

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

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### **ISSUER IDENTIFICATION**

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Financial year end date: 31/12/2018

C.I.F (Tax ID Code): A93139053

Registered name:

**UNICAJA BANCO, S.A.**

Registered address:

AV. Andalucía, No. 10-12 (Málaga)

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## **A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT YEAR**

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**A.1.** Explain the director remuneration policy currently in force and applicable in the current financial year. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Meeting of Shareholders, provided that these references are clear, specific and concrete.

A description must be given of the specific determinations for the current financial year, regarding both the remuneration of directors in their capacity as such and for the performance of executive functions, which the Board may have made in accordance with the contracts signed with executive directors and with the remuneration policy approved by the General Meeting.

In any case, at least the following should be included:

- A description of the procedures and company bodies involved in the determination and approval of the remuneration policy and its terms and conditions.
- An indication and, where applicable, an explanation of whether comparable companies have been taken into account in order to set the company's remuneration policy.
- Information on whether any external advisors have participated in this process and, where applicable, their identity.

The Remuneration Policy for Directors (hereinafter, the Remuneration Policy or the Policy) of Unicaja Banco, S.A. (hereinafter Unicaja Banco, the Company or the Institution) intends to encourage a sound and effective risk management which, while promoting the effective development of the Company's corporate management, does not entail an excessive risk assumption. The Policy currently in force was approved by the Annual General Meeting of Shareholders held on 27 April 2018, for the years 2018, 2019 and 2020.

On the other hand, the Board of Directors of Unicaja Banco, with the favourable reports from the Remuneration and Risk Committees, approved in December 2016 the 'Remuneration Policy Associated to Risk Management'. The final purpose of this Policy is to apply the requirements on remunerations to the members of the Board of Directors, both executive and non-executive, to the senior management and to the staff categories at Unicaja Banco whose professional activities have a significant impact on its risk profile, at a group, parent company and subsidiary level (all of them, the "Identified Group").

The "General Scheme of Incentives of Unicaja Banco" was updated in December 2017, with effect from the year 2018. The Scheme includes those aspects to be considered when configuring the variable remuneration systems existing in the Institution, applicable to the Incentive Scheme for Executive Directors of Unicaja Banca.

The Remuneration Policy is adapted to the regulations in force and, in particular, to the remuneration systems of Credit Institutions. The guiding principles of the Remuneration Policy applicable to the current year are stated in its section two, and are the following:

- Internal equity and competitiveness. The remuneration system will work to ensure that the internal equity and competitiveness targets are achieved.
- Flexibility. Within the framework of the principles set in the Policy, mechanisms applicable to specific situations are included, without undermining their explicit and transparent nature.
- Transparency and simplicity. The remuneration system will be explicit and will foster its transparency. It will also be characterized by clarity in its wording and by simplification in its instrumentation.
- Supervision. The Policy will be periodically reviewed with regard to its general principles and its correct application.
- Proportionality. The Policy and its practical application shall adapt to the principle of proportionality. The Company's size, internal organization, nature, scope and complexity shall be taken into account for the purposes thereof.

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Article 29 of the Bylaws sets that the position of director is remunerated and it regulates the remuneration structure of Unicaja Banco's Directors. The said structure is further developed by means of the Remuneration Policy and covers all directors -executive and non-executive- holding office during all or part of the business years during which the said Policy is in force (2018-2020).

The remuneration of Directors in their capacity as such shall consist of a fixed salary and per diem payments for attendance at the meetings of the Board of Directors and its Committees. The General Meeting of Shareholders shall approve the maximum amount of remuneration the whole of directors in their capacity as such, and that maximum amount shall be in force until an amendment is approved.

The Board of Directors, subject to the limits and conditions established in the Remuneration Policy, shall determine the distribution of the said amount and shall set the remuneration of the different Directors, taking into account the functions and responsibilities assigned to each Director and other objective circumstances that it may consider relevant.

The Annual General Meeting of Directors held on 27 April 2018 set the maximum annual amount to be received by the whole of directors in their capacity as such in €950,000 gross, amount to be updated for the year 2019 and successive years, in accordance with the percentage of salary review set in the collective agreement applicable to the Company's employees.

With regard to the remuneration of the executive directors (Executive Chairman and CEO), for the performance of executive functions, for the year 2019, the remuneration concepts and amounts set in section 3.3.2 of the Remuneration Policy will be applicable, updated –both for the fixed and variable part- in accordance with the percentage of salary review set in the collective agreement applicable to the Company's employees.

Therefore, together with the fixed remuneration corresponding to the directors in their capacity as such, executive directors will be entitled to receive remuneration composed by:

1. A fixed part, adequate to the services and responsibilities assumed.
2. A variable part, correlated to indicators of the company performance.
3. A welfare scheme, including the appropriate social security and insurance schemes.
4. Compensation in case of separation or any other way of termination of the legal relationship with the Company due to circumstances not applicable to the Director.

The mentioned conditions for the current Executive Chairman and the CEO will be applicable to other people who may occupy those positions, unless amended by the General Meeting.

Continues in section D.

- Relative significance of the variable remuneration items as compared to fixed items (remuneration mix) and criteria and objectives followed in its determination and to guarantee a suitable balance between the fixed and variable remuneration components. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to adapt it to the company's long-term objectives, values and interests, which will include, where applicable, a reference to the planned measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures taken in relation to those categories of staff whose professional activities have a material impact on the company's risk profile and the measures taken to avoid conflicts of interest, where applicable.

Furthermore, indicate whether the company has established any period for the accrual or consolidation of certain variable remuneration components, in cash, shares or other financial instruments, a deferral period in the payment of amounts or the delivery of

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accrued and consolidated financial instruments, or if any clause exists reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

The remuneration scheme applicable in the Company to the members of the Board of Directors, as well as to those staff categories whose activities have a significant impact on the Group's risk profile (risk takers), will be guided by the following principles:

- a. It will promote -and it will be compatible with- a sound and efficient risk management, and it will not offer incentives for taking risks which exceed the level tolerated by the Company.
- b. It will be compatible with the corporate strategy, the objectives, the values and the long-term interests of the Company and it will avoid conflicts of interest.
- c. With regard to executive Directors, it will maintain, when applicable, a balanced and efficient ratio between variable remuneration and fixed components. In particular, the latter shall constitute a sufficiently relevant amount of total remuneration.
- d. It will differentiate clearly the criteria to set the different components of overall remuneration, which will respond, in general, to the following parameters:
  - o Fixed component: it shall reflect mainly the relevant professional experience, dedication and organizational responsibility.
  - o Variable component: variable remuneration, when its accrual and pay-out is foreseen, must reflect a performance in excess of that required to comply with the description of functions as part of the performance conditions. Where remuneration is linked to results, the right to receive it and its total amount shall be based, in any case, on objective indicators.
- e. Up to 100% of the overall variable remuneration shall be subject to malus and clawback arrangements.

This way, the overall variable remuneration shall be eliminated or shall decrease considerably when there is a negative –or poor- financial performance of Unicaja Banco, taking into account both the current remuneration and the reductions in the pay out of previously accrued amounts, if any, through malus or clawback arrangements. In this sense, up to 100% of the overall variable remuneration shall be subject to malus clauses when there is a poor financial performance, either of the Company as a whole or of any specific Direction or Unit, whose action is relevant in the terms established in the corresponding variable remuneration plan.

Additionally, the variable remuneration already paid shall be subject to clawback if, during the term set in the corresponding variable remuneration plan, there is a poor financial performance in the terms stated in the preceding paragraph, directly attributable to the Director, as well as in the cases of fraud or other willful misconduct or serious negligence which may cause significant losses.

- f. The incentive systems shall respond, in any case, to the criterion of graduation of the amount of variable remuneration amount. In this sense, the variable component of remuneration:
  - o Shall not limit the Company's capacity to strengthen the soundness of its capital base.
  - o Shall be related to the professional performance of its beneficiaries and shall not derive only from the general evolution of markets or the financial system, or other similar circumstances.
  - o Shall take into account the possible qualifications that may appear in the external auditor's report and reduce or may reduce the Company's result.
  - o Shall be eliminated or shall decrease significantly in case of negative behaviour of the Company's results or of its capital ratios, both in relation to previous financial

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years or to those of peer institutions, or a negative behaviour of other parameters, such as the degree of achievement of the objectives set.

- In any case, the payment of any variable remuneration shall be subject to compliance with the capital requirements and supervisory requirements, in particular, to those related to the Maximum Distributable Amount (MDA).
- Shall not allow the use of personal hedging strategies, or insurance related to remuneration and responsibility, which may undermine the risk alignment effects embedded in remuneration systems.
- The reception of a substantial part of variable remuneration shall be deferred for a certain time period, taking into account the economic cycle, the nature of business and its risks. Specifically, at least 40% of the variable remuneration accrued in each financial year by the Executive Directors shall be deferred for a period ranging from three to five years, and shall be subject to ex post adjustments for results and evolution of the Company's risk, capital and liquidity in the period where they come from. Deferred remuneration shall be paid during the deferral years in a pro-rata manner, so that the remuneration payable under deferral provisions is not received faster than in a proportional manner.
- At least 50% of variable remuneration -deferred or not- shall be paid by the delivery of shares (in treasury shares) or other instruments of the Company.
- The delivery of shares as part of the variable remuneration system of Executive Directors is subject to approval by the General Meeting of Shareholders.

The Board of Directors of Unicaja Banco has approved an Incentive System for Executive Directors for the year 2019, under which the CEO is the only Executive Director with a variable remuneration plan. This system of incentives is applicable to the Chairman only for the purposes of determining, within the long-term savings scheme, the part that has the consideration of discretionary pension benefits.

The main features of the Incentive System for Executive Directors are detailed later (Section A.1 - 6).

- Amount and nature of the fixed components that are expected to accrue for directors in their capacity as such during the financial year.

As it has been said, Article 29 of the Corporate Bylaws sets that the position of director is remunerated and establishes the remuneration scheme of Unicaja Banco's Directors. In particular, section 2 of the said article, establishes that the remuneration of directors in their capacity as such shall consist of a fixed salary and per diem payments for attendance at the meetings of the Board of Directors and its Committees.

The maximum amount of the annual remuneration for the whole of Directors in their capacity as such must be approved by the General Meeting of Shareholders and will be in force until amended.

At the General Meeting held on 27 April 2018, this maximum amount was set in €950,000 gross, amount to be updated for the year 2019 and successive, in accordance with the percentage of salary review set in the collective agreement applicable to the Company's employees, currently under negotiation. In any case, the fixed salary will be €45,000 gross per year.

In particular, for the current year 2019, in accordance with the Policy in force for the period 2018-2020 and with the resolution adopted on 11 May 2018, the remuneration of Directors in their capacity as such will be:

- Fixed remuneration for positions:
  - Member of the Board of Directors: €45,000 gross per year
  - Deputy Chairman: €15,000 gross per year
  - Leading Director: €15,000 gross per year
  - Secretary of the Board: €12,500 gross per year
  - Chair of a Committee: €10,000 gross per year
  - Secretary of a Committee: €7,500 gross per year

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- Allowance for attendance at meetings of the Board or Committees: €700 per meeting
  - Amount and nature of fixed components to be accrued during the financial year for the performance of senior management functions by executive directors.

The Policy establishes that, in addition to the remuneration of the Board members for their capacity as such, Executive Directors shall receive remuneration for the performance of executive functions in accordance with that indicated below and with that agreed in their contracts with the Company.

The fixed cash remuneration for the performance of executive functions for the year 2019 is as follows:

- Executive Chairman: €588,000
- CEO: €511,000

Both amounts will be updated according to the percentage of salary review determined by the collective agreement applicable to the Company's employees, currently under negotiation.

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

No payments for this concept have been accrued in relation to Directors acting in their capacity as such, and they are not foreseen.

In accordance with that set in the Remuneration Policy, a medical insurance in favour of the Executive Directors shall be subscribed, with the coverage and services that are usual in the market and adapted to the Company's circumstances.

However, the Executive Chairman refused, for the year 2018 and successive years, to the coverage of a medical insurance paid by the Company.

Thus, the amount corresponding to those concepts for the year 2019 and applicable to the CEO is foreseen to be €3,000, an amount which is not subject to updating.

- Amount and nature of the variable components, differentiating between those set out for the short and long-term. Financial and non-financial parameters—the latter including social, environmental and climate change parameters—selected to calculate variable remuneration for the current financial year, with explanation of the extent to which such parameters are related to performance both of the director and of the Bank and to its risk profile, and methodology, time required and techniques set out in order to determine, at the end of the course of the financial year, the degree of compliance with the parameters used to design the variable remuneration.

Indicate the range in monetary terms of the various variable components in accordance with the degree of compliance with the targets and parameters set, and if there is an absolute monetary amount.

No variable remuneration has been set for non-executive Directors.

As for executive Directors, Article 29.3 of the Corporate Bylaws sets that a part of the remuneration of executive Directors may be variable, and shall be correlated to any indicator of the performance of the Director and the Company.

Executive Directors will only be entitled to receive variable remuneration when the conditions set forth in their respective contracts are met.

This way, according to that set forth in Article 29.4 of the Corporate Bylaws, executive Directors, as part of the variable remuneration scheme determined by the Board of Directors according to the Policy applicable at any time, will have the right to be remunerated by the delivery of shares or stock options, or by remuneration referred to the value of shares.

The application of any of those remuneration modalities must be previously agreed by the General Meeting of Shareholders, which shall determine the highest number of shares that may be delivered each year, the strike price, or the system for the calculation of the strike price of stock options, the value of shares which is taken as a reference, and the duration of the plan.

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Variable remuneration shall not exceed 25% of the fixed component of the total cash remuneration of the executive Director.

Within the framework of the Policy, of the General Scheme of Incentives of the Company, of the specific scheme for executive Directors and of that contractually agreed with them, the Board of Directors shall set and assess, for each year, upon proposal of the Remuneration Committee, the specific target-variables and other conditions to determine the accrual, quantification and pay-out of variable remuneration, which may vary for each executive Director.

At least 40% of the variable remuneration accrued in each financial year by executive Directors shall be deferred for a period ranging from 3 to 5 years, and shall be subject to *ex post* adjustments for results and for the evolution of the Company's risk, capital and liquidity in the period where they come from.

Deferred remuneration shall be paid during the deferral years in a pro-rata manner, so that the remuneration payable under deferral provisions is not received faster than in a proportional manner.

In the Policy currently in force, in order to align the practice implemented in the Company with market practices in peer listed companies and with the recommendations on good governance, the remuneration system of executive Directors considers as a modality of the variable remuneration system for those cases where it has been expressly agreed with the concerned Director, the delivery of shares or stock options, or remuneration referred to the value of shares.

At least 50% of the variable remuneration, whether deferred or not, shall be paid in shares of Unicaja Banco, subject to the corresponding retention periods. For the purposes of determining the number of shares to deliver, in case of accrual of the variable remuneration for each one of the corresponding dates, it will be considered the price of the Unicaja Banco share corresponding to the average value of the weighted average price of the quotation of Unicaja Banco shares between the dates of the end of the financial year and the approval of the annual accounts corresponding to the said year by the Annual General Meeting of Shareholders (excluding both).

The CEO is the only executive Director with a variable remuneration scheme recognized, as established in his contract with the Company.

Continuing with that indicated in section A.1.2, below we develop the main features of the Incentive System for Executive Directors, approved by the Board of Directors in accordance with the Policy.

First of all, we should mention that the main criteria guiding the definition of this system have been, *inter alia*, the compensation of actions that exceed the standards, the adequate cost-efficiency ratio, the respect to the Group's the Risk Appetite Framework (RAF), alignment with the strategic goals and, as it could not be otherwise, conditioning to approval of the annual accounts and to the Company's liquidity and solvency positions.

For the calculation of the amount to be received as incentives, the following procedure has been defined:

- As a first step, verification of compliance with the restrictions or defined compulsory conditions to be met.

In particular, at a Company level, a recurring Profit Before Tax higher than that established in the year's budget must be achieved, as well as the maintenance of the main RAF metrics under the level set as limit.

Non-compliance with any of these requirements would involve the loss of the right to receive incentives.

- According to the Policy for the Remuneration of Directors 2018-2020, approved by the General Meeting of Shareholders on 27 April 2018, the Index of Goal Achievement (IGA, *Índice de Cumplimiento de Objetivos*) of the CEO will be linked in a balanced manner to the achievement of the strategic goals included in the Business Plan in force in the Company and to the compared profitability (ROE) of Unicaja Banco vis-à-vis the rest of the system.
- Some factors (modulators) will be applied to this IGA, and they will increase or decrease the previously calculated IGA according to certain circumstances occurred.

In particular, the IGA assigned to the CEO would be modulated by the following circumstances, at a Company level:

- Degree of achievement of the main goals of the Business Plan.
  - Degree to which the recurring Profit Before Tax obtained exceeds the budget, being required that, at least, excess is in an amount enough to cover the theoretical total amount that the full set of the Company's risk takers may receive if all the requirements are met; otherwise, the IGA would reduce proportionally.
  - Situation with regard to the objective of the main RAF metrics, so that the IGA would reduce if these risk metrics are not in the levels set as objectives or in a more favourable position.
- Finally, the amount of the accrued incentive would be calculated by multiplying the modulated IGA by the so called 'Base Incentive' or annual amount of reference. In the case of the CEO, the said base amount would be 20% of the annual fixed cash remuneration. In no case the amount accrued as incentives will exceed 25% of the annual fixed cash remuneration.

After calculating the amount to which the CEO is entitled in concept of incentives for the year 2019, the criteria and principles previously included in this section would be applicable, as follows:

- Deferral of 50% for 5 years in a linear manner.
- Payment in shares of 50%, whether of the immediate or deferred payment amount. In any case, these shares –from treasury shares- shall be subject to retention for a one year period and their delivery to the CEO must be approved by the General Meeting of Shareholders.
- Subject to malus and clawback arrangements.

The application of these clauses is regulated in a procedure which includes, inter alia, the acceptance in writing by the CEO of submission to these arrangements as a requirement to have the right to receive variable remuneration.

Additionally, the Board of Directors has set a multi-year incentive, additional to annual incentives and subject to the same restrictions, under which there would be the right to receive incentives if the following are higher than 100%: the average of the IGA for the years 2019 to 2021, as well as the degree of achievement of the main goals of the Business Plan, measured as a single synthetic indicator.

- Main characteristics of the long-term saving systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are consolidated 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 consolidation of any of the long-term savings plans is linked to achieving certain goals or parameters related to the short- or long-term performance of the director.

Non-executive directors are not entitled to that remuneration.

In accordance with Article 29.3 c) of the Corporate Bylaws, the remuneration of executive Directors may include an assistance component, which shall include the appropriate welfare and insurance systems.

This way, executive Directors may be entitled to an assistance component consisting in the subscription, by the Company, of a defined contribution savings insurance, in their favor, with the updates for accruals which may correspond as per the system in force.

In accordance with the Policy currently in force, for executive Directors, according to that agreed with them in their respective contracts with the Company, a significant part of the contributions to

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pension commitments or savings insurances covering analogous contingencies, which is not lower than 15%, shall be based on variable components, that is, the same criteria and requirements set for the system of variable remuneration will be applicable, they and shall be considered as discretionary pension benefits.

This type of remuneration shall also be subject to the application of malus and clawback arrangements.

In particular, for the year 2019, the maximum contributions for each executive director are:

- Executive Chairman: €291,000
- CEO: €200,000
  
- Any type of payment or compensation for early termination or dismissal of the director, or deriving from the termination of the contractual relationship between the company and the director under the terms provided, including both voluntary resignation of the director or dismissal of the director by the company, and also includes any agreements reached, such as exclusivity, postcontract non-compete, tenure or loyalty pacts, which entitle the director to any type of remuneration.

Given the legal nature of the relationship between Directors in their capacity as such and the Company, no compensation is foreseen for the end of tenure.

In case of termination of the contractual relationship, executive Directors shall be entitled to receive compensation, according to the agreements reached.

Depending on the moment of the termination of the contractual relationship, the amount of the compensation to be received will vary. In particular, its exact amount will be determined (i) taking as a reference the annual fixed cash remuneration set for the performance of executive functions by the executive Director in question, according to the number of annuities or fraction determined by Unicaja Banco's Board of Directors and not exceeding two years, and (ii) taking into account a degressive criterion, according to the time passed until the moment of the eventual early termination and subject, in any case, to the applicable regulations, being related to the period of tenure. So, if termination occurs at the end of the fourth year of tenure, the executive Director would not be entitled to any compensation.

As at the date of preparation of this report, and as established in the Remuneration Policy, the CEO is the only executive Director for whom this compensation component is recognized, as included in the contract entered into by him and the Company.

With regard to other possible agreements that may have been reached, such as exclusivity, postcontract non-compete or loyalty, we refer to the below section.

- Indicate the conditions to apply to the contracts of those individuals exercising Senior Management roles as executive directors. Information will be provided regarding the duration, limits to the amount of compensation, tenure clauses and notice periods, as well as payments as substitution of the mentioned notice period, and any other clauses relating to hiring bonuses, indemnity or golden parachutes for early termination or termination of the contractual relationship between the company and the executive director. Include, inter alia, non-compete, exclusivity, tenure or loyalty pacts or agreements, unless stated in the previous section.

In accordance with that set forth in section 4 of the Policy, the main terms and conditions of the mentioned contracts with the Company's executive Directors are:

- Term: 4 years.
- Compensation for termination of the contractual relationship: the contract of the Executive Chairman does not foresee any compensation for early termination of the contractual relationship, whereas the contract with the CEO includes the compensation system described in the previous section.
- Exclusivity agreements.
  - o Executive Chairman: he will be allowed to attend the professional responsibilities in his own companies or in those participated by this family and in non-profit

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organizations, provided that those activities do not undermine or hinder the exercise of his responsibilities in Unicaja Banco or its Group, avoiding any kind of conflict of interests with the Company or the Group.

- CEO: exclusive dedication, compatible only with membership of governing bodies of other institutions and entities, provided that the said membership is in representation of the Company and/or with its express authorization. Expressly, he will be allowed to attend to professional responsibilities in his own companies, provided that they do not concur with the activity of the Bank or its Group, and they do not undermine or hinder the exercise of his responsibilities in those, avoiding any kind of conflict of interest.
- Post-contractual non-concurrence agreements:
  - Executive Chairman: not established.
  - CEO: 12 months.
- Permanence or loyalty agreements: not established.
- The nature and estimated amount of any other additional remuneration that will be accrued by directors over the current financial year as compensation for services rendered other than those relating to their roles.

No accruals for these concepts are foreseen for the year 2019.

- Other remuneration components such as advances, credits and guarantees granted to the director by the company, as applicable.

No accruals for these concepts are foreseen for the year 2019.

- The nature and estimated amount of any other additional remuneration accrued by directors over the course of the current financial year that are not included in previous sections, whether paid by the institution or by a Group institution.

No accruals for these concepts are foreseen for the year 2019.

**A.2.** Explain any significant change in the remuneration policy, applicable in the current financial year resulting from:

- A new policy or a change in policy that has already been approved by the Meeting.
- Significant changes to the specific determinations established by the Board for the current financial year regarding the remuneration policy in force with respect to those applied in the previous financial year.
- Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting where this annual report will be submitted, and which are proposed to be applicable to the current financial year.

The Policy was approved by the Annual General Meeting of Shareholders held on 27 April 2018 and is applicable to the years 2018, 2019 and 2020. The Board of Directors will not present any amendment proposal to the General Meeting where this report will be submitted.

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

<https://www.unicajabanco.com/PortalServlet?pag=1481113506580.1485340557696&M1=corporativo-gobierno&M2=remuneraciones>

**A.4** Explain, taking into account the data provided in Section B.4, the outcome of the shareholders' vote in the General Shareholders' Meeting, which was consultative in nature, on the annual corporate governance report for the previous financial year.

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The Annual Report on the Remuneration of Directors 2017 got 99.056% of votes in favour at the General Meeting of Shareholders held on 27 April 2018, a percentage indicating that shareholders have valued very positively the Institution's remuneration system.

## **B OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE FINANCIAL YEAR JUST ENDED**

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**B.1.** Explain the process followed to implement the remuneration policy and to determine the individual remunerations, as reflected in Section C of this report. This information will include the role played by the Remuneration Committee, the decisions taken by the Board of Directors and, where appropriate, the identity and role of external advisers whose services have been used in the process of implementing the remuneration policy during the financial year ended.

The Board of Directors is the body in charge of adopting the decisions on the remuneration of directors within the framework of the Policy.

The Board, subject to the limits and conditions set in the Policy, has determined the distribution of the said amount as has set the maximum remuneration amounts to be received by the different Directors, considering, for that purpose, the functions and responsibilities assigned to each director and other objective circumstances deemed relevant. It has also approved the definition of the Identified Group and the Incentive System applicable to that group in the year 2018.

With regard to the activity of the Remuneration Committee related to the application of the Policy, the following decisions were adopted during 2018:

- It was agreed to prepare and submit to the Board of Directors a proposal of a new "Policy for the Remuneration of the Directors for the three-year period 2018-2020, as well as the corresponding report of the Committee on the said Policy.
- It reported favourably on the Annual Report on the Remuneration of Directors corresponding to the year 2017.
- It reported favourably on the Incentive Systems for the year 2018 for Executive Directors, for staff with key functions and for the rest of the Identified Group.
- It prepared the report on the assessment of the application of the Remuneration Policy related to risk management in 2017.
- It has verified the information on remuneration of directors and senior managers included in the different corporate documents.

All of the topics above carried out by the Committee, as well as other topics within its remit, have been included in the Annual Report of the Remuneration Committee corresponding to the year 2018, at the disposal of shareholders on the corporate website [www.unicajabanco.com](http://www.unicajabanco.com), as from the publication of the notice calling the General Meeting of Shareholders.

**B.2** Explain the different actions adopted by the company in relation to the remuneration system, and how these actions have contributed to reducing exposure to excessive risks and allowed the system to be adapted to the company's long-term objectives, values and interests. This explanation should include a reference to the measures adopted in order to guarantee that accrued remuneration has been included in the company's long-term results, attaining a suitable balance between the fixed and variable components of the remuneration. It should also include the measures that have been adopted in relation to the categories of staff whose professional activities have a material impact on the company's risk profile and the measures adopted to avoid conflicts of interest, where applicable.

Unicaja Banco, as other financial institutions, is subject to the EU provisions, of direct application in our country or through certain transposing regulations, which subject the remuneration scheme of Directors, among other groups, to certain limits and guarantees. This set of regulations is reflected especially in the 'Remuneration Policy Associated to Risk Management', applicable, in addition to Directors, to Senior Managers, risk takers, employees with control functions and to those employees receiving global remuneration including them in the same remuneration scheme as

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senior managers and risk takers, whose professional activities have a significant impact in Unicaja's risk profile at a level of group, parent company and subsidiaries (the 'Identified Group').

These criteria, in that particularly related to Directors, have been expressly included in the Policy for the period 2018-2020.

The Company's Remuneration Committee shall act with the due coordination with the Risk Committee, so that the latter can fulfill, with regard to the remuneration scheme applicable in the Company and in accordance with the statutory and regulatory framework, the competences that it has been assigned, and in particular, analyze whether the incentive scheme in force takes full account of risk, capital, liquidity and probability and opportunity of benefits. Specifically, the Risk Committee shall act, at least and when corresponding, in the effective determination of the total bonus pool to distribute, in fixing objectives and measuring performance, as well as in the moment of the payment of the variable remuneration, to check that remuneration is adjusted for all kind of current and future risks and that the necessary cost of capital and liquidity are considered.

As it has been mentioned before, the general remuneration policy of the Company promotes a sound and efficient risk management, and it does not offer incentives to assume risks which exceed the level tolerated by the Company. It is compatible as well with the corporate strategy, goals, values and long-term interests of the Company, avoiding conflicts of interest.

To reinforce the application of the Policy, Directors –and the rest of the Identified Group- are required to commit not to use personal hedging strategies, or insurance related to remuneration and liability, which may undermine the risk alignment effects embedded in their remuneration arrangements.

Where remuneration is linked to results, the entitlement to receive it and its total amount shall be based, in any case, on objective indicators, without prejudice to the qualitative or non-financial assessment that will be carried out by the Remuneration Committee, considering criteria other than financial but which may be relevant in relation to the reception of the variable remuneration by the Director in question.

Variable remuneration, including the deferred part, will be paid or consolidated only if it is sustainable according to Unicaja Banco's financial situation, and if it is justified on the basis of the results of the Company, the business unit and person in question.

Without prejudice to the application of the general principles of contract law, the total variable remuneration shall be considerably reduced where poor or negative financial performance of Unicaja Banco occurs, taking into account both current remuneration and the reduction in the payouts of amounts previously earned, if any, through malus or clawback arrangements.

**B.3** Explain how the remuneration accrued over the financial year meets the provisions in the current remuneration policy.

In addition, report on the relationship between the remuneration obtained by the directors and the company's results or other performance measures in both the short and the long term, explaining, where applicable, how the variations in the company's performance have influenced changes in the remuneration of directors, including accrued amounts where the payment is deferred, and how these contribute to the company's long- and short-term results.

The remuneration accrued in 2018 meets the provisions of the Policy.

The maximum global amounts of the remuneration for Directors for the year 2018 were set in €2,691,000.

The global amount of the remuneration for Directors in their capacity as such was €923,000, respecting the maximum amount of €950,000 for this concept set in the Policy. The total amount of the fixed remuneration for executive Directors was €1,198,000, respecting the maximum amount of €1,198,000 for this concept set in the Policy.

The total amount for pensionality of executive Directors was €345,000, respecting the maximum amount of €409,000 set in the Policy for that concept.

The total amount for medical insurance of executive Directors was €4,000, respecting the maximum amount of €6,000 set in the Policy for that concept.

The remuneration of non-executive Directors is not linked to the Company's results.

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With regard to executive Directors and for the year 2018, the CEO is the only one for whom a system of variable remuneration has been set, linked to the Company's results. In the year 2018, the achievement of the objectives and conditions set in the System of Incentives for Executive Directors has not been verified. Consequently, no amount has been accrued in concept of incentives to be received by the CEO.

**B.4** Report on the outcome of the consultative vote at the General Meeting of Shareholders on the annual remuneration report for the previous financial year, indicating the number of "no" votes cast, if any:

|                   | Number        | % of total |
|-------------------|---------------|------------|
| <b>Votes cast</b> | 1,301,676,783 | 80.83      |

|                      | Number        | % of total |
|----------------------|---------------|------------|
| <b>Votes against</b> | 11,764,732    | 0,90       |
| <b>Votes for</b>     | 1,289,460,756 | 99.05      |
| <b>Abstentions</b>   | 451,295       | 0.03       |

#### Remarks

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**B.5** Explain how the fixed components accrued over the course of the financial year by the directors in their capacity as such were determined, and how they have changed compared to the previous year.

As for the remuneration of Directors in their capacity as such, the Annual General Meeting of Shareholders held on 27 April 2018, set the overall maximum annual amount to be received by the whole of directors in €950,000 gross.

That amount involves an increase of €150,000 with respect to that set in the Remuneration Policy in force during the years 2015, 2016 and 2017, which set an overall maximum amount to be received by the whole of directors of €800,000.

This increase is explained with the creation of a new Committee of support to the Board of Directors, the Technology and Innovation Committee, with an expected increase in the number of Board and Committee meetings in 2018 and in the coming years, and with the higher number of Directors existing as at the date of approval of the current Policy, as well as the increased responsibility assumed by the Board in making decisions related to the management of a listed company.

In May 2018, the Board of Directors, subject to the limits and conditions set in the Policy, determined the distribution of the said amounts and set the remuneration of the different Directors, considering to that end the functions and responsibilities assigned to each director and other objective circumstances deemed relevant.

The fixed component of remuneration reflects mainly the relevant professional experience, dedication and responsibility in the organization.

The individual remuneration of each director in his/her capacity as such consisted in (i) a fixed annual amount for belonging to the Board, (ii) amounts assigned for the performance of positions in the Board and its Committees, and (iii) allowance fees for attendance at the meetings of the Board of Directors and its Committees.

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For the year 2018, remuneration of Directors in their capacity as such was guided by the following criteria:

- a) Until 30 April 2018, the distribution of amounts corresponding to the year 2017 was maintained, that is:
  - Fixed remuneration for positions:
    - o Member of the Board: €30,000 gross per year
    - o Non-executive Deputy Chairman: €12,000 gross per year
    - o Committee Chair: €12,000 gross per year
  - Allowance fees for attendance at Board or Committee meetings: €800 per meeting
- b) From 1 May 2018, the distribution of amounts is as follows:
  - Fixed remuneration for positions:
    - o Member of the Board: €45,000 gross per year
    - o Deputy Chairman: €15,000 gross per year
    - o Leading Director: €15,000 gross per year
    - o Secretary of the Board: €12,500 gross per year
    - o Committee Chair: €10,000 gross per year
    - o Committee Secretary: €7,500 gross per year
  - Allowance fees for attendance at Board or Committee meetings: €700 per meeting

In accordance with the above criteria, the total amounts effectively received by each member of the Board of Directors in the year 2018 will be detailed in section C.1 below. The said amounts depend on the date of incorporation to the Company of each Director.

**B.6** Explain how the salaries accrued over the course of the financial year ended were determined, for each of the executive directors for performing their management functions, and how they have changed compared to the previous year.

For the performance of executive functions, the Directors received, in application of the contractual agreements and of the Policy, in 2018, the following fixed annual salary:

- Executive Chairman: €588,000
- CEO: €511,000

In 2017, the Executive Chairman received €580,000 and the CEO, €507,000. In both cases, the variation results from the increase established for the basic salary in the Collective Agreement for Savings Banks and Savings Financial Institutions for the year 2018.

In the case of the Executive Deputy Chairman, whose tenure ended upon the holding of the Annual General Meeting of Directors, on 27 April 2018, the fixed cash remuneration received from 1 January to the said moment, was, according to that contractually agreed, €99,000.

**B.7** Explain the nature and main characteristics of the variable components of the remuneration system accrued during the financial year ended.

In particular:

- Identify each of the remuneration plans that have determined the different variable remunerations accrued by each director during the financial year ended, including information about its scope, its approval date, date of implementation, accrual periods and validity, criteria used for performance evaluation and the impact this has had on determining the variable amount accrued, as well as the measurement criteria used and the time needed to be in a position to adequately measure all of the specified conditions and criteria.

In the case of stock option plans or other financial instruments, the general characteristics of each plan will include information pertaining to the conditions for both acquiring unconditional ownership (consolidation) and the ability to exercise those options or financial instruments, as well as the price and period for doing so.

- Each of the directors and their category (executive directors, external proprietary directors, independent external directors and other external directors) that are beneficiaries of remuneration systems or plans that incorporate variable remuneration.

- Where appropriate, information will be given on established accrual or deferral of payment periods that have been applied and/or retention/non-availability periods for shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems.

The only executive Director with a variable remuneration system is the CEO. The said plan is included in the contract entered into between the Company and the CEO. The Incentive System for the CEO of Unicaja Banco was approved by the bank's Board of Directors at their meeting held on 29 June 2018. In accordance with the mentioned contract and with that established in the Policy, the maximum amount that the CEO's variable remuneration plan could have resulted in for 2018 is €128,000.

As for the nature and main features of the variable components, the Incentive System for Executive Directors corresponding to the year 2018 established a series of principles and criteria, as well as a scheme for the calculation of the amount to be received in concept of incentives, and some clauses related to their payment, in line with those mentioned in section A for the System for the year 2019.

In the year 2018, the achievement of the goals and conditions set in the mentioned Incentive System for Executive Directors has not been verified. Consequently, no amount has been accrued in concept of incentives to be received by the CEO.

Explain the long-term variable components of the remuneration systems.

No long-term remuneration system has been accrued in the year.

**B.8** Indicate whether the repayment of certain variable components has been reduced or reclaimed when they have, with regard to the former, been consolidated and payment has been deferred or, with regard to the latter, consolidated and paid based on data that has clearly been shown to be inaccurate. Describe the amounts reduced or recovered due to the application of the reduction or recovery (clawback) arrangements, why they have been carried out and the financial years to which they correspond.

No reduction or reclaim of return of any amount has taken place, as there has been neither any circumstance of payment of the variable remuneration, nor any circumstances causing the reduction or return.

**B.9** Explain the main characteristics of the long-term saving systems, whose amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits that are financed, in whole or in part, by the Company, whether funded internally or externally, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies it covers, the terms of consolidation of economic rights in favour of the directors and their compatibility with any type of compensation due to early termination or termination of the contractual relationship between the Company and the director.

Regarding the main features of long-term saving systems, we refer to that mentioned in section A in this report.

The cash contributions made in 2018 for each executive Director are:

- Executive Chairman: €137,000.
- CEO: €170,000.
- Executive Deputy Chairman (until the date on which the Annual General Meeting of Shareholders was held on 27 April 2018, when his tenure ended): €32,000.

**B.10** Explain, where appropriate, the compensation or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract in the terms provided for therein, accrued and/or received by directors during the year ended.

In relation to non-executive directors, as it was indicated in section A, no compensation is applicable in case of termination of their position as directors.

As for executive directors, no compensation or other type of payment deriving from early termination or end of contract has been accrued or received.

**B.11** Indicate whether there have been any significant changes in the contracts of persons exercising Senior Management functions as executive directors, and, where appropriate, explain

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such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the financial year, unless these have already been explained in Section A.1.

There have been no significant changes in the contracts of the executive Directors. The main terms and conditions of the commercial contracts signed with the said directors have been detailed in Section A of this report.

**B.12** Explain any additional remuneration accrued by directors for services rendered different than those inherent to their positions.

No remuneration has accrued for this concept.

**B.13** Explain any remuneration granted in the form of advances, credits and guarantees, indicating the interest rate, key features and any amounts ultimately repaid, as well as the obligations assumed in return by way of guarantee.

No remuneration has accrued for this concept.

**B.14** Detail the remuneration in kind accrued by the directors during the financial year, and briefly describe the nature of the different salary components.

No remuneration has accrued for this concept with regard to Directors in their capacity as such.

The amount of the medical insurance applicable to the CEO has been €3,000.

The former Executive Deputy Chairman, Mr. Manuel Atencia, had an assistance remuneration part consisting in a supplementary welfare system to cover risks (life). The corresponding premium amounted to €15,000 and the medical insurance, to €1,000.

**B.15** Explain the remuneration accrued by the director in the form of payments made by the listed company to a third party in which the director provides services, in cases where such payments are intended to remunerate the director for services rendered in said company.

No remuneration has accrued for this concept.

**B.16** Explain any remuneration item other than those listed above, regardless of its nature or the group entity paying it, particularly when the item may be considered a related-party transaction or when its issuance may distort the true picture of the total remuneration received by the director.

No remuneration has accrued for this concept.



**C BREAKDOWN OF INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR**

| NAME                              | DIRECTORSHIP            | ACCRUAL PERIOD 2018      |
|-----------------------------------|-------------------------|--------------------------|
| MANUEL AZUAGA MORENO              | Executive Chairman      | 01/01/2018 to 31/12/2018 |
| ENRIQUE SÁNCHEZ DEL VILLAR BOCETA | CEO                     | 01/01/2018 to 31/12/2018 |
| JUAN FRAILE CANTÓN                | Proprietary Director    | 01/01/2018 to 31/12/2018 |
| PETRA MATEOS-APARICIO MORALES     | Proprietary Director    | 01/01/2018 to 31/12/2018 |
| AGUSTÍN MOLINA MORALES            | Proprietary Director    | 01/01/2018 to 31/12/2018 |
| MANUEL MUELA MARTÍN-BUITRAGO      | Proprietary Director    | 21/02/2018 to 31/12/2018 |
| MARÍA TERESA SÁEZ PONTE           | Proprietary Director    | 27/04/2018 to 31/12/2018 |
| ISABEL MARTÍN CASTELLÁ            | Independent Director    | 01/01/2018 to 31/12/2018 |
| VICTORIO LEOPOLDO VALLE SÁNCHEZ   | Independent Director    | 01/01/2018 to 31/12/2018 |
| ANA LUCRECIA BOLADO VALLE         | Independent Director    | 27/04/2018 to 31/12/2018 |
| MANUEL CONTHE GUTIÉRREZ           | Independent Director    | 27/04/2018 to 31/12/2018 |
| MARÍA ANTONIA OTERO QUINTAS       | Independent Director    | 27/04/2018 to 31/12/2018 |
| MARÍA LUISA LOMBARDEO BARCELÓ     | Executive Director      | 01/01/2018 to 21/02/2018 |
| MANUEL ATENCIA ROBLEDO            | Executive Director      | 01/01/2018 to 27/04/2018 |
| JOSÉ MARÍA DE LA TORRE COLMENERO  | Proprietary Director    | 01/01/2018 to 27/04/2018 |
| GUILLERMO JIMÉNEZ SÁNCHEZ         | Independent Director    | 01/01/2018 to 27/04/2018 |
| ELOY DOMÍNGUEZ-ADAME COBOS        | Independent Director    | 01/01/2018 to 21/12/2018 |
| ANTONIO LÓPEZ LÓPEZ               | Other External Director | 01/01/2018 to 27/04/2018 |

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C.1 Complete the following tables regarding the individualised remuneration of each of the directors accrued during the financial year.

**a) Remuneration at the company covered by this report:**

**i. Cash remuneration (in thousand €)**

| Name                              | Fixed remuneration | Attendance fees | Rem. for membership of Board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Termination benefits | Other concepts | Total year 2018 | Total year 2017 |
|-----------------------------------|--------------------|-----------------|---|--------|----------------------------------|---------------------------------|----------------------|----------------|-----------------|-----------------|
| MANUEL AZUAGA MORENO              | 40                 | 12              |   | 588    |                                  |                                 |                      |                | 640             | 627             |
| ENRIQUE SÁNCHEZ DEL VILLAR BOCETA | 40                 | 12              |   | 511    |                                  |                                 |                      |                | 563             | 554             |
| JUAN FRAILE CANTÓN                | 54                 | 30              |   |        |                                  |                                 |                      |                | 84              | 81              |
| PETRA MATEOS-APARICIO MORALES     | 49                 | 27              |   |        |                                  |                                 |                      |                | 76              | 87              |
| AGUSTÍN MOLINA MORALES            | 40                 | 24              |   |        |                                  |                                 |                      |                | 64              | 44              |
| MANUEL MUELA MARTÍN-BUITRAGO      | 41                 | 19              |   |        |                                  |                                 |                      |                | 60              |                 |
| MARÍA TERESA SÁEZ PONTE           | 44                 | 13              |   |        |                                  |                                 |                      |                | 57              |                 |
| ISABEL MARTÍN CASTELLÁ            | 57                 | 28              |   |        |                                  |                                 |                      |                | 85              | 35              |
| VICTORIO LEOPOLDO VALLE SÁNCHEZ   | 54                 | 31              |   |        |                                  |                                 |                      |                | 85              | 86              |
| ANA LUCRECIA BOLADO VALLE         | 37                 | 15              |   |        |                                  |                                 |                      |                | 52              |                 |
| MANUEL CONTHE GUTIÉRREZ           | 37                 | 13              |   |        |                                  |                                 |                      |                | 50              |                 |
| MARÍA ANTONIA OTERO QUINTAS       | 37                 | 17              |   |        |                                  |                                 |                      |                | 54              |                 |
| MARÍA LUISA LOMBARDEO BARCELÓ     |                    | 2               |   |        |                                  |                                 |                      |                | 2               | 16              |
| MANUEL ATENCIA ROBLEDO            | 10                 | 6               |   | 99     |                                  |                                 |                      |                | 115             | 353             |
| JOSÉ MARÍA DE LA TORRE COLMENERO  | 10                 | 12              |   |        |                                  |                                 |                      |                | 22              | 64              |
| GUILLERMO JIMÉNEZ SÁNCHEZ         | 10                 | 10              |   |        |                                  |                                 |                      |                | 20              | 73              |
| ELOY DOMÍNGUEZ-ADAME COBOS        | 47                 | 25              |   |        |                                  |                                 |                      |                | 72              | 85              |
| ANTONIO LÓPEZ LÓPEZ               | 10                 | 10              |   |        |                                  |                                 |                      |                | 20              | 68              |

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**Remarks**

**ii. Movements in the share-based remuneration systems and gross profit of the shares or consolidated financial instruments.**

| Name    | Plan name | Financial instruments at the beginning of the financial year 2018 |                          | Financial instruments granted during the financial year 2018 |                          | Financial instruments consolidated in the financial year |                                       |                              |  | Expired and unredeemed instruments | Financial instruments at the end of the financial year 2018 |                          |
|---------|-----------|---|--------------------------|--|--------------------------|--|---------------------------------------|------------------------------|--|------------------------------------|---|--------------------------|
|         |           | No. of instruments  | No. of equivalent shares | No. of instruments   | No. of equivalent shares | No. of instruments                                       | No. of equivalent/consolidated shares | Price of consolidated shares | Gross profit from consolidate shares or financial instruments (€ thousand) | No. of instruments                 | No. of instruments  | No. of equivalent shares |
| No data |           |   |                          |  |                          |  |                                       |                              |  |                                    |   |                          |

**Remarks**

**iii. Long-term savings systems**

| Name    | Remuneration for consolidation of rights to savings systems |
|---------|---|
| No data |   |

| Name                              | Contribution by the company (€ thousands)        |           |  |           | Amount of accumulated funds (€ thousands)        |           |  |           |
|-----------------------------------|--|-----------|--|-----------|--|-----------|--|-----------|
|                                   | Saving systems with consolidated economic rights |           | Saving systems with non-consolidated economic rights |           | Saving systems with consolidated economic rights |           | Saving systems with non-consolidated economic rights |           |
|                                   | Year 2018  | Year 2017 | Year 2018  | Year 2017 | Year 2018  | Year 2017 | Year 2018  | Year 2017 |
| MANUEL AZUAGA MORENO              | 137  |           |  |           | 3,059  | 2,914     |  |           |
| ENRIQUE SÁNCHEZ DEL VILLAR BOCETA | 170  | 170       |  |           | 363  | 195       |  |           |
| MANUEL ATENCIA ROBLEDO            | 32   | 100       |  |           | 2,719  | 2,630     |  |           |

**Remarks**

**iv. Other concepts**

| Name                              | Concept  | Remuneration amount |
|-----------------------------------|--|---------------------|
| ENRIQUE SÁNCHEZ DEL VILLAR BOCETA | Medical insurance premium                      | 3                   |
| MANUEL ATENCIA ROBLEDO            | Insurance premium (life) and medical insurance | 16                  |

**Remarks**

**b) Remuneration earned by directors of the company for belonging to boards at other group companies:**

**i. Cash remuneration (in thousand €)**

| Name                                   | Fixed remuneration | Attendance fees | Remuneration for membership of Board committees | Salary | Short-term variable rem. | Long-term variable rem. | Termination benefits | Other concepts | Total year 2018 | Total year 2017 |
|--|--------------------|-----------------|---|--------|--------------------------|-------------------------|----------------------|----------------|-----------------|-----------------|
| PETRA MATEOS-APARICIO MORALES          | 22                 | 17              |   |        |                          |                         |                      |                | 39              | 60              |
| MANUEL MUELA MARTÍN-BUITRAGO           | 68                 | 11              |   |        |                          |                         |                      |                | 79              | 60              |
| M <sup>a</sup> LUISA LOMBARDEO BARCELÓ |                    | 7               |   |        |                          |                         |                      |                | 7               | 13              |
| MANUEL ATENCIA ROBLED0                 | 1                  |                 |   |        |                          |                         |                      |                | 1               |                 |
| ANTONIO LÓPEZ LÓPEZ                    | 22                 | 14              |   |        |                          |                         |                      |                | 36              | 60              |

**Remarks**

**ii. Movements in the share-based remuneration systems and gross profit of the shares or consolidated financial instruments.**

| Name    | Plan name | Financial instruments at the beginning of the financial year 2018 |                          | Financial instruments granted during the financial year 2018 |                          | Financial instruments consolidated in the financial year |                                       |                              |  | Expired and unredeemed instruments | Financial instruments at the end of the financial year 2018 |                          |
|---------|-----------|---|--------------------------|--|--------------------------|--|---------------------------------------|------------------------------|--|------------------------------------|---|--------------------------|
|         |           | No. of instruments  | No. of equivalent shares | No. of instruments   | No. of equivalent shares | No. of instruments                                       | No. of equivalent/consolidated shares | Price of consolidated shares | Gross profit from consolidate shares or financial instruments (€ thousand) | No. of instruments                 | No. of instruments  | No. of equivalent shares |
| No data |           |   |                          |  |                          |  |                                       |                              |  |                                    |   |                          |

**Remarks**

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### iii. Long-term savings systems

| Name    | Remuneration for consolidation of rights to savings systems |
|---------|---|
| No data |   |

| Name    | Contribution by the company (€ thousands)        |           |  |           | Amount of accumulated funds (€ thousands)        |           |  |           |
|---------|--|-----------|--|-----------|--|-----------|--|-----------|
|         | Saving systems with consolidated economic rights |           | Saving systems with non-consolidated economic rights |           | Saving systems with consolidated economic rights |           | Saving systems with non-consolidated economic rights |           |
|         | Year 2018  | Year 2017 | Year 2018  | Year 2017 | Year 2018  | Year 2017 | Year 2018  | Year 2017 |
| No data |  |           |  |           |  |           |  |           |

#### Remarks

### iv. Other concepts

| Name    | Concept | Remuneration amount |
|---------|---------|---------------------|
| No data |         |                     |

#### Remarks

**c) Summary of remunerations (in thousand €):**

The summary must include the amounts for all items of remuneration included in this report that have been earned by the director, in thousands of euros.

| Name                              | REMUNERATION EARNED AT THE COMPANY |  |                         |                         |                                | REMUNERATION EARNED AT COMPANIES OF THE GROUP |  |                         |                         |                              |
|-----------------------------------|------------------------------------|--|-------------------------|-------------------------|--------------------------------|---|--|-------------------------|-------------------------|------------------------------|
|                                   | Total remuneration in cash         | Gross profit of shares or consolidated financial instruments | Rem. for saving systems | Rem. for other concepts | Total year 2018 at the company | Total remuneration in cash                    | Gross profit of shares or consolidated financial instruments | Rem. for saving systems | Rem. for other concepts | Total year 2018 at the group |
| MANUEL AZUAGA MORENO              | 640                                |  | 137                     |                         | 777                            |   |  |                         |                         |                              |
| ENRIQUE SÁNCHEZ DEL VILLAR BOCETA | 563                                |  | 170                     | 3                       | 736                            |   |  |                         |                         |                              |
| JUAN FRAILE CANTÓN                | 84                                 |  |                         |                         | 84                             |   |  |                         |                         |                              |
| PETRA MATEOS-APARICIO MORALES     | 76                                 |  |                         |                         | 76                             | 39  |  |                         |                         | 39                           |
| AGUSTÍN MOLINA MORALES            | 64                                 |  |                         |                         | 64                             |   |  |                         |                         |                              |
| MANUEL MUELA MARTÍN-BUITRAGO      | 60                                 |  |                         |                         | 60                             | 79  |  |                         |                         | 79                           |
| MARÍA TERESA SÁEZ PONTE           | 57                                 |  |                         |                         | 57                             |   |  |                         |                         |                              |
| ISABEL MARTÍN CASTELLÁ            | 85                                 |  |                         |                         | 85                             |   |  |                         |                         |                              |
| VICTORIO LEOPOLDO VALLE SÁNCHEZ   | 85                                 |  |                         |                         | 85                             |   |  |                         |                         |                              |
| ANA LUCRECIA BOLADO VALLE         | 52                                 |  |                         |                         | 52                             |   |  |                         |                         |                              |
| MANUEL CONTHE GUTIÉRREZ           | 50                                 |  |                         |                         | 50                             |   |  |                         |                         |                              |
| MARÍA ANTONIA OTERO QUINTAS       | 54                                 |  |                         |                         | 54                             |   |  |                         |                         |                              |
| MARÍA LUISA LOMBARDEO BARCELÓ     | 2                                  |  |                         |                         | 2                              | 7   |  |                         |                         | 7                            |
| MANUEL ATENCIA ROBLEDO            | 115                                |  | 32                      | 16                      | 163                            | 1   |  |                         |                         | 1                            |

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|                                  |              |  |            |           |              |            |  |  |  |            |
|----------------------------------|--------------|--|------------|-----------|--------------|------------|--|--|--|------------|
| JOSÉ MARÍA DE LA TORRE COLMENERO | 22           |  |            |           | 22           |            |  |  |  |            |
| GUILLERMO JIMÉNEZ SÁNCHEZ        | 20           |  |            |           | 20           |            |  |  |  |            |
| ELOY DOMÍNGUEZ-ADAME COBOS       | 72           |  |            |           | 72           |            |  |  |  |            |
| ANTONIO LÓPEZ LÓPEZ              | 20           |  |            |           | 20           | 36         |  |  |  | 36         |
| <b>TOTAL</b>                     | <b>2,121</b> |  | <b>339</b> | <b>19</b> | <b>2,479</b> | <b>162</b> |  |  |  | <b>162</b> |

**Remarks**



## **D OTHER INFORMATION OF INTEREST**

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If there are any significant aspects regarding director remuneration that has not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

Continues from section A.1.

The determination of the target-variables or metrics for the calculation of the variable part, of the assistance provisions and of compensation or its calculation criteria corresponds to the Board of Directors, within the limits and recommendations set in the Remuneration Policy.

In any case, at least the following aspects shall be informed:

- Description of the procedures and company's bodies involved in the determination and approval of the remuneration policy and its conditions.

In accordance with the Corporate Enterprises Act (*Ley de Sociedades de Capital*), the sectorial regulations applicable to credit institutions and pursuant to the provisions of Article 29 of the Corporate Bylaws, the Board of Directors submits to the General Meeting of Shareholders, for approval, the Policy for the Remuneration of Board Members, with the previous specific favourable report from the Remuneration Committee.

The Board of Directors receives assistance with regard to remunerations, in general, from the Remuneration Committee, which acts with the due coordination with the Risk Committee, so that the latter can exercise, as per the remuneration structure applicable in the Company, the competences that it has been attributed.

In relation to the Remuneration Policy, the Remuneration Committee shall have, inter alia, the following functions, in accordance with Article 27 bis (3) of the Company's Bylaws:

- Ensure the observance of the remuneration policy established by the Company, as well as to propose to the management body the remuneration policy for directors, senior managers, risk takers, employees which exercise control functions or other similar categories, the individual remuneration of executive directors and other basic contractual conditions of senior managers, risk-taking employees, employees which exercise control functions or other similar categories, in accordance with the general laws for companies and with those specific for credit institutions.
- Prepare the specific report accompanying the proposal of the Board of Director's remuneration policy.

Pursuant to the provisions of Article 33.5 of the Board Regulations, the Remuneration Committee will also have the following functions:

- Prepare the decisions related to remunerations, including those having an impact in risk and risk management of the Company, which shall be adopted by the Board of Directors.
- Review regularly the remuneration policy applied to the Directors and Senior Managers, including the share-based remuneration systems and their application, as well as to ensure that their individual remuneration is proportional to that of other Directors and Senior Managers in the Company.

In terms of remunerations, the Risk Committee has the following function, as per Article 26 of the Corporate Bylaws:

- Collaborate to establish rational remuneration policies and practices. For that purpose, the Risk Committee shall assess, without prejudice to the functions of the Remuneration Committee, if the incentive policy foreseen takes account of risks, capital, liquidity, probability and timing of profits.

The Board of Directors, in relation to the Remuneration Policy, in accordance with Article 7.4 of the Board Regulation is responsible for:

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- The distribution among the Directors of the remuneration they are entitled to in their capacity as such, taking account of the functions and responsibilities assigned to each Director, of membership of Committees and other objective circumstances deemed relevant, all of that in accordance with the remuneration policy approved by the General Meeting.
- The previous approval of the contracts to be entered into between the Company and the Directors with executive functions, which include the concepts for which they may receive remuneration for the performance of the said functions, and the determination of the remuneration to be received under those contracts, always in accordance with the provisions of the law and of the remuneration policy approved by the General Meeting.

For further information, on Unicaja Banco's corporate website [www.unicajabanco.com](http://www.unicajabanco.com), there is information about the composition, functions and regulations of the Remuneration and Risk Committees.

- Indicate and, if appropriate, explain whether peer companies have been considered when determining the Company's remuneration policy.

The Company's internal services, with the collaboration of an independent external consultant (Ernst&Young), carried out in January 2018, a comparative remuneration study with some peer companies, making a distinction between fixed remuneration for membership of the Board and its Committees, and remuneration for per diem payments for attendance at the different meetings of each body.

- Indicate if any external advisor has participated and, if so, include its identity.

In addition to considering the result of the mentioned study, for certain aspects related to the adequacy of the Policy to the current regulations, the Company has worked with the firm Uría Menéndez.

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This annual remuneration report has been approved by the company's Board of Directors, at its meeting held on:

22/03/2019.

List whether any Directors voted against or abstained from voting on the approval of this Report.

YES

✓ NO

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