

**UNICAJA BANCO, S.A.**  
**AUDIT AND REGULATORY COMPLIANCE**  
**COMMITTEE REGULATIONS**

**Approved by the Board of Directors in  
the meeting held on 21 February 2018.**



These Audit and Regulatory Compliance Committee Regulations were approved by the Board of Directors of Unicaja Banco, S.A. on 21 February 2018. These regulations develop the provisions of the By-laws and of the Board of Directors Regulations, and they incorporate, following the recommendations thereof, the principles of the Technical Guide 3/2017, of 27 June, of the National Securities Market Commission (CNMV, *Comisión Nacional del Mercado de Valores*), on audit committees at public-interest entities.

### **Article 1. Composition**

The Audit and Regulatory Compliance Committee (hereinafter, the *Committee*) will be composed of a minimum of three and a maximum of five Directors, appointed for a period not exceeding their term of office as Directors and notwithstanding with the possibility to be re-elected for indefinite term, as long as they are re-elected as Directors.

All the Committee members will be non-executive Directors and the majority of them and, in any case, the Chair will be independent Directors.

The Board of Directors will appoint the members of the Committee and also, for a period not exceeding four years, a Committee Chair. The Directors who have exercised the position of Chair shall not be able to hold the said position again in the year following the end of his/her term of office.

The Board of Directors will also appoint a Committee Secretary, who may or not be a Committee member and who will assist the Chair.

### **Article 2. Requirements for the appointment of Committee's members**

The Committee members Committee and, especially, its Chair will be appointed taking into account their knowledge and expertise in the areas of accounting, auditing, or risk management.

Efforts will be made to favour diversity in its composition, in particular with regard to gender, professional experience, fields of expertise and knowledge, as well as efforts for the Committee members, as a whole, to meet the required knowledge and experience for the proper performance of their functions and, in particular, knowledge and experience in accounting, auditing, finances, risk control and management, business, financial regulations, regulatory compliance, and at least of them should have experience in information technologies.

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The Committee may set criteria for the appointment of its members, which will have to be assessed by the Board of Directors upon their appointment.

The Committee will coordinate with the Appointments Committee, for the Directors' training plan to include, when applicable, a specific section ensuring that expertise is updated as to new developments in the areas which are the subject of the functions that it performs.

The new Committee members will receive a welcome dossier providing a view of the Institution's business and organization model.

The members of the Audit and Regulatory Compliance Committee and, especially, its Chair, must be in a position to dedicate sufficient time to the performance of their duties.

### **Article 3. Rules of procedure**

The Committee will meet at least quarterly and, additionally, as often as called by its Chair, when he/she deems it necessary, or when requested by agreement of the Committee itself or at the request of two of its members.

In any case, the Committee will meet on the occasion of each annual or interim financial reporting date. The heads of the financial information function and of the internal audit function shall attend those meetings and, if any review report is issued, the statutory auditor will also be present. At least a part of those meetings must be held without the presence of the Institution's Senior Management.

Without prejudice to that established in the previous paragraph, other persons –both from the Institution or external- different from its members may attend the meetings if invited by the Committee Chair, and only to address those items on the agenda for which they may be called.

The notice of the meetings will be communicated at least two working days prior to the scheduled meeting day. The Committee Chair will arrange for all the Committee members to receive the necessary documentation and information with time enough for them analyse them prior to the meetings.

The Secretary, or the person who develops his/her duties, will draw up the minutes of each meeting, which will be signed by him/her and by the Committee Chair. The minutes will be at the disposal of all the members of the Board of Directors.

#### **Article 4. Responsibilities and functions**

The Committee will carry out, in an independent manner, all the functions established for that body in the laws in force, in the Institution's By-laws and in the Board of Directors Regulations, giving support to the Board of Directors in its oversight duties via the regular review of the process of preparation of financial and economic information and of non-financial information, of the internal audit and regulatory compliance functions and of the independence of the statutory auditor.

In the performance of those responsibilities, the Committee members shall maintain a sceptical attitude, properly questioning the data, assessment processes and preliminary conclusions reached by the Institution's executive Directors and Senior Managers.

The Committee Chair shall ensure that all its members take part freely in the discussions, unaffected by internal or third-party pressures, and shall foster constructive dialogue among them, encouraging them to speak freely and take a critical approach.

Without prejudice to the functions provided for in the Law, By-laws and the Board of Directors Regulations, the Committee will have the following functions:

- (a) With regard to information and internal control systems:
  - (i) Continuously oversee the process of preparation and presentation of the financial information related to the Institutions and its Group, as well as its integrity. This oversight function may be performed on an ad hoc basis at the request of the Board of Directors.
  - (ii) Oversee compliance with the regulatory requirements, the adequate delimitation of the scope of consolidation and the correct application of accounting principles, presenting, if applicable, recommendations or proposals to the Board aimed at ensuring the integrity of the financial information.
  - (iii) Oversee, analyse and comment with the senior management, internal auditor or, when applicable, statutory auditor, the financial information that the Company must disclose regularly or must submit to the regulatory or supervisory bodies, in order to confirm that the said information is reliable, easy to understand, relevant and that the accounting principles of the annual accounts have been followed and, to that aim, to consider the convenience of a limited review of the statutory

- auditors, to inform the Board of Directors prior to its approval or preparation.
- (iv) Oversee the effectiveness of the Financial Information Internal Control System (FIICS). This includes receiving reports from the heads of internal control and internal audit and also reaching conclusions on the confidence and reliability levels of the system, with proposals of improvement actions.
  - (v) Oversee the operation of the mechanism (Compliance Channel) implemented to allow the employees, among others, to report in full confidentiality those irregularities –especially of rules of conduct, financial and accounting- of potential transcendence that they notice within the Institution, and to propose the appropriate actions to improve its operation and to reduce the risk of potential irregularities in the future.
  - (vi) Check that the financial information published on the Institution’s corporate website is permanently updated and matches the information prepared by the Institution’s Board of Directors and published, when applicable, on the website of the CNMV.
  - (vii) Inform the Board of Directors in advance about all the topics established by the law, By-laws, Board of Directors Regulations or Committee Regulation and, in particular, about the financial information that the Institution must disclose regularly, the creation or acquisition of shares in special-purpose entities or domiciled in countries or territories considered as tax havens.
  - (viii) Maintain, through its Chairman, an ongoing dialogue with the responsible for the financial information function.
- (b) With regard to the internal auditor:
- (i) Preserve the independence of the unit which assumes the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; ensure that the profiles of the internal audit staff are suitable and that they can perform their work with objectivity and independence.
  - (ii) Assess and approve annually the action plan of the internal audit function, which identifies the audit goals and the works to

be performed, verifying that the said plan considers the main financial and non-financial business risk areas; setting and identifying its responsibilities, functions and resources so as to ensure that they are suitable for the real needs of the Institution and for the risks it has to face. It will also receive regular information about the activities of the function.

- (iii) Verify that the Senior Management takes into account the conclusions and recommendations of its reports.
- (c) With regard to the statutory auditor:
- (i) Submit to the Board, for it to be then submitted to the General Meeting of Shareholders, the proposals to select, appoint, re-elect or replace the statutory auditor, being responsible for the selection process, as well as for terms of engagement, and to get regularly from the statutory auditor information on the audit plan and its implementation, in addition to preserve its independence in the exercise of its functions.
  - (ii) Define a procedure for the selection of the statutory auditor including the criteria or parameters to be considered.
  - (iii) Establish the appropriate relations with the statutory auditor to receive information about those issues which may threaten its independence, for them to be analysed by the Committee, and about any other issue related to the development of the accounts auditing and, when applicable, to authorize the provision of services by the auditor other than those prohibited, under the terms set in the applicable regulations, as well as to receive those communications provided for in the accounts audit legislation and regulations. In any case, the statutory auditors shall provide on an annual basis:
    - i) written statement of their independence with regard to the Institutions or to institutions directly or indirectly related to it;
    - ii) detailed and individualized information on additional services of any kind provided to these institutions by the said auditor, or by persons or institutions related to it in accordance with that established in the regulations on the activity of accounts auditing.

- (iv) Issue, on an annual basis, prior to the accounts audit report being issued, a report expressing an opinion on whether the statutory auditor's independence is compromised. This report must contain, in any event, a reasoned assessment of the provision of each of the additional services referred to in the preceding paragraph.
  - (v) In case of resignation of the statutory auditor, examine the circumstances leading to it.
  - (vi) Ensure that the remuneration of the statutory auditor's work does not compromise its quality or its independence.
  - (vii) Discuss with the statutory auditor the significant weaknesses of the internal control system detected during the audit, without breaking its independence, and submitting, when appropriate, recommendations or proposals to the Board of Directors, along with the corresponding monitoring terms.
  - (viii) Oversee that the Company notifies as relevant fact (*hecho relevante*) to the CNMV the replacement of the auditor and that it submits a statement on the eventual existence of disagreements with the leaving auditor and, if there were any, to include its contents.
  - (ix) Ensure that the statutory auditor has an annual a meeting with the Board of Directors in full to inform them of the work undertaken and of the assessment of the Institution's accounting and risk situation.
  - (x) Ensure that the Institution and the statutory auditor respect the regulations in force on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, all the regulations concerning auditors independence.
- (d) With regard to compliance with corporate governance rules:
- (i) Oversight of compliance with the internal codes of conduct and with the Company's corporate governance rules.
  - (ii) Oversight of the relation and communication strategy with shareholders and investors, including small and medium shareholders.



- (iii) Periodic assessment of the suitability of the Institution's corporate governance system, for it to fulfil its mission of promoting the corporate interest and to take into account, as corresponding, the legitimate interests of the other stakeholders.
  - (iv) Review of the Institution's corporate social responsibility policy, arranging for it to be focused on the creation of value.
  - (v) Monitoring the corporate social responsibility strategy and practices, and the assessment of its degree of achievement.
  - (vi) Oversight and assessment of the processes of relations with the different stakeholders.
  - (vii) Assessment of all those matters related to the Company's non-financial risks –including operational, technology, legal, social, environmental, political and reputational risks-.
  - (viii) Coordination of the process of reporting non-financial information and information on diversity, according to the applicable regulations and to the international standards of reference.
  - (ix) Inform the Board of Directors, in advance, of the transactions that the Company enters into with Directors, Senior Managers, significant shareholders or shareholders represented at the Board, or with persons related to them (“related-party transactions”) in accordance with that established in the applicable regulations, in the By-laws, in the Board of Directors Regulations and in the “Policy for the identification and management of conflicts of interest and of related-party transactions of directors, significant shareholders and senior managers”. To that aim, it may request reports from experts when deemed necessary.
- (e) With regard to regulatory compliance:
- (i) Arrange for compliance with the applicable national or international regulations on issues related to money laundering prevention, conduct in securities markets, personal data protection and criminal risk prevention, among others, carrying

out a monitoring of the main legal risks applicable to the Institution in those matters under its remit.

- (ii) Know the degree of regulatory compliance by the different units and departments of the Institution, as well as the corrective measures recommended by the internal audit in previous actions, informing the Board in those cases which may entail a significant risk for the Company.
  - (iii) Review the drafts of ethical and conduct codes and their respective amendments, which may have been prepared, and to issue an opinion prior to the submission of proposals to the Board of Directors.
  - (iv) Oversee compliance with the Internal Rules of Conduct in Securities Market and the development of the functions assigned to the Regulatory Compliance Directorate, and to be aware of the reports and proposals sent by the said Directorate.
  - (v) Approve the annual work plan of the regulatory compliance function and the report or annual report of activities, to receive regular information on its activities, to reply to the information requests and to check that the senior management takes into account the conclusions and recommendations of its reports.
- (f) With regard to structural and corporate modification transactions that the Institutions plans to carry out, the Committee shall be informed of them, so that it can analyse the transaction and report to the Board of Directors beforehand on its economic conditions and accounting impact and especially, when applicable, the proposed exchange ratio.

## **Article 5. Resources**

The Committee shall have sufficient resources to perform its role. For the treatment of certain more complex issues, the Committee may request advice, legal opinions or reports from external experts, in accordance with the available economic resources.

The Institution's Board of Directors and Senior Management shall be responsible for the Committee to have access to the Institution's information in an adequate, timely and sufficient manner.

The Committee is entitled to call any employee or officer of the Institution, who will have the duty to cooperate with the Committee and to provide all the information needed for the performance of its functions.

#### **Article 6. Interaction of the Committee with executive Directors, Board of Directors and General Meeting of Shareholders**

For the adequate compliance with its functions, the Audit and Regulatory Compliance Committee shall communicate regularly, usually through its Chair, among others:

- With the executive Directors, individually or jointly.
- With the Board of Directors, informing, in the first meeting of the Board following each Committee meeting, of the topics addressed and the resolutions adopted.

If so required, the Committee will inform the General Meeting of Shareholders of the questions raised within its remit and, in particular, of the result of the annual accounts audit, explaining how it has contributed to the completeness of the financial information and the function performed by the Committee in this process.

#### **Article 7. Rules on communication with the Senior Management, with the audit and regulatory compliance functions and with the statutory auditor**

For the adequate performance of its functions, the Committee must establish an effective and regular communication channel with its usual interlocutors, mainly including, among others:

- a) The Institution's Senior Management, especially with the General Directorates and the Corporate Directorates.
- b) The heads of the internal audit and regulatory compliance functions.
- c) The statutory auditor. The relations of the Board with the statutory auditor will be conducted through the Committee. The communication between the Committee and the statutory auditor must be fluent and continuous. The Committee will gather regularly, from the statutory auditor, information on the audit plan, its implementation and any other subjects related to the process of account auditing.

Without prejudice to the above, the communication of the Committee with the statutory auditor must respect the principle of independence and the latter's

duty not to participate in any way in the Institution management or in the decision-making of its bodies, including the Committee.

Upon completion of the audit, the Committee must review with the statutory auditor the main findings of the audit work, as well as the contents of the audit report and the additional report for the Committee.

## **Article 8. Committee Assessments**

### *Assessment of the operation of the internal audit and regulatory compliance functions and the performance of their heads*

The Committee shall overview the internal audit and regulatory compliance functions and the performance of their heads. The heads of these functions shall present the Committee their annual work plan, shall report directly the incidences in their implementation and shall submit at the end of each financial year an activity report. For the purposes of assessment, the Committee may seek the opinion of other Board Committees and of the Institution's executive management.

The assessment conclusions shall be communicated to their heads and must be duly taken into account by the Institution when determining, if applicable, the variable components of remuneration, without prejudice to the necessary intervention of other Board Committees, such as the Remunerations Committee, and the Board of Directors itself.

With regard to the annual work plans, the Committee shall check that the main business risk areas –financial and non-financial- have been considered, and that their responsibilities have been clearly identified and delimited, for the purposes of proper coordination with other functions of the Institution.

### *Assessment of the statutory auditor's performance*

The Committee, upon completion of the auditing, must carry out a final assessment of the auditor's performance and how it has contributed to the audit quality and to the integrity of the financial information. If, after the said assessment, the Committee considers that there are some concerning or unresolved issues on the audit quality, it will inform the Board of Directors and, if deemed appropriate, to the supervisory authorities.

#### *Assessment of the Committee's performance*

The Committee shall assess its own performance annually, in an autonomous manner, to reinforce its operation and improve planning for the following financial years. The Board of Directors shall be informed of the assessed aspects and outcome, for them to be taken into account in the annual assessment of the Committee to be made by the Board.

The annual report on the Committee activity shall include the extent to which the assessment has resulted in significant changes to its internal organization and procedures.

### **Article 9. Reports to be issued**

#### *Annual report to the Board of Directors*

The Committee shall submit to the Board of Directors, annually, a report on its operation.

#### *Report on the statutory auditor's independence*

The Committee shall issue, annually, a report on the auditor's independence, prior to the issue of the accounts audit report.

#### *Report on related-party transactions*

The Committee shall issue, annually, a report on related-party transactions.

The Reports referred to in this article shall be publicly disclosed not later than the date on which notice of Annual General Meeting of Shareholders is published.

### **Article 10. Review of the Audit and Regulatory Committee's Regulations**

These present Regulations shall be reviewed periodically by the Committee itself, and it will submit to the Board, if any, the amendment proposals that it deems appropriate as a consequence of possible regulatory changes, guides and recommendation on sectorial practices or corporate governance, of the Committee operation or of the Institution's structure, inter alia.

The amendment of these Regulations, pursuant to the proposals presented by the Committee, falls within the remit of the Board of Directors.

#### **Article 11. Disclosure**

These present Regulations shall be published on the Company's corporate website, for them to be available to shareholders, investors, regulators and other interested parties.