulations, violation of risk limits (e.g. RAS, solvency, liquidity) or breach of expected loss thresholds in terms of operational risk) and/or internal control indicators (for example, results of internal audits) or similar items.
- The possibility of reduction to zero if the Bank's capital is less than the Maximum Distributable Amount (MDA) determined by regulation at any given time.

Taking the above into account, the final amount of the short-term variable remuneration accrued annually (subject to ex-post adjustments) will be determined by the Board of Directors, following a recommendation by the Remuneration Committee, based on the individual assigned bonus target, evaluation of the degree of attainment of individual performance objectives assigned to the Chairman, the CEO and Executive Directors, and application of the variable remuneration adjustment.

c) Deferral and payment

Variable annual remuneration and bonuses for special projects earned by the Group's Identified Staff are subject to deferral whose main characteristics are as follows:

- Deferral over at least 5 years for the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer and the other members of Senior Management, and 3 years for the other members of the Identified Staff.
- Deferral of at least 60% for the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer and the members of the Identified Staff whose variable remuneration exceeds 1,500,000 euros, and 40% for the other members of the Identified Staff.
- The deferred variable annual remuneration will be paid 55% in the form of Banco Sabadell shares in the case of the Chairman, CEO, Director General Manager, Director Secretary General, Director Chief Risk Officer and other members of Senior Management, and at least 50% for the other members of the Identified Staff.

- Variable remuneration paid in shares is subject to one-year lock-up. Unless they own shares amounting to the equivalent of twice their variable annual remuneration, the Chairman, CEO, Director General Manager, Director Secretary General and Director Chief Risk Officer may not dispose of the shares they receive until at least three years have elapsed from the time of delivery. The above condition will not apply to any shares that the Director must dispose of to cover tax obligations related to their delivery.
- The use of personal hedging strategies or any mechanism that guarantees receipt of part or all of the variable remuneration is not permitted.

Accordingly, the amount of short-term variable remuneration to be actually received by the Chairman, CEO, Director General Manager, Director Secretary General and Director Chief Risk Officer for 2020 will be subject to the following:

- 40% of the variable remuneration for 2020 will be paid in 2021, 50% in cash and 50% in Banco Sabadell shares (valued at the closing market price in the last trading session in February 2021), the shares being subject to a one-year lock-up.
- 60% of the variable remuneration for 2020 will be deferred over a five-year period, with one-fifth being paid in each of the years 2022, 2023, 2024, 2025 and 2026, split 45% in cash and 55% in Banco Sabadell shares (valued at the closing market price in the last trading session in February 2021), the shares being subject to a one-year lock-up.

d) Malus and clawback clauses

Short-term variable remuneration and long-term remuneration that has not yet been collected (up to 100% of the amount) will be subject to malus and clawback clauses in the event of poor financial performance by the Bank as a whole or by a specific division or area or by the exposures generated by the member in question of the Identified Staff. It is not necessary for there to be malice or negligence in order for these clauses to apply. For these purposes, the performance assessment will be compared with subsequent performance of the variables that contributed to achieving the objectives. The following factors will be considered:

- Significant failures in risk management by the Institution or a unit.
- An increase in capital requirements at the Institution or one of its business units not envisaged at the time that exposure was generated.
- Regulatory penalties or legal convictions for events attributable to the unit or its managers. Failure to comply with the institution's internal codes of conduct.
- Improper conduct, whether individual or collective. Particular consideration will be given to the negative effects deriving from marketing unsuitable products and the liability of persons or bodies making such decisions.

The malus clause may be triggered during the period in which variable remuneration is deferred. Clawback clauses may be triggered from the time the remuneration is paid up to conclusion of the corresponding lock-up period. Application of clawback clauses may be supplementary to the application of malus causes so that, in addition to forfeiting amounts not yet received, the member of the Identified Staff may be required to refund part or all of the amounts already received as short-term variable remuneration and long-term remuneration.

The Remuneration Committee must review the situation each year in order to make a proposal to the Board of Directors, if necessary, based on a report by the Human Resources Division, and after seeking the opinion of the Risk Control Division, the Financial Division and the Compliance Division as to whether circumstances have arisen to reduce or cancel the deferred remuneration or trigger clawback of variable remuneration already collected by a member of the Identified Staff, depending on the characteristics and circumstances of each particular case.

Oversight by governing bodies and divisions of the Institution

Without prejudice to the functions described above, the functions of other governing bodies and divisions of the Institution are listed below:

- The Board Risk Committee checks to ensure that employee remuneration programmes are coherent with the Bank's risk, capital and liquidity, and provides advice in this respect to the Remuneration Committee.
- 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.
- The Internal Audit Division, within the framework of its functions, carries out an independent examination, at least once per year, of the definition, application and effects of the institution's Remuneration Policy on its risk profile, and the way in which these effects are managed. Additionally, the Prudential Review of Remuneration produced by specialised firm Mercer Consulting, S.L. for the Remuneration Committee assesses and guarantees that the delimitation of the Institution's Identified Staff and the remuneration practices and policies conform to the requirements established in the regulations and interpretations of the EBA and the Bank of Spain.
- The Risk Control Division will submit to the Remuneration Committee a proposal for the adjustment of the variable remuneration, which may be at Group, unit, country or even individual level, to be made at the end of the year, depending on risk profile and earnings performance.

- Amount and nature of fixed components that are to be accrued by directors during the year for membership of the Board of Directors per se.

As indicated earlier, a distinction is made between the remuneration of the Directors for the exercise of their functions as members of the Board of Directors and the remuneration of the Chairman, the CEO and the Executive Directors

Under the Director Remuneration Policy approved by the General Meeting of Shareholders on 28 March 2019, members of the Board of Directors will collect, in 2020, for their duties as Directors, an amount of fixed remuneration plus meeting fees, capped at fees for 11 ordinary meetings; Directors may collect attendance fees for at most two meetings per year which they miss for just cause provided that they grant proxy in those cases. No amounts are payable for attendance at extraordinary meetings of the Board of Directors.

The Remuneration Committee resolved to modify only the remuneration for the Vice-Chairman of the Board of Directors, on the basis of their level of responsibility, while maintaining the other remuneration for the Board and its Committees unaltered in 2020. Those amounts are as follows:

- Chairman: 175,650 euros of fixed remuneration and at most 58,000 euros of attendance fees (5,273 euros per meeting)
- Vice-Chairman: 95,250 euros of fixed remuneration and at most 31,750 euros of attendance fees (2,886 euros per meeting)

- Other Directors: 75,000 euros of fixed remuneration and at most 25,000 euros of attendance fees (2,272 euros per meeting)

In addition to their remuneration for membership of the Board of Directors, Executive Directors are remunerated for discharging their duties, but they do not receive any remuneration for chairing, belonging to, or attending, meetings of the Board's Committees or the Board of Directors of other Group companies.

Non-executive Directors will collect the following additional amounts for membership of Board Committees and of the Group's Advisory Boards:

- Audit and Control Committee:
 - Chairman: 40,000 euros
 - Members who are Non-executive Directors: 20,000 euros
- Appointments Committee:
 - Chairman: 20,000 euros
 - Members who are Non-executive Directors: 10,000 euros
- Remuneration Committee:
 - Chairman: 40,000 euros
 - Members who are Non-executive Directors: 20,000 euros
- Board Risk Committee:
 - Chairman: 70,000 euros
 - Members who are Non-executive Directors: 20,000 euros
- Delegated Committee: 80,000 euros
- The Lead Independent Director will receive 22,000 euros for that function.

The Chair of the Sabadell Guipuzcoano Advisory Board will receive at most 30,600 euros.

- Amount and nature of fixed components that are to be accrued during the year for the performance of senior management functions by executive directors.

The fixed remuneration for this concept in 2020 was approved by the Bank's Board of Directors on 30 January 2020, at the proposal of the Remuneration Committee, having consideration for their high levels of responsibility and is the same than in 2019. The remuneration amounts were also based on comparable situations in the market, on the basis of a survey by specialised consulting firm Willis Towers Watson.

The amounts established for 2020 are 1,701,000 euros for the Chairman; 1,350,000 euros for the CEO, 705,000 euros for the Director General Manager, 500,000 euros for the Director Secretary General, and 450,000 euros for the Director Chief Risk Officer.

The Chairman, the CEO and Executive Directors are beneficiaries of a long-term saving plan whose characteristics and amounts are detailed in the corresponding section.

The Chairman, the CEO and Executive Directors also enjoy the same benefits and in the same conditions than other employees.

- Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The Chairman, the CEO and Executive Directors are beneficiaries of the following remuneration in kind, under the same conditions, as the rest of the employees or groups of employees who are entitled to each of them:

- Group life insurance policy (applicable to all the Institution's employees).
- Total and permanent disability insurance policy (applicable to all the Institution's employees).
- Employee loans (applicable to all the Institution's employees).

The following amounts are estimated for 2020:

Approximately 30,000 euros for the Chairman, approximately 8,000 euros for the CEO, approximately 10,000 euros for the Director Secretary General, and approximately 7,000 euros for the Director Chief Risk Officer.

.- Amount and nature of variable components, differentiating between short and long term. Financial and non-financial, including social, environmental and climate change, parameters selected to determine variable remuneration in the current year, describing the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, necessary period and the techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range, in monetary terms, of the variable components according to the degree of attainment of the objectives and established parameters, and whether there is any absolute cap in monetary terms.

In accordance with the Banco Sabadell Director Remuneration Policy, Directors do not collect variable remuneration for their status as such; only The Chairman, the CEO and Executive Directors receive variable remuneration.

1. Short-term variable remuneration

For the calculation of the short-term variable remuneration for 2020, the following objectives were established, and approved by the Board of Directors at a meeting held on 30 January 2020, based on a proposal by the Remuneration Committee, which are broadly in line with the Group's objectives for the year (which are the same as the Chairman's objectives), with benchmarks aligned with the following objectives:

Group objectives 2020	Weighting
Return on Equity (ROE)	20%
Net banking revenues	20%
Group expenses	20%
Cost of Risk	20%
NPS (Group synthetic indicator)	10%
Sustainability (Group synthetic indicator)	10%

- ROE (Return on equity), weighted 20%. This indicator will be achieved in full if Banco Sabadell attains the ROE (excluding corporate transactions) targeted in the 2020 budget.
- Net banking revenues; Net interest income + fees and commissions, with a 20% weighting. This indicator will be achieved in full if Banco Sabadell attains the net interest income + net fees targeted on a consolidated basis in the 2020 budget.
- Group expenses, weighted 20%. This indicator will be achieved in full if Banco Sabadell attains the budgeted total amount of consolidated expenses under the headings of personnel expenses, general expenses and real-estate expenses not already included under the first two categories.
- Cost of Risk, weighted 20%. This indicator will be achieved in full if Banco Sabadell attains the budgeted ratio of (provisions for NPLs and other financial assets) / (gross loans and advances + non-performing real estate assets, net of portfolio sales).
- NPS (Group synthetic indicator), weighted 10%. A synthetic indicator of customers' perceptions of the institution, distinguishing between business units (Commercial Banking, Private Banking, Corporate Banking EMEA and TSB), weighted by business volume.
- Sustainability (Group synthetic indicator), weighted 10%. A synthetic indicator comprising environmental, social, diversity and gender equality indicators.

Attainment parameters have been set between 50% and 150% for each of the objectives, based on a non-linear scale of attainment established beforehand by the Remuneration Committee for each objective. Attainment under 50% is considered as 0% for the purposes of attainment. In this way, short-term variable remuneration is capped at 150% of the reference amounts indicated later.

The amount to be actually received will be determined by the degree of attainment of the established objectives, adjusted by a correction factor based on the relationship between the Institution's capital and liquidity and the limits set in the Risk Appetite Statement (RAS). Failure to attain any of these indicators will result in a reduction of the variable remuneration. Breach of the tolerance threshold in the RAS for these indicators will count as zero attainment of the Group objectives for 2020.

The Chairman's objectives are those of the Group, defined in terms of overall Group parameters and not in terms of his specific functions. In the case of the CEO, 80% of his objectives are linked to the Group's objectives and 20% are specific to his functions. In the case of the Director General Manager, 75% of his objectives are linked to the Group's objectives and 25% are specific to his functions. In the case of the Director Secretary General, 75% of her objectives are linked to the Group's objectives and 25% are specific to her functions. Since the Chief Risk Officer's functions are related to oversight, 20% of his objectives are linked to the Group's objectives, while 80% are specific to his functions.

In order to qualify for variable remuneration, overall attainment of the objectives must exceed 60%. No variable remuneration is earned under 60%, and no additional variable remuneration is earned above 150%.

The reference amounts of variable remuneration corresponding to 100% attainment of the objectives in 2020 are as follows: 1,300,000 euros for the Chairman; 1,100,000 euros for the CEO; 350,000 for the Director General Manager; 220,000 for the Director Secretary General, and 100,000 euros for the Director Chief Risk Officer.

The total amount of variable remuneration is subject to adjustment at the discretion of the Remuneration Committee, and may even be zero, depending on the following parameters:

- Performance of the risk profile and of earnings.
- The possibility of reduction to zero if the Bank's capital is less than the Maximum Distributable Amount (MDA).

The short-term variable remuneration for 2020 described in the preceding paragraph will be paid as follows:

- 40% of the Chairman, the CEO and the Executive Directors' variable remuneration for 2020 will be paid in 2021, 50% in cash and 50% in Banco Sabadell shares (valued at the closing market price in the last trading session in February 2021), the shares being subject to a one-year lock-up.

- 60% of the Chairman, the CEO and the Executive Directors' variable remuneration for 2020 will be deferred over a five-year period, with one-fifth being paid in each of the years 2022, 2023, 2024, 2025 and 2026, split 45% in cash and 55% in Banco Sabadell shares (valued at the closing market price in the last trading session in February 2021), the shares being subject to a one-year lock-up.

2. Long-term remuneration

In accordance with the Director Remuneration Policy approved by the General Meeting of Shareholders on 28 March 2019, the Chairman, the CEO and the Executive Directors are assigned long-term remuneration. In this respect, at a meeting on 30 January 2020, based on a proposal by the Remuneration Committee, the Board of Directors approved the long-term remuneration scheme for 2020-2022 for the Banco Sabadell Group Identified Staff based on the fulfilment of annual and multi-year objectives that establish a reference amount to be received in the event of attaining 100% of the targets, equivalent to 25% or 30% of the fixed salary, with the following individual assignments:

- 30% of the fixed salary: Chairman: 510,300 euros; CEO: 405,000 euros.
- 25% of the fixed salary: Director General Manager: 176,250 euros, Director Secretary General: 125,000 euros and Director Chief Risk Officer: 112,500 euros.

The amount to be assigned is determined by the degree of attainment of the objectives, in the same way as the short-term variable remuneration. Based on that amount, the multi-year targets determine the amount to be actually received, which may be less (but never more) than the amount assigned on the basis of annual targets.

The multi-year performance period will cover the years 2020, 2021 and 2022, for which the following multi-year objectives are established:

2020 – 2022 objectives	Weighting
Relative Total Shareholder Return (TSR)	25%
Liquidity Coverage Ratio	25%
Capital (CET1)	25%
Return on Risk Adjusted Capital (RoRAC)	25%

- Total shareholder return (TSR), weighted 25%. TSR will be calculated by comparison with the following peers: ABN AMRO Group NV, Bankia, S.A., Banco Santander, S.A., Mediobanca Banca di Credito Finanziario SpA, Bankinter S.A., Banco Bilbao Vizcaya Argentaria, S.A., Skandinaviska Enskilda Banken AB, Swedbank AB, Unione di Banche Italiane, SpA, Caixabank S.A., Natixis, S.A., Banco Bpm SpA, Nordea Bank AB, KBC Groep NV, Intesa Sanpaolo SpA, Société Générale, S.A., Crédit Agricole, SA.
 - The TSR target will be deemed to have been fully attained if Banco Sabadell ranks between 1st and 8th place in the peer group.
 - The TSR target will be deemed to have been attained 75% if Banco Sabadell ranks between the 9th and 11th place in the peer group.
 - The TSR target will be deemed to have been attained 50% if Banco Sabadell ranks between the 12th and 14th place in the peer group.
 - The TSR target will be deemed to have been attained 0% if Banco Sabadell ranks between the 15th and 18th place in the peer group.
- Liquidity Coverage Ratio, weighted 25%. Attainment of the target in connection with the Liquidity Coverage Ratio will be measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). If the LCR is higher than the early warning indicator (EWI), the target will be deemed to have been achieved in full; below that threshold, attainment will be rated 0%.
- CET1, weighted 25%. Attainment of the target in connection with CET1 will be measured on the basis of the level established in the Bank's RAS (Risk Appetite Statement). If the CET1 ratio is higher than the early warning indicator (EWI), the target will be deemed to have been achieved in full; below that threshold, attainment will be rated 0%.
- RoRAC, weighted 25%. Attainment of the target in connection with the RoRAC will be measured on the basis of the cost of equity. If that objective is exceeded, this will be classified as 100% attainment of the indicator. Failure to achieve that objective will be classified as 0% attainment.
- The reference amount established for long-term remuneration will be adjusted in the first quarter of 2021 as a function of individual attainment by each Director of the assigned annual objectives.

The aforementioned indicators will be measured in the first quarter of the year 2023; the degree of attainment, which may not exceed 100%, will be calculated and applied to the reference amount to determine the amount to be received. The LCR, CET1 and RoRAC indicators will be measured taking the average figure for the last three months of 2022. As in the case of the annual targets, the degree of attainment will be adjusted by a risk-related correction factor that includes indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio). Breach of the tolerance threshold in the RAS for Liquidity or Capital will count as zero attainment of the Group's long-term objectives.

The Chairman, CEO, Director General Manager, Director Secretary General and Director Chief Risk Officer will receive the amount accrued to them as a function of attainment, to be paid 45% in cash and 55% in Banco Sabadell shares (valued at the closing price in the last session in February 2021), according to the following schedule:

- 60% in the first four months of 2024.
- 20% in the first four months of 2025.
- 20% in the first four months of 2026.

The malus and clawback clauses will apply to this remuneration, and the shares received will be subject to lock-up.

Additionally, they are or have been beneficiaries of the following incentive plans/long-term remuneration schemes granted in previous years:

- a) Supplementary long-term incentive 2016-2019 (ICLP 2016) based on appreciation by the Banco Sabadell share, approved by the General Meeting of Shareholders on 31 March 2016.

ICLP 2016 applied to the Chairman, CEO, Director General Manager and Director Secretary General. This plan expired in March 2019 without generating any entitlement to remuneration.

- b) Supplementary long-term incentive 2017-2020 (ICLP 2017) based on appreciation by the Banco Sabadell share, approved by the General Meeting of Shareholders on 30 March 2017.

ICLP 2017 is 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 entirely in the form of shares of Banco Sabadell.

The Chairman is assigned 1,700,000 rights; the CEO is assigned 1,500,000 rights; the Director General Manager is assigned 800,000 rights; and the Director Secretary General is assigned 600,000 rights.

The incentive was calculated by taking, as the initial unit value of the Banco Sabadell share, the arithmetic mean, rounded to the third decimal place, of the closing prices of the Banco Sabadell share in the first twenty trading sessions of the year 2017, i.e. 1.353 euros. The final value will be taken to be the arithmetic mean, rounded to the third decimal place, of the closing price of the Banco Sabadell share in the first twenty trading sessions of March 2020.

- c) Supplementary long-term incentive 2018-2021 (ICLP 2018), approved by the General Meeting of Shareholders on 19 April 2018, which, in addition to being based on share price appreciation, takes account of the attainment of multi-year objectives.

ICLP 2018 consists of 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, 55% of which will be paid in the form of shares of Banco Sabadell.

The incentive will be calculated by taking, as the initial unit value of the Banco Sabadell share, the arithmetic mean, rounded to the third decimal place, of the closing prices of the Banco Sabadell share in the first twenty trading sessions of the year 2018, i.e. 1.841 euros. The final value will be taken to be the arithmetic mean, rounded to the third decimal place, of the closing price of the Banco Sabadell share in the first twenty trading sessions of March 2021.

Initially, the Chairman was assigned 1,700,000 rights; the CEO was assigned 1,500,000 rights; the Director General Manager was assigned 800,000 rights; and the Director Secretary General was assigned 800,000 rights.

The number of rights assigned to each beneficiary was adjusted in the first quarter of 2019 as a function of their individual attainment of the assigned annual objectives; if attainment is 80% or higher, the beneficiary retained the amount of shares assigned initially; below 60% attainment entailed forfeiture of all the assigned rights. The Chairman, the CEO and the Executive Directors' targets for the year resulted in the following adjustments to the initially assigned rights: The Chairman vested 75% and therefore obtained 1,275,000 rights; the CEO vested 75% and, therefore, obtained 1,125,000 rights; the Director General Manager vested 75% and therefore, obtained 600,000 rights, and the Director Secretary General vested 90%, obtaining 720,000 rights.

The multi-year performance period will cover the years 2018, 2019 and 2020, for which the following multi-year objectives were established:

2018 - 2020 objectives	Weighting
Relative Total Shareholder Return (TSR)	25%
Liquidity Coverage Ratio	25%
Capital (CET1)	25%
<i>Return on Risk Adjusted Capital (RoRAC)</i>	25%

- Total shareholder return (TSR), weighted 25%. TSR will be calculated by comparison with the following peers: ABN AMRO Group NV, Bankia, S.A., Banco Santander, S.A., Mediobanca Banca di Credito Finanziario SpA, Bankinter S.A., Banco Bilbao Vizcaya Argentaria, S.A., Skandinaviska Enskilda Banken AB, Swedbank AB, Unione di Banche Italiane, SpA, CaixaBank S.A., Natixis, S.A., Banco Bpm SpA, Nordea Bank AB, KBC Groep NV, Intesa Sanpaolo SpA, Société Générale, S.A., Crédit Agricole, SA.

If Banco Sabadell's TSR at the end of the period is:

- Among the bottom three in the sample: this will be classified as 0% attainment of the objective.
- Between the bottom three and the median of the sample: this will be classified as 50% attainment of the objective.
- Between the median and the top eight in the sample: this will be classified as 75% attainment of the objective.
- Among the top eight in the sample: this will be classified as 100% attainment of the objective.
- Liquidity Coverage Ratio, weighted 25%. Attainment of the target in connection with the Liquidity Coverage Ratio will be measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). If that objective is exceeded, this will be classified as 100% attainment of the indicator. Failure to achieve that objective will be classified as 0% attainment.
- CET1, weighted 25%. Attainment of the target in connection with CET1 will be measured on the basis of the level established in the Bank's RAS (Risk Appetite Statement). If that objective is exceeded, this will be classified as 100% attainment of the indicator. Failure to achieve that objective will be classified as 0% attainment.
- RoRAC, weighted 25%. Attainment of the target in connection with the RoRAC will be measured on the basis of the cost of equity. If that objective is exceeded, this will be classified as 100% attainment of the indicator. Failure to achieve that objective will be classified as 0% attainment.

The aforementioned indicators will be measured in the first quarter of the year 2021; the number of rights may be reduced (but never increased) in line with the percentage achievement of objectives, where this is less than 100%.

The accrued incentive will be paid 45% in cash and 55% in Banco Sabadell shares, according to the following schedule:

- 60% in the first four months of 2022.
- 20% in the first four months of 2023.
- 20% in the first four months of 2024.

Section C.1 details each of the supplementary incentive 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.

- d) Long-term remuneration 2019-2021 for the Banco Sabadell Group Identified Staff, approved by the Board of Directors at a meeting on 31 January 2019, based on a proposal by the Remuneration Committee, linked to the fulfilment of annual and multi-year objectives and establishing a reference amount to be received in the event of attaining 100% of the targets, equivalent to 25% or 30% of the fixed salary, resulting in the following individual allocations:

30% of the fixed salary: Chairman: 510,000 euros; CEO: 405,000 euros.

25% of the fixed salary: Director General Manager: 176,000 euros; Director Secretary General: 125,000 euros; Director Chief Risk Officer: 113,000 euros.

The amount to be assigned is determined by the degree of attainment of the objectives, in the same way as the short-term variable remuneration. Accordingly, taking account of the degree of attainment of the objectives for short-term variable remuneration in 2019, the adjusted amounts subject to multi-year objectives are as follows:

- Chairman: 510,000 euros x 86.73% = 442,323 euros.
- CEO: 405,000 euros x 86.73% = 351,256.50 euros.
- Director General Manager: 176,000 euros x 86.73% = 152,644.80 euros.
- Director Secretary General: 125,000 euros x 92.53% = 115,662.50 euros.
- Director Chief Risk Officer: 113,000 euros x 90.93% = 102,750.90 euros.

Additional information can be found in section B.3.

Based on those amounts, the multi-year targets determine the amount to be actually received, which may be less (but never more) than the amount assigned on the basis of annual targets.

The multi-year performance period will cover the years 2019, 2020 and 2021, for which the following multi-year objectives are established:

2019 - 2021 objectives	Weighting
Relative Total Shareholder Return (TSR)	25%
Liquidity Coverage Ratio	25%
Capital (CET1)	25%
Return on Risk Adjusted Capital (RoRAC)	25%

- Total shareholder return (TSR), weighted 25%. TSR will be calculated by comparison with the following peers: ABN AMRO Group NV, Bankia, S.A., Banco Santander, S.A., Mediobanca Banca di Credito Finanziario SpA, Bankinter S.A., Banco Bilbao Vizcaya Argentaria, S.A., Skandinaviska Enskilda Banken AB, Swedbank AB, Unione di Banche Italiane, SpA, Caixabank S.A., Natixis, S.A., Banco Bpm SpA, Nordea Bank AB, KBC Groep NV, Intesa Sanpaolo SpA, Société Générale, S.A., Crédit Agricole, SA.
 - The TSR target will be deemed to have been fully attained if Banco Sabadell ranks between 1st and 9th place in the peer group.
 - The TSR target will be deemed to have been attained 75% if Banco Sabadell ranks between the 10th and 12th place in the peer group.
 - The TSR target will be deemed to have been attained 50% if Banco Sabadell ranks between the 13th and 15th place in the peer group.
 - The TSR target will be deemed to have been attained 0% if Banco Sabadell ranks between the 16th and 18th place in the peer group.
- Liquidity Coverage Ratio, weighted 25%. Attainment of the target in connection with the Liquidity Coverage Ratio will be measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). If the LCR is higher than the early warning indicator (EWI), the target will be deemed to have been achieved in full; below that threshold, attainment will be rated 0%.
- CET1, weighted 25%. Attainment of the target in connection with CET1 will be measured on the basis of the level established in the Bank's RAS (Risk Appetite Statement). If the CET1 ratio is higher than the early warning indicator (EWI), the target will be deemed to have been achieved in full; below that threshold, attainment will be rated 0%.
- RoRAC, weighted 25%. Attainment of the target in connection with the RoRAC will be measured on the basis of the cost of equity. If that objective is exceeded, this will be classified as 100% attainment of the indicator. Failure to achieve that objective will be classified as 0% attainment.

The aforementioned indicators will be measured in the first quarter of the year 2022; the degree of attainment, which may not exceed 100%, will be calculated and applied to the reference amount to determine the amount to be received. The LCR, CET1 and RoRAC indicators will be measured taking the average figure for the last three months of 2021. As in the case of the annual targets, the degree of attainment will be adjusted by a risk-related correction factor that includes indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio). Breach of the tolerance threshold in the RAS for Liquidity or Capital will count as zero attainment for the purposes of long-term remuneration.

The amount accrued on the basis of attainment will be paid 45% in cash and 55% in Banco Sabadell shares (valued at the closing market price in the last trading session in February 2020), according to the following schedule:

- 60% in the first four months of 2023.
- 20% in the first four months of 2024.
- 20% in the first four months of 2025.

The malus and clawback clauses will apply to this remuneration, and the shares received will be subject to lock-up.

- Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether it is defined-contribution or defined-benefit, the annual contribution to be made to the defined-contribution system, the benefits directors are entitled to under defined-benefit systems, the conditions under which economic rights vest for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director.

State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the director's short- or long-term performance.

The long-term saving systems for 2019 are detailed below, along with their individual characteristics, the amounts allocated and accumulated, and the projections for 2020. Those systems do not apply to Non-executive Directors.

- A defined-contribution group life insurance policy for the Board of Directors, which pays out in the form of a lump sum when each beneficiary ceases to be a Director, except where they act as advisor or member of the Board of Directors of another bank, in which case this benefit is forfeited. It is compatible with termination indemnities and is currently applicable only to the Chairman and the Director General Manager. The Chairman, with a contribution in 2019 of 35,047.50 euros, and 1,365,032.34 euros accumulated in total; the Director General Manager, with a contribution in 2019 of 17,523.75 euros, and 242,436.53 euros accumulated in total. Similar contributions are envisaged in 2020.
- 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 an equivalent life annuity, except where, in the absence of express interest on the part of Banco Sabadell, the executive continues to work at Banco Sabadell beyond the age defined by law for collecting retirement benefit, in which case he/she will forfeit this right. It is compatible with termination indemnities. The beneficiaries are the Chairman, with no contribution in 2019 and 7,278,673.81 euros accumulated in total (the policy does not provide for additional contributions in subsequent years), and the Director General Manager, with no contribution in 2019 and 5,205,432.01 euros accumulated in total (the policy does not provide for additional contributions in subsequent years).
- Executive group insurance, in the form of two policies whose beneficiary is the CEO. The first is a defined-benefit policy, with 50% spousal reversion. This policy will pay out in the event of retirement, death or total permanent disability and provides for the possibility of surrender in the form of a lump sum in accordance with current legislation, except in cases of disciplinary dismissal that is upheld by the labour courts or where, in the absence of express interest on the part of Banco Sabadell, the executive continues to work at Banco Sabadell beyond the age defined by law for collecting retirement benefit, in which case this benefit is forfeited. It is compatible with termination indemnities. The contribution in 2019, based on adjustment of variables and of the income base, was 899,356.77 euros, with an accumulated amount of 21,558,296.29 euros; the contribution projected for 2020 is 1,223,000.00 euros. The second is a defined-contribution insurance policy, which will pay out in any of the contingencies of retirement, death or total permanent disability, in the form of a lump sum, except in the case of resignation from the position of CEO of the Bank before the age of 63, breach of the non-competition condition within one year from stepping down as the Bank's CEO, or breach of fiduciary duty up to the date of expiration of the non-competition condition, in which case all the economic rights under the policy are forfeited. It is compatible with termination indemnities. The accumulated amount is 2,542,413.57 euros, and no additional contributions are envisaged under this policy in subsequent years.
- Executive group defined-benefit insurance indexed to the pensionable annual fixed salary, which may pay out upon reaching the age of 60, arranged in two policies: early retirement above that age, and retirement upon reaching the legal age of retirement, or in the event of death or total permanent disability, with the possibility of surrender for a lump sum, in accordance with the legislation in force. In the event of disciplinary dismissal that is upheld by the labour courts or where, in the absence of express interest on the part of Banco Sabadell, the executive continues to work at Banco Sabadell beyond the age defined by law for collecting retirement benefit, in which case all economic rights are forfeited. It is compatible with termination indemnities. The beneficiary is the Director Secretary General; the contribution in 2019 was 701,092.92 euros and the accumulated amount is 1,859,016.66 euros. The projected contribution for 2020 is 790,000.00 euros.
- Executive group defined-contribution insurance policy indexed to the fixed annual salary, which will pay out in the event of effective retirement, death or permanent and absolute disability and provides for the possibility of payment in the form of a lump sum, an annuity, or a combination of the two, in accordance with current legislation, except where, in the absence of express interest on the part of Banco Sabadell, the executive continues to work at Banco Sabadell beyond the age defined by law for collecting retirement benefit, in which case this benefit is forfeited in its entirety. It is compatible with termination indemnities. The beneficiary is the Director Chief Risk Officer; the contribution in 2019 was 82,718.77 euros and the accumulated amount is 75,958.47 euros. The projected contribution for 2020 is 106,000 euros.

- Employer Pension Plan for Group B (defined-contribution), which will pay out upon retirement, as employees, of the following beneficiaries: the Chairman, with a contribution in 2019 of 1,022.99 euros and an accumulated amount of 22,473.23 euros, the CEO, with a contribution in 2019 of 1,022.99 euros and an accumulated amount of 11,083.58 euros, the Director General Manager, with a contribution in 2019 of 737.44 euros and an accumulated amount of 10,675.60 euros, and the Director Secretary General, with a contribution in 2019 of 1,022.99 euros and 12,984.44 euros accumulated in total. Contributions in 2020 are projected to be similar, adding in the contributions for the Director Chief Risk Officer.
- Employer 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 benefit will be paid when the beneficiary retires as an executive. The beneficiary is the Director General Manager, and the accumulated amount is 722,230.13 euros. The promoter made no contribution in 2019 and no further contributions are planned.

From the entry into force of Bank of Spain Circular 2/2016, of 2 February, to credit institutions, on supervision and capital adequacy, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) 575/2013, 15% of contributions are treated as discretionary pension benefits and, consequently, are linked to the percentage attainment of the beneficiary's short-term targets, capped at 100% of the amount. Accordingly, the amount of the defined benefit guaranteed in the original providential scheme may be reduced in accordance with the provisions of those regulations, in the part that is classified as discretionary pension benefits.

- Any type of payment or termination indemnity for early termination or dismissal of the director, or deriving from the termination of the contractual relationship between the company and the director, in the terms provided, whether by voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

The Non-executive Directors maintain an organic relationship with Banco Sabadell, they are not under contract to the Bank by virtue of their status as Director, and no indemnities have been agreed upon for the event of termination of their position as Director.

For the Chairman, the CEO and the Executive Directors, see the next section.

- State the conditions that contracts for executive directors' senior management functions must fulfil. 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, among others, any non-compete, exclusivity, permanence and loyalty, and post-contractual non-competition pacts or agreements, except where they have already been disclosed in the previous section.

The contracts of Banco Sabadell's Chairman, the CEO and the Executive Directors conform to the usual parameters in Senior Management contracts and meet the legal requirements for contracts of this type, with the following main terms and conditions:

i) Duration

The contracts are indefinite.

ii) Fixed remuneration

The contracts provide for the payment of fixed remuneration under the terms and conditions detailed above.

iii) Variable remuneration

The contracts provide for the payment of variable remuneration under the terms and conditions detailed above.

iv) Providential schemes

The contracts provide for participation in the providential schemes, under the terms and conditions detailed above.

v) Benefits

The contracts provide for them to enjoy the benefits and flexible remuneration schemes that the Bank has established for its other employees, in the same terms as the latter.

vi) Confidentiality

The contracts include a confidentiality clause that obliges Directors not to disclose, either during the term of the contract or thereafter, any confidential data, procedures, methods, information, or commercial or industrial data referring to the Bank's business or finances.

vii) Restitution and use of company assets

All material goods, information media, files, documentation, manuals, etc. that the Directors have in their possession must be returned to the Bank at the time of termination of the contract.

viii) Malus and clawback clauses.

The contracts contain clauses of both types that apply in the cases defined in the Remuneration Policy.

ix) Early termination and non-competition

The contracts of four Executive Directors provide for indemnity amounting to at most 2 years' total annual remuneration. The contract of one Executive Director has a post-contractual non-competition clause.

. - The nature and estimated amount of any other supplementary remuneration accrued by directors in the year as consideration for services rendered other than those inherent to their position as directors.

None.

- Other remuneration items, such as those arising from the company granting the director advance payments, loans, guarantees or any other remuneration.

None.

- The nature and estimated amount of any other planned supplementary remuneration that is not disclosed in the preceding sections, whether paid by the institution or by another institution in the Group, which will be earned by directors during the year.

None.

A.2. Describe any material change in the remuneration policy applicable in the current year resulting from:

- A new policy or an amendment of the policy already approved by the General Meeting.

- Material changes in the specific determinations established by the board for the current year regarding the remuneration policy in force, in comparison with those applied in the previous year.

- Proposals that the board of directors has resolved to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

No material changes are expected in the Remuneration Policy in 2020.

A.3. Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the company's website.

The Director Remuneration Policy for 2019, 2020 and 2021 is available on the Bank's website at the following direct link:

https://www.grupbancsabadell.com/g3repository/JUNTA/2019_39_ES_2019_39_ES.PDF

Additionally, the Presentation of the Annual Report on Director Remuneration for 2019 is available on the Bank's website in the section on Corporate Governance and Remuneration Policy; once notice is given of the General Meeting of Shareholders, it will be available in the section entitled Documentation available to the shareholders for the General Meeting of Shareholders 2020.

A.4. Considering the data provided in Section B.4, describe the outcome of the consultative vote at the General Meeting of Shareholders on the previous year's annual report on remuneration.

The Annual Report on Director Remuneration for the reporting year ended 31/12/2018 obtained 96.04% of votes in favour at the General Meeting of Shareholders on 28 March 2019, which shows that the shareholders have a very positive perception of the improvements made to the remuneration policy. In this regard, the Institution will continue working on the continuous improvement of both the remuneration policy and its application, in line with medium-long-term business and social sustainability as well as alignment with Banco Sabadell's stakeholders.

B OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE REPORTING YEAR

B.1. Describe the process used to apply the remuneration policy and to determine the individual remuneration set out in Section C of this report. This information must include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and the role of any external advisers engaged for the process of applying the remuneration policy in the reporting year.

In accordance with the provisions of the Capital Companies Act, the Board of Directors is vested with the non-delegable power to determine the company's general policies and strategies and to make decisions regarding the remuneration of the Directors, within the framework of the Articles of Association and of any Director Remuneration Policy approved by the General Meeting of Shareholders. In a listed company, the function of the Remuneration Committee is to make proposals to the Board of Directors regarding the Director remuneration policy and the individual remuneration and other contractual conditions of the Chairman, the CEO and the Executive Directors, and to oversee compliance. The Remuneration Committee proposed the remuneration policy approved by the Board of Directors in February 2019 and, at the proposal of the latter, by the General Meeting of Shareholders on 28 March 2019.

Each year the Human Resources Division of Banco Sabadell draws up an Annual Report on Remuneration to enable the Remuneration Committee to discharge its duties properly. The report is aimed at providing 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 the Chairman, the CEO and the Executive Directors, the Bank's Senior Management and the other members of the Identified Staff. The Remuneration Committee also received advice from consulting firm Willis Towers Watson in establishing the company's remuneration policy. It also performs a comparative analysis of the remuneration of the Board of Directors, the Executive Directors, the members of Senior Management and other members of the Identified Staff with respect to the market; the last such analysis was conducted in January 2020.

The main activities of the Remuneration Committee in 2019 were as follows:

- It reported favourably to the Board of Directors on the submission to the General Meeting of Shareholders of the overall maximum limit on remuneration for the Board of Directors for 2019.
- It reported favourably to the Board of Directors on the submission to the General Meeting of Shareholders of the maximum limit on variable remuneration for the members of the Identified Staff.
- It issued a favourable report to the Board of Directors on the remuneration proposal for the Chairman, the CEO and the Executive Directors, Senior Management and internal audit, and the fixed remuneration for 2019 for them and for the members of the Identified Staff in the Group and TSB.
- It issued a favourable report to the Board of Directors on the salary review for 2019 in connection with the fixed remuneration for all the Group's employees, as well as on an increase in the total amount of fixed salaries for 2019.
- It issued a favourable report to the Board of Directors as to the amounts of the variable remuneration for 2018 for all the Group employees, the Chairman, the CEO and the Executive Directors, Senior Management, internal audit, and other members of the Group's Identified Staff.
- It issued a favourable report to the Board of Directors on the approval of the targets for the Group and TSB and for the members of the Identified Staff of the Group for 2019.
- It proposed that the Board of Directors adopt the Long-term Remuneration 2019-2021 for the Banco Sabadell Group Identified Staff.
- It reported favourably to the Board of Directors on the approval of the annual and multi-year targets for variable remuneration in 2019 of the Group, and the Identified Staff of the Group and TSB.
- It approved the Group's Variable Remuneration Fund for 2019 and analysed its variation in stressed scenarios.
- It advised the Board of Directors on the Director Remuneration Policy for 2019, 2020 and 2021, which, once approved by the General Meeting of Shareholders, replaced, in all its terms, the one approved on 19 April 2018.
- It reviewed and issued a favourable report to the Board of Directors on Banco Sabadell's remuneration policies, comprising the Remuneration Policy for the Banco Sabadell Group, the Remuneration Policy for Senior Executives, the Remuneration Policy for the Group's Identified Staff, and the Remuneration Policy for Banco Sabadell Spain.
- It analysed, vetted and cleared the information on Director and Senior Management remuneration to be disclosed in the Annual Corporate Governance Report.
- It examined the report that is drafted each year by the Human Resources Division to provide the 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 Chairman, the CEO and the Executive Directors, the Bank's Senior Management and the other members of the Identified Staff.
- It issued a favourable report to the Board of Directors on the content of the Annual Report on Director Remuneration.
- It analysed the degree of attainment of the objectives established for the year 2018, approved the percentages of attainment of the objectives for the Group, for the Chairman, the CEO and the Executive Directors, members of Senior Management and the Audit Manager, as well as for other members of the Group's Identified Staff.
- It examined the report by external consulting firm Mercer on the assessment of remuneration policy and practices, which was commissioned in order to analyse whether Banco Sabadell's remuneration policy and practices conform to the regulators' requirements and recommendations.
- It analysed the reports by consulting firm Willis Towers Watson analysing the competitiveness of the remuneration for Executive Directors, Senior Management and Internal Audit.

At a meeting on 28 March 2019, following the General Meeting of Shareholders, and based on a recommendation by the Appointments Committee, the Board of Directors of Banco Sabadell resolved to appoint Mr. José Ramón Martínez Sufategui, an Independent Director of Banco Sabadell, as a member of the Remuneration Committee, replacing Ms. Maria Teresa Garcia-Milà Lloveras.

Additionally, in accordance with Article 15 of the Board Regulation, the Board Risk Committee is responsible for informing the Remuneration Committee as to whether the 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.

To determine the remuneration for members of the Board of Directors for their status as Directors, and within the limits established in the Director Remuneration Policy approved by the General Meeting of Shareholders on 28 March 2019, the reports on Director remuneration in Spain by KPMG and Spencer Stuart and the remuneration for membership of the Boards and committees of Spain's main financial institutions were considered. A detailed breakdown of these amounts is given in section C.1.a) i).

To determine the remuneration for Chairman, the CEO and the Executive Directors, Senior Management and the members of the Identified Staff, it uses comparative analyses produced by consulting firm Willis Towers Watson.

In connection with the Chairman, the CEO and the Executive Directors' remuneration, the Board of Directors adopted the following decisions:

1. Fixed remuneration

On 31 January 2019, based on a proposal from the Remuneration Committee, the Board of Directors established the following fixed remuneration for the Chairman, the CEO and the Executive Directors in 2019.

In addition to those amounts, the Chairman, the CEO and the Executive Directors collected benefits and remuneration in kind (amounts disclosed under Other in the table in section C.1.a) i)).

2. Short-term variable remuneration

The reference amounts of variable remuneration for the Chairman, the CEO and the Executive Directors in 2019 were established by the Board of Directors at a meeting on 31 January 2019.

At a meeting on 27 January 2020, the Banco Sabadell Board Risk Committee analysed the application of the Risk Correction Factors (RCF). In accordance with the capital and liquidity objectives, metrics, achievement scales and payment curves of the RCF approved by the Board of Directors on 31 January 2019, the Board Risk Committee determined that the thresholds required in the RAS to give entitlement to the entire variable remuneration that corresponds to the fulfilment of the objectives established in this regard had been attained.

Additionally, based on information provided by the Risk Control Division, the Remuneration Committee does not consider it necessary to make any additional individual or collective ex-ante adjustment insofar as:

- The Group and its subsidiary credit institutions attained the MDA (Maximum Distributable Amount) determined by current regulations.
- In accordance with the reports provided by the Compliance, Internal Audit, Finance and Risk Control Divisions, the short-term variable remuneration for 2019 is aligned with risk and control factors such as breaches of standards and regulations, violation of risk limits, RAS (solvency, liquidity) or breach of expected loss thresholds in terms of operational risk) and/or internal control indicators (for example, results of internal audits) or similar items.

Once the degree of attainment of the objectives at Group, unit, country and individual level had been calculated, and it had been determined that no ex-ante adjustments were necessary, the Remuneration Committee determined the variable remuneration to be assigned individually to each of the Chairman, the CEO and the Executive Directors at a meeting on 29 January 2020. At a meeting on 30 January 2020, the Board of Directors approved this degree of attainment of the objectives established at the beginning of 2019.

Those amounts will be paid, in shares and on a deferred basis as described above, subject to malus and clawback clauses on variable remuneration.

3. Long-term remuneration

In relation to the multi-year variable remuneration for the Chairman, the CEO and the Executive Directors, the General Meeting of Shareholders on 30 March 2017 approved, at the proposal of the Board of Directors, the Long-term Supplementary Incentive 2017-2020 for the Chairman, the CEO and the Executive Directors; the General Meeting of Shareholders on 19 April 2018 approved, at the proposal of the Board of Directors, the Long-term Supplementary Incentive 2018-2021 for the Chairman, the CEO and the Executive Directors; at a meeting on 31 January 2019, the Board of Directors, based on a proposal by the Remuneration Committee, approved the long-term remuneration 2019-2021, which conforms to the current director Remuneration Policy approved by the General Meeting of Shareholders on 28 March 2019 for the Chairman, the CEO and the Executive Directors. In connection with the latter remuneration, once the level of attainment of the short-term variable remuneration for 2019 had been attained, the Board of Directors, at a meeting on 30 January 2020, approved the adjusted targets for long-term remuneration 2019-2021, which are dependent upon fulfilment of the multi-year objective in order to become definitive (without prejudice to any applicable ex-post adjustments).

4. Long-term savings systems.

See Section B.9.

B.2. Detail the actions taken by the company in relation to the remuneration system and how they contributed to reducing exposure to excessive risks and adapting it to the company's long-term objectives, values and interests, including a reference to any measures that have been adopted to ensure that the company's long-term results were taken into consideration in setting the remuneration actually earned and that a suitable balance was attained between the fixed and variable components of remuneration, any measures adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and any measures that have been adopted to avoid conflicts of interest.

The short-term variable remuneration for 2019 was subject to the measures to reduce exposure to excessive risks, as described in section A.1 above. Additionally, in connection with the short-term variable remuneration for 2019, section B.1 describes the actions carried out by the Board Risk Committee and the Remuneration Committee in this regard.

B.3. Detail how the remuneration accrued in the year meets the provisions of the current remuneration policy. Also, disclose the relationship between the remuneration obtained by the directors and the company's results or other performance metrics, detailing how any variations in the company's performance influenced changes in director remuneration, including remuneration accrued but deferred, and how they contribute to the company's short- and long-term results.

The remuneration for Directors, as members of the Board of Directors, comprises a fixed amount and an additional amount for membership of Board Committees, conditional upon attendance, and it is not linked to the Institution's earnings.

Since the Chairman, the CEO and the Executive Directors collect variable remuneration, they are affected by the company's earnings in the terms set out below.

1. Short-term variable remuneration

In connection with the Chairman, the CEO and the Executive Directors' variable annual remuneration for their functions, after the year had concluded, the Board of Directors, at a meeting on 30 January 2020, based on a proposal by the Remuneration Committee, determined the level of attainment of the following Group objectives for 2019, with the weightings that had been established at the beginning of the year:

- Return on Equity (ROE) (20%).
- Net banking revenues (20%).
- Group expenses (15%).
- Cost of Risk (10%).
- Transformation (10%).
- Growth in lending to companies (Group synthetic indicator) (10%).
- NPS (Group synthetic indicator) (10%).
- Human capital index (HCI) (5%).

Overall attainment of the Group objectives for 2019 was 86.73%, with attainment of the individual indicators as follows:

- Return on Equity (ROE): 80.70%.
- Net banking revenues: 81.61%.
- Group expenses: 73.51%.
- Cost of Risk: 62.09%.
- Transformation: 112.38%
- Growth in lending to companies (Group synthetic indicator): 87.15%.
- NPS (Group synthetic indicator): 118.94%.
- Human capital index (HCI): 103.89%.

The targets for the Chairman, CEO and Director General Manager coincide 100% with those of the Group. Attainment of their objectives in 2019 was 86.73%.

In the case of the Director Secretary General, the Group objectives are weighted 75% and the other 25% is indexed to attainment of the individual targets related to the performance of her functions. The Director Secretary General attained 92.53% of her objectives.

Since the Chief Risk Officer's functions are related to oversight, 20% of his objectives are linked to the Group's objectives, while 80% are linked to performance of his functions. The Director Chief Risk Officer attained 90.93% of his objectives.

At a meeting on 29 January 2020, the Remuneration Committee determined that the amounts of variable remuneration for 2019 are as follows:

- Chairman: 1,127,490 euros, as a result of applying 86.73% to the objective.
- CEO: 954,030 euros, as a result of applying 86.73% to the objective.
- Director General Manager: 303,555 euros, as a result of applying 86.73% to the objective.
- Director Secretary General: 203,566 euros, as a result of applying 92.53% to the objective.

- Director Chief Risk Officer: 90,930 euros, as a result of applying 90.93% to the target.

Consequently, the following is payable this year: 40% (half in cash and half in Banco Sabadell shares, valued at the closing market price in the last trading session in February 2020):

- Chairman: 225,498 euros in cash and 225,498 euros in Banco Sabadell shares.
- CEO: 190,806 euros in cash and 190,806 euros in Banco Sabadell shares.
- Director General Manager: 60,711 euros in cash and 60,711 euros in Banco Sabadell shares.
- Director Secretary General: 40,713 euros in cash and 40,713 euros in Banco Sabadell shares.
- Director Chief Risk Officer: 18,186 euros in cash and 18,186 euros in Banco Sabadell shares.

The aforementioned shares are subject to a one-year lock-up. Additionally, both the amounts in cash and the shares are subject to the clawback clauses for variable remuneration.

Payment of the following amounts over five years: 60% (45% in cash and 55% in Banco Sabadell shares, valued at the closing market price in the last trading session in February 2020):

- Chairman: 304,422 euros in cash and 372,072 euros in Banco Sabadell shares.
- CEO: 257,588 euros in cash and 314,830 euros in Banco Sabadell shares.
- Director General Manager: 81,960 euros in cash and 100,173 euros in Banco Sabadell shares.
- Director Secretary General: 54,963 euros in cash and 67,177 euros in Banco Sabadell shares.
- Director Chief Risk Officer: 24,551 euros in cash and 30,007 euros in Banco Sabadell shares.

The deferred amounts will be paid in the following five years, one-fifth each year, broken down between cash and shares as indicated earlier. The aforementioned shares are subject to a one-year lock-up.

The deferred amounts are subject to *malus* clauses for variable remuneration. All of the variable remuneration is subject to clawback clauses for variable remuneration.

2. Supplementary Long-term Incentive 2016-2019

The Chairman, the CEO and the Executive Directors were beneficiaries of the Supplementary Long-Term Incentive 2016-2019 (ICLP 2016) linked to the appreciation by the Banco Sabadell share, approved by the General Meeting of Shareholders on 31 March 2016. ICLP 2016 consisted of the assignment of a specific number of rights to the beneficiaries, which included the right to receive the increase in value of the same number of shares of Banco Sabadell over a given period of time based on the reference share price, to be paid in the form of shares of the Bank itself.

The Chairman was assigned 1,600,000 rights to shares; the CEO was assigned 1,400,000 rights to shares; the Director General Manager was assigned 800,000 rights to shares; and the Director Secretary General was assigned 400,000 rights to shares.

The incentive was to be calculated by taking the initial unit value of the shares of Banco Sabadell to be the arithmetic mean, rounded to the third decimal place, of the closing prices of the Banco Sabadell share in the twenty trading sessions preceding the date of the Board of Directors meeting in February 2016, i.e. 1.494 euros.

The final value was taken to be the arithmetic mean, rounded to the third decimal place, of the closing price of the Banco Sabadell share in the first twenty trading sessions of March 2019. That value was 0.942 euros. Consequently, since the final value was lower than the initial value, no incentive payment accrued.

3. Supplementary Long-term Incentive 2017-2020

The conditions applicable to this Incentive, whose measurement period ends in the first twenty trading sessions of March 2020, are described in section A.1 above (see section on long-term remuneration).

4. Supplementary Long-term Incentive 2018-2021

The conditions applicable to this Incentive, whose measurement period ends in the first twenty trading sessions of March 2021 (without prejudice to the multi-year objectives established for 2018, 2019 and 2020), are described in section A.1 above (see section on long-term remuneration).

5. Long-term remuneration 2019-2021

As described in the preceding sections, the long-term remuneration 2019-2021 for the Banco Sabadell Group Identified Staff, approved by the Board of Directors at a meeting on 31 January 2019, based on a proposal by the Remuneration Committee, is linked to the fulfilment of annual and multi-year objectives and establishes a reference amount to be received in the event of attaining 100% of the targets, equivalent to 25% or 30% of the fixed salary, resulting in the following individual allocations:

30% of the fixed salary: Chairman: 510,000 euros; CEO: 405,000 euros.

25% of the fixed salary: Director General Manager: 176,000 euros; Director Secretary General: 125,000 euros and Director Chief Risk Officer: 113,000 euros.

The amount to be assigned is determined by the degree of attainment of the objectives, in the same way as the short-term variable remuneration. Accordingly, taking account of the degree of attainment of the objectives for short-term variable remuneration in 2019 described above, the adjusted amounts subject to multi-year objectives are as follows:

- Chairman: 510,000 euros x 86.73% = 442,323 euros.
- CEO: 405,000 euros x 86.73% = 351,256.50 euros.
- Director General Manager: 176,000 euros x 86.73% = [152,644.80] euros.
- Director Secretary General: 125,000 euros x 92.53% = 115,662.50 euros.
- Director Chief Risk Officer: 113,000 euros x 90.93% = 102,750.90 euros.

Based on those amounts, the multi-year targets determine the amount to be actually received, which may be less (but never more) than the amount assigned on the basis of annual targets. The multi-year performance period covers the years 2019, 2020 and 2021, for which the multi-year objectives described in section A.1 above are established (see section on long-term remuneration).

B.4. 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:

	Number	% of total
Votes cast	3,329,817	61.90

	Number	% of votes cast
Votes against	127,578	3.83
Votes in favour	3,197,825	96.04
Abstentions	4,414	0.13

B.5. Describe how the fixed components of remuneration earned during the year by the directors in their capacity as such were determined, and how they changed with respect to the previous year.

With regard to the remuneration for members of the Board of Directors for their duties as such, as provided by article 85 of the Articles of Association of Banco Sabadell, in 2019 the Board of Directors decided to adapt the remuneration for members of the Board of Directors and Board Committees to market rates, resulting in a total amount of 2,262,400.37 euros, which is lower than the overall maximum amount of 3,000,000 euros that was approved under item 10 on the agenda by the General Meeting of Shareholders on 19 April 2018, which also established that this amount would remain in force in subsequent years until amended by a resolution of the General Meeting. A detailed breakdown of this amount is given in section C.1.a) i).

The Directors' remuneration in 2019 for their functions as members of the Board of Directors consisted of remuneration in which up to 50% is dependent on attendance at Board meetings.

The remuneration envisaged for 2019 was as follows:

- Chairman: 175,650 euros of fixed remuneration and at most 58,000 euros of attendance fees (5,273 euros per meeting).
- Vice-Chairman: 95,250 euros of fixed remuneration and at most 31,750 euros of attendance fees (2,886 euros per meeting).
- Other Directors: 75,000 euros of fixed remuneration and at most 25,000 euros of attendance fees (2,272 euros per meeting).

Additionally, Non-executive Directors collected the following amounts for membership of Board Committees:

- Audit and Control Committee:
 - Chairman: 40,000 euros
 - Members who are Non-executive Directors: 20,000 euros

- Appointments Committee:
 - Chairman: 20,000 euros
 - Members who are Non-executive Directors: 10,000 euros
- Remuneration Committee:
 - Chairman: 40,000 euros
 - Members who are Non-executive Directors: 20,000 euros
- Board Risk Committee:
 - Chairman: 70,000 euros
 - Members who are Non-executive Directors: 20,000 euros
- Delegated Committee: 80,000 euros
- Lead Independent Director: 22,000 euros

The Chair of the Sabadell Guipuzcoano Advisory Board will receive at most 30,600 euros.

The amounts actually received depended on the date of appointment and on attendance.

B.6. Describe how the salaries earned by each of the executive directors in the last year for performing executive functions were determined, and how they changed with respect to the previous year.

The remuneration of the Executive Directors in 2019 was benchmarked against a group of 16 European banks (Crédit Agricole, Groupe Société Générale, Santander, BBVA, Intesa San Paolo, Nordea Bank, Natixis, ABN Amro Group, Caixabank, Skandinaviska Enskilda Banken, KBC Groep, Swedbank, Bankia, Unione di Banche Italiane, Mediobanca and Bankinter), and another domestic set with a peer group consisting of 10 Spanish IBEX-35 companies with a market capitalisation of more than 6,000 million euros (Santander, BBVA, Naturgy, Ferrovial, CaixaBank, Abertis, Amadeus, Bankia, Red Eléctrica, Bankinter), which provides guidance in determining the remuneration mix as well as the competitiveness of the remuneration assigned to them. A sample of domestic banks was used for benchmarking senior executive remuneration. This ensures that the remuneration of Executive Directors and Senior Management is in line with market parameters.

On 31 January 2019, based on a proposal from the Remuneration Committee, the Board of Directors established the following fixed remuneration for Executive Directors for performing executive functions in 2019 within the maximum overall limit established by the General Meeting of Shareholders in the current Director Remuneration Policy:

- Chairman, 1,701,000 euros (this amount has been constant since 2016).
- CEO, 1,350,000 euros (this amount has been constant since 2017).
- Director General Manager, 705,000 euros (this amount has been constant since 2016).
- Director Secretary General, 500,000 euros (this amount has been constant since her appointment)
- Director Chief Risk Officer, 450,000 euros.

In addition to those amounts, the Chairman, the CEO and the Executive Directors collected the following amounts of benefits and remuneration in kind (both listed under Other in the table in section c.1 a)), as detailed below (section B.14):

B.7. Describe and give the main features of the variable components of the remuneration systems earned in the reporting year.

In particular:

- Identify each of the remuneration plans that determined the various types of variable remuneration earned by each of the directors in the reporting year, including information on their scope, approval date, implementation date, the periods of accrual and validity, the criteria used to assess performance and how this affected the establishment of the variable amount that accrued, as well as the measurement criteria that were applied and the period that must elapse in order to be in a position to suitably measure all the applicable conditions and criteria.

In the case of stock options and other financial instruments, the general characteristics of each plan must contain information on the conditions required both to achieve unconditional ownership (vesting) and to exercise such options or financial instruments, including the strike price and exercise period.

- Name and category (executive director, proprietary external director, independent external director and other external director) of each of the directors who are beneficiaries of remunerations systems or plans that include variable remuneration.

- Disclose any accrual or deferral periods that were applied and/or any periods of lock-up/non-disposal for shares or other financial instruments.

1. Short-term variable remuneration

In connection with the Chairman, the CEO and the Executive Directors' short-term variable remuneration for their functions, after the year had concluded, the Board of Directors, at a meeting on 30 January 2020, and based on a proposal by the Remuneration Committee, determined the level of attainment of the objectives, with the respective weightings that had been established at the beginning of the year, as indicated in section B.3.

The amounts of variable remuneration for the Chairman, the CEO and the Executive Directors in 2019 were established by the Board of Directors at a meeting on 31 January 2019.

Based on a proposal by the Remuneration Committee, the Board of Directors, at a meeting on 30 January 2020, determined the amounts of variable remuneration for 2019, which are those set out in section B.3.

Those amounts are subject to deferral and payment in shares as set out above (section B.3).

Those amounts are within the maximum overall amount established by the General Meeting of Shareholders in the Director Remuneration Policy.

2. Long-term remuneration

With regard to long-term multi-year variable remuneration, the Chairman, the CEO and the Executive Directors are beneficiaries of the incentives and remuneration indicated in section B.3, whose amounts are within the maximum overall amount established by the General Meeting of Shareholders in the Director Remuneration Policy.

B.8. Indicate whether any variable components were reduced or clawed back after vesting and being deferred (in the former case) or vesting and being paid (in the latter case), on the basis of data which were subsequently shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the malus or clawback clauses, why they were implemented and the years to which they refer.

None of the cases triggering the malus or clawback clauses applicable in 2019 arose in the year, with the result that those clauses did not have to be applied.

B.9. Describe the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivorship benefits that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is defined-contribution or defined-benefit, the contingencies covered, the conditions for the economic rights to vest for directors, and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

The long-term savings systems are disclosed in section A; the following contributions were made in 2019:

- Defined-contribution group insurance policy for the Board of Directors: the Chairman, with a contribution of 35,047.50 euros, and 1,365,032.34 euros accumulated in total; the Director General Manager, with a contribution of 17,523.75 euros, and 242,436.53 euros accumulated in total.
- Executive group insurance, instrumented in two policies: the CEO, under a defined-benefit policy, with 50% spousal reversion; the contribution was 899,356.77 euros and the accumulated amount is 21,558,296.29 euros.
- Executive group insurance, instrumented in two defined-benefit policies: the Director Secretary General, with a contribution of 701,092.92 euros and an accumulated amount of 1,859,016.66 euros.
- Defined-contribution group insurance policy for executives: Director Chief Risk Officer, with a contribution of 82,718.77 euros and an accumulated amount of 75,958.47 euros.
- Employer Pension Plan Group B (defined contribution): the Chairman, with a contribution of 1,022.99 euros and an accumulated amount of 22,473.23 euros, the CEO, with a contribution of 1,022.99 euros and an accumulated amount of 11,083.58 euros, the Director General Manager, with a contribution of 737.44 euros and an accumulated amount of 10,675.60 euros, and the Director Secretary General, with a contribution of 1,022.99 euros and an accumulated amount of 12,984.44 euros.

B.10 Describe any termination indemnities or other payments arising from early dismissal or early resignation, or from the termination of the contract, in its own terms, that were accrued and/or received by directors during the reporting year.

The Non-executive Directors maintain an organic relationship with Banco Sabadell, they are not under contract to the Bank by virtue of their status as Director, and no indemnities have been agreed upon for the event of termination of their position as Director.

No indemnities or any other type of payment arising from early removal or termination of contract was paid to Chairman, the CEO and the Executive Directors in 2019.

B.11 Indicate whether there were any significant changes in the contracts of persons performing senior management functions, such as executive directors, and, in the event, describe them. Additionally, describe the main conditions of new contracts signed with executive directors during the year, unless already described in Section A.1.

The Director Chief Risk Officer was hired in 2019. His contract includes a clause providing indemnity in the amount of 1 year's gross fixed remuneration for cases of unfair dismissal in the first year of his contract or some limited cases of change of control, and a post-contractual non-competition clause, which enters into force after one year has elapsed since the date of commencement of the contract and expires, at the latest, at the first age of ordinary retirement under the legislation in force at any given time, for a duration of 2 years and for the amount of two years' gross fixed remuneration.

B.12 Describe any supplementary remuneration earned by directors as consideration for services rendered other than those inherent to their position.

None.

B.13 Describe any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, the main features and any amounts that were repaid, as well as any collateral obligations assumed on their behalf.

None.

B.14 Detail any remuneration in kind earned by the directors in the year, briefly indicating the nature of the various salary components.

The Chairman, the CEO and the Executive Directors are beneficiaries of the following remuneration in kind under the same conditions as the rest of the employees or groups of employees who are entitled to each of them:

- Group life insurance policy (applicable to all the Institution's employees).
- Total and permanent disability insurance policy (applicable to all the Institution's employees).
- Employee loans (applicable to all the Institution's employees).

The Executive Directors collected the following amounts of benefits and remuneration in kind (listed under Other in the table in section C.1.a i)):

- Chairman: 30,834 euros in the form of group insurance and benefits (commissary, Christmas hamper, school aid).
- CEO: 8,213 euros in the form of group insurance and benefits (employee loan and Christmas hamper).
- Director General Manager: 391 euros, in the form of benefits (commissary and Christmas hamper).
- Director Secretary General: 10,374 euros, in the form of group insurance, vehicle and benefits (Christmas hamper).
- Director Chief Risk Officer: 2,310 euros, in the form of vehicle and benefits (Christmas hamper).

B.15 Describe any remuneration accrued by directors in the form of payments settled by the listed company with third parties where the director renders services, where such payments are intended to compensate the director's services to the company.

None.

B.16 Describe any other items of remuneration not already disclosed in the preceding sections, regardless of their nature or the group company that made the payment, particularly when this is a related-party transaction or where the payment distorts the picture of the total remuneration earned by the director.

None.

C ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period in 2018
Mr. JOSÉ OLIU CREUS	Executive chairman	From 01/01/2019 to 31/12/2019
Mr. JOSÉ JAVIER ECHENIQUE LANDIRÍBAR	Vice-Chairman-Independent	From 01/01/2019 to 31/12/2019
Mr. JAIME GUARDIOLA ROMOJARO	CEO	From 01/01/2019 to 31/12/2019
Mr. ANTHONY FRANK ELLIOTT BALL	Lead Independent Director	From 01/01/2019 to 31/12/2019
Ms. AURORA CATÁ SALA	Independent director	From 01/01/2019 to 31/12/2019
Mr. PEDRO FONTANA GARCÍA	Independent director	From 01/01/2019 to 31/12/2019
Ms. MARÍA JOSÉ GARCÍA BEATO	Executive director	From 01/01/2019 to 31/12/2019
Ms. MARÍA TERESA GARCÍA-MILÀ LLOVERAS	Other external director	From 01/01/2019 to 31/12/2019
Mr. GEORGE DONALD JOHNSTON	Independent director	From 01/01/2019 to 31/12/2019
Mr. DAVID MARTÍNEZ GUZMÁN	Proprietary director	From 01/01/2019 to 31/12/2019
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Independent director	From 01/01/2019 to 31/12/2019
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	Independent director	From 01/01/2019 to 31/12/2019
Mr. JOSÉ LUIS NEGRO RODRÍGUEZ	Executive director	From 01/01/2019 to 31/12/2019
Mr. MANUEL VALLS MORATÓ	Independent director	From 01/01/2019 to 31/12/2019
Mr. DAVID VEGARA FIGUERAS	Executive director	From 01/01/2019 to 31/12/2019

C.1. Complete the following tables with data on the individual remuneration accrued during the year by each of the directors (including remuneration for performing executive functions).

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	2019 total	2018 total
José Oliu Creus	176	58	0	1,701	530			31	2,496	1,973
Javier Echenique Landiribar	95	32	78					31	236	236
Jaime Guardiola Romojaro	75	25	0	1,350	448			8	1,906	1,465
Anthony Frank Elliott Ball	91	25	24						140	127
Aurora Catá Sala	75	25	60						160	160
Pedro Fontana García	75	25	95						195	128
María José García Beato	75	25	0	500	96			10	706	240
María Teresa García-Milà Lloveras	81	25	55						161	192
George Donald Johnston	75	25	86						186	137
David Martínez Guzmán	75	25	0						100	100
José Manuel Martínez Martínez	75	25	85						185	180
José Ramón Martínez Sufrategui	75	25	29						129	120
José Luis Negro	75	25	0	705	143			0	948	892
Manuel Valls Morató	75	25	60						160	160
David Vegara Figueras	75	25	6	394	43			2	545	185

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Plan name	Financial instruments at the beginning of 2019		Financial instruments granted in 2019		Financial instruments accrued in the year				Instruments vested but not exercised	Financial instruments at 2019 year-end	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euros)	No. of instruments	No. of instruments	No. of equivalent shares
José Oliu Creus	ICLP 2016-2019	1,600,000	337,120	0	0					1,600,000	0	0
	ICLP 2017-2020	1,700,000	1,040,740	0	0					0	1,700,000	1,040,740
	ICLP 2018-2021	1,275,000	461,550	0	0					0	1,275,000	461,550
	RLP 2019 - 2021			231,472	231,472						231,472	231,472
	RV 2019	0	0	568,571	568,571	568,571	568,571	1.051	598	0	0	0
Jaime Guardiola Romojaro	ICLP 2016-2019	1,400,000	294,980	0	0					1,400,000	0	0
	ICLP 2017-2020	1,500,000	918,300	0	0					0	1,500,000	918,300
	ICLP 2018-2021	1,125,000	407,250	0	0					0	1,125,000	407,250
	RLP 2019 - 2021			183,816	183,816						183,816	183,816
	RV 2019	0	0	481,097	481,097	481,097	481,097	1.051	506	0	0	0
Jose Luis Negro Rodriguez	ICLP 2016-2019	800,000	168,560	0	0					800,000	0	0
	ICLP 2017-2020	800,000	489,760	0	0					0	800,000	489,760

Name	Plan name	Financial instruments at the beginning of 2019		Financial instruments granted in 2019		Financial instruments accrued in the year				Instruments vested but not exercised	Financial instruments at 2019 year-end	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euros)	No. of instruments	No. of instruments	No. of equivalent shares
	ICLP 2018-2021	600,000	217,200	0	0					0	600,000	217,200
	RLP 2019 - 2021			79,880	79,880					0	79,880	79,880
	RV 2019	0	0	153,072	153,072	153,072	153,072	1.051	161	0	0	0
María José García Beato	ICLP 2016-2019	400,000	84,280	0	0					400,000	0	0
	ICLP 2017-2020	600,000	367,320	0	0					0	600,000	367,320
	ICLP 2018-2021	720,000	260,640	0	0					0	720,000	260,640
	RLP 2019 - 2021			60,527	60,527						60,527	60,527
	RV 2019	0	0	102,653	102,653	102,653	102,653	1.051	108	0	0	0
David Vegara Figueras	RLP 2019 - 2021			53,770	53,770						53,770	53,770
	RV 2019	0	0	45,850	45,850	45,850	45,850	1.051	48	0	0	0

The shares referred to under Variable Remuneration 2019 (RV 2019) are those that accrued in 2019, both those to be delivered immediately and those to be delivered according to the deferral calendar set out in section B.3 of this Report. The number of shares may vary as a function of the closing price of the Banco de Sabadell, S.A. share in the last trading session of February 2020. The reference value for the shares is the average of the closing prices in the last 20 sessions of December 2019.

iii) Long-term savings systems

	Remuneration from vesting of rights within savings systems
José Olu Creus	0
José Javier Echenique Landiribar	0
Jaime Guardiola Romojaro	0
Anthony Frank Elliott Ball	0
Aurora Catá Sala	0
Pedro Fontana García	0
María José García Beato	0
María Teresa García-Milà Lloveras	0
George Donald Johnston	0
David Martínez Guzmán	0
José Manuel Martínez Martínez	0
José Ramón Martínez Sufrategui	0
José Luis Negro Rodríguez	0
Manuel Valls Morato	0
David Vegara Figueras	0

Name	Contribution by the company in the year (thousand euros)				Total accumulated funds (thousand euros)			
	Saving plans with vested economic rights		Saving plans with unvested economic rights					
	2019	2018	2019	2018	2019		2018	
					Systems with vested economic rights	Systems with unvested economic rights	Systems with vested economic rights	Systems with unvested economic rights
José Olliu Creus	0	0	36	36	0	8,666	0	8,319
Jaime Guardiola Romojaro	0	0	900	762	0	24,112	0	22,471
José Luis Negro Rodríguez	0	0	18	18	0	6,181	0	5,941
María José García Beato	0	0	702	729	0	1,872	0	1,153
David Vegara Figueras	0	0	83		0	76	0	

iv) Details of other items

Name	Description	Remuneration
José Oliu Creus		
José Javier Echenique Landiribar		
Jaime Guardiola Romojaro		
Anthony Frank Elliott Ball		
Aurora Catá Sala		
Pedro Fontana García		
María José García Beato		
María Teresa García-Milà Lloveras		
George Donald Johnston		
David Martínez Guzmán		
José Manuel Martínez Martínez		
José Ramón Martínez Sufrategui		
José Luis Negro Rodríguez		
Manuel Valls Morato		
David Vegara Figueras		

b) Remuneration to the company directors for directorships of other group companies:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	2019 total	2018 total
José Oliu Creus										
José Javier Echenique Landiribar										
Jaime Guardiola Romojaro										
Anthony Frank Elliott Ball										
Aurora Catá Sala										
Pedro Fontana García										
María José García Beato										
María Teresa García-Milà Lloveras										
George Donald Johnston										
David Martínez Guzmán										
José Manuel Martínez Martínez										
José Ramón Martínez Sufrategui										
José Luis Negro Rodríguez										
Manuel Valls Morato										
David Vegara Figueras										

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Plan name	Financial instruments at the beginning of 2018		Financial instruments granted in 2019		Financial instruments accrued in the year				Instruments vested but not exercised	Financial instruments at 2019 year-end	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit on shares or instrument	No. of instruments	No. of instruments	No. of equivalent shares
José Oliu Creus		0	0	0	0	0	0	0	0	0	0	0
Jaime Guardiola Romojaro		0	0	0	0	0	0	0	0	0	0	0
José Luis Negro Rodríguez		0	0	0	0	0	0	0	0	0	0	0
María José García Beato		0	0	0	0	0	0	0	0	0	0	0
David Vegara Figueras		0	0	0	0	0	0	0	0	0	0	0

iii) Long-term savings systems

	Remuneration from vesting of rights within savings systems
José Oliu Creus	
José Javier Echenique Landiribar	
Jaime Guardiola Romojaro	
Anthony Frank Elliott Ball	
Aurora Catá Sala	
Pedro Fontana García	
María José García Beato	
María Teresa García-Milà Lloveras	
George Donald Johnston	
David Martínez Guzmán	
José Manuel Martínez Martínez	
José Ramón Martínez Sufrategui	
José Luis Negro Rodríguez	
Manuel Valls Morato	
David Vegara Figueras	

Name	Contribution by the company in the year (thousand euros)				Total accumulated funds (thousand euros)			
	Saving plans with vested economic rights		Saving plans with unvested economic rights		2019		2018	
	2019	2018	2019	2018	Systems with vested economic rights	Systems with unvested economic rights	Systems with vested rights	Systems with unvested rights
	José Oliu Creus	0	0	0	0	0	0	0
Jaime Guardiola Romojaro	0	0	0	0	0	0	0	0
José Luis Negro Rodríguez	0	0	0	0	0	0	0	0
María José García Beato	0	0	0	0	0	0	0	0
David Vegara Figueras	0	0	0	0	0	0	0	0

iv) Details of other items

Name	Descriptio	Remuneration
José Oliu Creus	---	
José Javier Echenique Landiribar	---	
Jaime Guardiola Romojaro	---	
Anthony Frank Elliott Ball	---	
Aurora Catá Sala	---	
Pedro Fontana García	---	
María José García Beato	---	
María Teresa García-Milà Lloveras	---	
George Donald Johnston	---	
David Martínez Guzmán	---	
José Manuel Martínez Martínez	---	
José Ramón Martínez Sufrategui	---	
José Luis Negro Rodríguez	---	
Manuel Valls Morato	---	
David Vegara Figueras	---	

c) Summary of remuneration (thousand euros):

Summarise the amounts corresponding to all the remuneration items included in this report that have accrued to the director, in thousand euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies				
	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration under savings systems	Remuneration under other headings	2019 total - Company	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration under savings systems	Remuneration under other headings	2018 total-Group
José Oliu Creus	2,496	598			3,094					
José Javier Echenique Landiribar	236				236					
Jaime Guardiola Romojaro	1,906	506			2,412					
Anthony Frank Elliott Ball	140				140					
Aurora Catá Sala	160				160					
Pedro Fontana García	195				195					
María José García Beato	706	108			814					
María Teresa García-Milà Lloveras	161				161					
George Donald Johnston	186				186					
David Martínez Guzmán	100				100					
José Manuel Martínez Martínez	185				185					
José Ramón Martínez Sufrategui	129				129					
José Luis Negro Rodríguez	948	161			1,109					
Manuel Valls Morato	160				160					
David Vegara Figueras	545	48			593					
Total	8,253	1,421			9,674					