



NATIONAL SECURITIES MARKET COMMISSION

Pursuant to article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and article 228 of the restated text of the Securities Market Law approved by the Royal Legislative Decree 4/2015, of 23 October (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*), Banco de Sabadell, S.A. (Banco Sabadell), informs the National Securities Market Commission (*Comisión Nacional del Mercado de Valores –CNMV–*) the following

RELEVANT FACT

Today Banco Sabadell has agreed to carry out an issue of perpetual preferred securities contingently convertible to newly issued ordinary shares of Banco Sabadell (the Preferred Securities) for a nominal value of €750 million. In the issue, pre-emption rights would be disapplied and provision made for undersubscription.

The Preferred Securities are perpetual, but they may be converted to newly issued ordinary shares of Banco Sabadell if the common equity Tier 1 (CET1) ratio of Banco Sabadell or its consolidated group falls below 5.125%. CET1 ratios are calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The conversion price of the Preferred Securities would be the highest of (i) the average of the daily volume weighted average price of an ordinary share of Banco Sabadell on each of the five consecutive dealing days ending on the dealing date immediately preceding the date on which the conversion event is announced, (ii) €1.221 (the Floor Price), and (iii) the nominal value of an ordinary share of Banco Sabadell at the time of conversion (as of today, the nominal value of an ordinary share is €0.125). The Preferred Securities' remuneration, whose payment is subject to certain conditions and to the discretion of Banco Sabadell, has been set at 6.5% per annum (payable quarterly) for the first 5 years, being reviewed thereafter every five years.

The Preferred Securities, subject to the approval of the European Central Bank, will be accounted for as Additional Tier 1 Capital.

Sincerely,

María José García Beato
Deputy Secretary of the Board of Directors

Barcelona, 5 May 2017



IMPORTANT INFORMATION

This material fact does not constitute an offer to sell, or the solicitation of an offer to buy any securities, nor shall there be any sale of such securities in any state of the United States or in another jurisdiction in which such offer, solicitation or sale would not be permitted before registration or qualification under the securities laws of such state or jurisdiction. The Preferred Securities described above have not been registered under the U.S. Securities Act of 1933, as amended, or any applicable securities laws of any other jurisdiction. Unless so registered, such Preferred Securities may not be offered or sold in the United States or any other jurisdiction except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, and any applicable securities laws of such other jurisdiction.

As included in the documentation related to the offer of the Preferred Securities, other restrictions apply in certain jurisdictions, such as the United Kingdom and Spain.

Restrictions on Marketing and Sales to Retail Investors

The Preferred Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time) (the PI Rules) other than in circumstances that do not and will not give rise to a contravention of those rules by any person.