Common Draft Terms of Merger

BETWEEN

UNICAJA BANCO, S.A.

(*as absorbing company*),

AND

BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, S.A.

(*as absorbed company*)

Malaga , 26 January 2018

1. INTRODUCTION

Pursuant to the provisions of Articles 30, 31 and related provisions of the Spanish Law 3/2009 of 3 April, on Structural Modifications of Companies (hereinafter, "**Law on Structural Modifications**", the undersigned, as members of the board of directors of Unicaja Banco, S.A. ("**Unicaja Banco**") and Banco de Caja España de Inversiones, Salamanca y Soria, S.A. ("**EspañaDuero**") respectively, have drawn up and signed these common draft terms of merger by absorption (hereinafter, the "**Draft Merger Terms**" or the "**Draft**"), which will be submitted for approval by the general meeting of shareholders of Unicaja Banco and EspañaDuero, under that established in Article 40 of the Law on Structural Changes.

The content of the Draft is the following.

2. RATIONALE FOR THE MERGER

The merger by absorption of EspañaDuero by Unicaja Banco is the culmination of the integration project, which began with the acquisition of EspañaDuero by Grupo Unicaja in March 2014. As a result of the said transaction, EspañaDuero became a subsidiary of the Group, which, as of today, is its main shareholder, with a total stake as of 31 December 2017 of 76.68% of its share capital. The merger will involve the successful completion of EspañaDuero's restructuring and recapitalization process.

Additionally, in the past few years, advances have been made in the technological and operational integration of EspañaDuero and Unicaja Banco. Unicaja Banco has gradually been assuming tasks and procedures of different areas of EspañaDuero's central services and, currently, works are being carried out to consolidate those areas which give support to business and to the commercial network, so as to culminate, once the merger has taken place, in the full operational and technological integration of both institutions.

On the other hand, after the loss of eligibility as capital of the CoCos issued by EspañaDuero, subscribed by the FROB in 2013 and repurchased by Unicaja Banco in 2017, and after the agreed repurchase of EspañaDuero shares held by the FROB -executed in December 2017-, for a temporary period and in anticipation of the merger which it was already projecting, Grupo Unicaja, on the basis of Article 7 of the Regulation 575/2103 (CRR) submitted to the European Central Bank an application for the waiver to EspañaDuero from compliance with the solvency requirements on an individual basis. The authorization was granted by the European Central Bank on 27 November 2017. Since then, Unicaja Banco has been guaranteeing all the obligations assumed by EspañaDuero with third parties. This omnibus guarantee is a further step in the mentioned process as, *de facto*, involves integrating into its own the commitments and obligations incurred by EspañaDuero with third parties.

Additionally, and with regard to the strategic purpose of the merger, the integration of both institutions will allow Grupo Unicaja to improve in terms of efficiency, using the part of the existing synergies so far unusable due to the subsistence of two separated structures. The merger between both institutions is the natural culmination of the gradual process of legal, operational and technological integration which has been developing since the incorporation

of EspañaDuero into Grupo Unicaja in 2014. The integration of both structures will culminate: (i) the unification into a single corporate center and a single management structure; (ii) the integration of intermediate structures; and (iii) now the full integration of back offices, information and transactional systems that so far had not been completed. This way, Grupo Unicaja achieves the rationalization of its cost structure and the optimization of its resources.

Furthermore, the merger is undertaken after the successful IPO and the capital raise. This final phase of the integration process is therefore made with a largely reinforced solvency of Unicaja Banco, and with liquid shares to be delivered to the shareholders of the absorbed company. In effect, both Unicaja Banco and EspañaDuero shareholders will benefit from the transaction:

- EspañaDuero shareholders become shareholders of Unicaja Banco. Due to its condition of listed company, their shareholding will be fully liquid. EspañaDuero shareholders will benefit also, as Unicaja Banco shareholders, from the synergies generated from the merger, without prejudice to the fact that when determining the exchange rate, expected sysnergies to be materialized have also been taken into account.

- For Unicaja Banco shareholders, the transaction has a low implementation risk and will produce integration synergies.

3. IDENTIFICATION OF THE MERGING COMPANIES

3.1 Description of Unicaja Banco

Unicaja Banco, S.A. is a Spanish banking institution with registered address in Málaga, Avenida de Andalucía, 10-12, 29007 and tax identification number A-93139053.

Unicaja Banco is registered in the Trade Register of Málaga (*Registro Mercantil de* Málaga), in Volume 4952, Book 3859, Section 8, Sheet MA-111580, Folio 1, 1st registration, and in the Special Register (*Registro Especial*) of the Bank of Spain with the number 2103.

The bank was established before notary public on 1 December 2011 and officially commenced its activities as a bank on 2 December 2011, continuing with the financial work developed for over 125 years by Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), through the original savings banks.

Unicaja Banco's share capital stands at 1,610,302,121.00 euros, divided into 1,610,302,121 nominative shares of 1 euro par value each, fully subscribed and paid up, and all of the same class and series, represented by book entries and admitted to trading in the stock exchanges of Madrid, Barcelona, Valencia and Bilbao through the Sistema de Interconexión Bursátil (Continuous Market -*Mercado Continuo*-).

Its main shareholder, with a stake of 49.685% of the share capital, is Fundación Bancaria Unicaja. Unicaja Banco, S.A. is the parent company of Grupo Unicaja Banco, to which EspañaDuero belong.

3.2 Description of EspañaDuero

Banco de Caja España de Inversiones, Salamanca y Soria, S.A. is a Spanish financial institution with registered address in Madrid, Calle Titán, 8, 28045 and tax identification number A-86289642.

EspañaDuero is registered in the Trade Register of Madrid, in Volume 29.418, Folio 1, Sheet M-529500, 1st registration, and in the Special Register (*Registro Especial*) of the Bank of Spain under the number 2108.

EspañaDuero share capital stands at 253,552,059.00 euros, divided into 1,014,208,236 nominative shares of 0.25 euros par value each, fully subscribed and paid up, and all of the same class and series.

The institution was established before a notary public on 24 November 2011 and it officially commenced to develop its activities as a bank on 3 December 2011, continuing with the financial work carried out by Caja España de Inversiones, Salamanca y Soria, Caja de Ahorros y Monte de Piedad, which in turn was the heir to more than twelve institutions. Since March 2014 EspañaDuero is a subsidiary company of Unicaja Banco.

4. STRUCTURE OF THE TRANSACTION

The legal structure chosen to carry out the integration of the business of Unicaja Banco and EspañaDuero is merger, on the terms set forth in Articles 22 *et seq.* of the Law on Structural Modifications.

The merger will be carried out by the absorption of EspañaDuero (absorbed company) by Unicaja Banco (absorbing company), with winding-up of EspañaDuero through dissolution without liquidation and *en bloc* transfer of all of its assets and liabilities to Unicaja Banco, which by universal succession acquires all the rights and obligations of EspañaDuero (the "**Merger**"). As a result of the Merger, the shareholders of EspañaDuero will receive shares of Unicaja Banco in exchange for their participation in the absorbed company, on the terms and in accordance with the procedure described in section 5 of this Draft.

5. MERGER EXCHANGE RATIO

5.1 Exchange ratio

The ratio for the exchange of the shares of UnicajaBanco and EspañaDuero, which has been set based on the real value of their corporate assets and liabilities, as established in Article 25 of the Law on Structural Modifications, will be of one share of Unicaja Banco, with a par value of 1 euro per share, for every five shares of EspañaDuero, with a par value of 0.25 euros per share, with no complementary cash consideration.

Pursuant to Article 33 of the Law on Structural Modifications, the boards of directors of Unicaja Banco and EspañaDuero will each issue a report giving a detailed explanation and justification of the legal and economic terms of these Draft Merger Terms, with special

reference to the share exchange ratio (including the methodologies used in setting it) and any particular valuation difficulties that may exist, and setting out the implications of the Merger for the shareholders of the merging entities, their creditors and employees.

On 25 January 2018, Rothschild, S.A., hired by Unicaja Banco for this purpose, has issued a fairness opinion for the board of directors, concluding that, at that date and based on the elements, limitations and assumptions contained in each opinion, the proposed exchange ratio is fair from a financial point of view for the shareholders of Unicaja Banco.

On 24 January 2018, Alantra Corporate Finance, S.A.U., hired by EspañaDuero for this purpose (at the request of the "Merger Committee" set up within EspañaDuero's board of directors, and integrated by independent directors, to monitor and overview the merger process), has issued a fairness opinion for the board of directors, concluding that, at that date and based on the elements, limitations and assumptions contained in each opinion, the proposed exchange ratio is fair from a financial point of view for the shareholders of EspañaDuero.

It is expressly stated that the proposed exchange ratio will be subject to verification by the independent expert appointed by the Trade Register of Malaga, pursuant to Article 34 of the Law on Structural Modifications.

5.2 Manner of covering the exchange

Unicaja Banco will cover the exchange of shares of EspañaDuero, set in accordance with the exchange ratio established in section 5.1 of this Draft Merger Terms, with treasury shares. Therefore, a capital increase of the absorbing company will not be necessary for the execution of the merger.

In any case, pursuant to Article 26 of the Law on Structural Modifications, any shares of EspañaDuero held by Unicaja Banco and any treasury shares held by EspañaDuero will not be exchanged but will be cancelled. In this regard, it is stated that, as of 31 December 2017, EspañaDuero held 202,280,425 treasury shares, representing 19.94% of its share capital.

It is also stated that, as of 31 December 2017, Unicaja Banco held directly 777,145,356 shares representing 76.63% of EspañaDuero share capital, and indirectly, 476,400 shares representing 0.047%. This grants Grupo Unicaja Banco a total shareholding of 76.68% in EspañaDuero share capital.

Considering the exchange ratio mentioned in section 5.1 above, and considering that the total number of shares of EspañaDuero's current shareholders (other than Unicaja Banco and EspañaDuero itself) stands at 34,306,055 shares, the maximum number of shares that Unicaja Banco will have to deliver to the current shareholders of EspañaDuero (other than Unicaja Banco and EspañaDuero itself) is 6,861,211 shares.

In relation to the above, it is noted that Unicaja Banco will acquire, in accordance with the authorization granted by its general meeting of shareholders and by the European Central

Bank, a maximum of 6,861,211 own shares during the precise period to cover the exchange ratio, always in compliance with the applicable regulations.

5.3 Exchange procedure

Following the approval of the Merger by the general meetings of shareholders of Unicaja Banco and EspañaDuero, and following compliance with the conditions precedent referred to in section 16 and registration of the merger deed in the Trade Register of Málaga, the shares of EspañaDuero will be exchanged for shares of Unicaja Banco.

The exchange will take place from the date indicated in the notices that are required to be published in one of the most read newspapers in the provinces of Madrid and Malaga, in the Official Gazettes of the Spanish Stock Exchanges (*Boletines Oficiales de las Bolsas de Valores españolas*) and in the Official Gazette of the Trade Register (*Boletín Oficial del Registro Mercantil*). For those purposes, Unicaja Banco will act as agent, and that fact will be indicated in the mentioned notices.

The exchange of EspañaDuero shares for Unicaja Banco shares will be carried out through the entities which participate in Iberclear and that are the depositaries of the EspañaDuero shares, following the procedures established for the book-entry system, in accordance with the provisions of the Spanish Royal Decree 878/2015 of 2 February on the clearing, settlement and registration of negotiable securities represented by book entries, and applying, where applicable, the provisions of Article 117 of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*).

Holders of a number of EspañaDuero shares which, under the agreed exchange ratio, does not entitle them to receive an integer number of shares of Unicaja Banco may acquire or transfer shares for the resulting shares to entitle them to, according to the mentioned exchange ratio, receive an integer number of Unicaja Banco shares. This decision to buy or sell will correspond to each shareholder individually.

Notwithstanding the above, the merging entities have decided to establish a mechanism for the number of Unicaja Banco shares to deliver to EspañaDuero shareholders (other than Unicaja Banco) under the exchange is an integer.

The said mechanism will consist of the appointment of Finanduero, S.V., S.A., institution of Grupo Unicaja, as "fractions agent" (*agente de picos*) to act as counterparty for the purchase of odd-lots of shares. This way, every shareholder of EspañaDuero shares which, under the agreed exchange ratio and taking into account the number of shares of EspañaDuero held, is not entitled to receive an integer number of Unicaja Banco shares or is entitled to receive an integer number of Unicaja Banco shares but then has a number of EspañaDuero shares left over that is insufficient to be entitled to receive an additional share of Unicaja Banco may convey those left-over EspañaDuero shares to the fractions agent, who will pay their value in cash at a price of 0.25 euros per share.

Unless otherwise expressly stated in writing, it will be understood that all the shareholders of EspañaDuero accept the system to acquire odd-lots by the fractions agent herein established,

and they will not have to send instructions to the institutions where their shares are deposited, which will inform them of the result of the transaction once that it is concluded.

As a result of the Merger, the shares of EspañaDuero will be cancelled.

6. CONTRIBUTIONS OF LABOR, ANCILLARY OBLIGATIONS, SPECIAL RIGHTS AND SECURITIES OTHER THAN THOSE REPRESENTING CAPITAL

For the purposes of sections 3 and 4 of Article 31 of the Law on Structural Modifications, it is hereby stated that neither at Unicaja Banco nor at EspañaDuero shareholders have made contributions of labor, and that there are no ancillary obligations, privileged special shares or holders of special rights other than simple holding of shares. Consequently, there is no need to grant any special right or to offer any kind of option.

The shares of Unicaja Banco which are delivered to the shareholders of EspañaDuero as a result of the Merger will not grant any special rights to its holders.

7. BENEFITS EXTENDED TO INDEPENDENT EXPERTS AND DIRECTORS

With regard to Article 31.5 of the Law on Structural Modifications, it is hereby stated that no benefits of any kind will be extended to the independent expert who acts in the Merger process or to the directors of Unicaja Banco or EspañaDuero.

8. DATE FROM WHICH THE HOLDERS OF THE SHARES DELIVERED IN THE EXCHANGE WILL HAVE A RIGHT TO PARTICIPATE IN CORPORATE PROFITS OF UNICAJA BANCO

In accordance with that established in Article 31.6 of the Law on Structural Modifications, it is hereby stated that, as no new shares of Unicaja Banco are to be issued in the framework of the Merger (the exchange will be covered with treasury shares), no mention is to be made on this particular. However, it is remarked that the shares delivered by Unicaja Banco to the shareholders of EspañaDuero to cover the exchange, in compliance with the terms set in section 5 above, will confer its holders, from the date on which the shares are delivered, the right participate in the corporate profits of Unicaja Banco on the same terms as the rest of shares of Unicaja Banco in circulation on that date.

9. EFFECTIVE MERGER DATE FOR ACCOUNTING PURPOSES

For the purposes of Article 31.5 of the Law on Structural Modifications, 1 January 2018 is established as the date from which EspañaDuero transactions will be deemed as performed, for accounting purposes, on behalf of Unicaja Banco, as the Merger will be approved by the general meetings of shareholders of Unicaja Banco and EspañaDuero in the year 2018.

It is hereby stated, for the appropriate purposes, that the accounting retroaction so determined complies with the General Chart of Accounting (*Plan General de Contabilidad*), approved by the Spanish Royal Decree 1514/2007 of 16 November, and with the Circular 4/2017, of 27

November, of the Bank of Spain, to credit institutions, on public and reserved financial information and financial statement models.

10. AMENDMENT TO THE CORPORATE BYLAWS OF UNICAJA BANCO

As a result of the Merger, there will be no amendment to the bylaws of Unicaja Banco. Therefore, once the Merger is completed, Unicaja Banco, in its condition as absorbing company, will continue to be governed by its current corporate bylaws, published on Unicaja Banco's corporate website (www.unicajabanco.com) (copy attached to this Draft Merger Terms as **Annex 1** for the purposes of Article 31.8 of the Law on Structural Modifications).

Without prejudice to the above, and regardless of the Merger, Unicaja Banco's board of directors may include, if appropriate, in the agenda of the general meeting the proposals to amend the Bylaws that it deems appropriate.

11. MERGER BALANCE SHEET, ANNUAL ACCOUNTS AND VALUATION OF THE ESPAÑADUERO'S ASSETS AND LIABILITIES TO BE TRANSFERRED

11.1 Merger Balance Sheet

For the purposes provided in Article 36.1 of the Law on Structural Modifications, the balance sheets of Unicaja Banco and España Duero as of 31 December 2017, will be considered the merger balance sheets.

Merger balance sheets of Unicaja Banco and EspañaDuero, duly verified by their account auditors, will be submitted to approval by the general meeting of shareholders of each of the institutions which have to resolve on the Merger, prior to the adoption of the Merger resolution itself.

11.2 Annual accounts

For the purposes of Article 31.10 of the Law on Structural Modifications, it is noted that the terms of the Merger have been established based on the abovementioned annual accounts of the merging entities for the year ended 31 December 2017.

Both the mentioned annual accounts and the merger balance sheets referred to in section 11.1 above –as well as the other documents referred to in Article 39 of the Law on Structural Modifications- will be posted, with the possibility to download and print them, in Unicaja Banco and EspañaDuero websites prior to the call to general meetings of shareholders to resolve on the Merger.

11.3 Valuation of EspañaDuero's assets and liabilities to be transferred

As a result of the Merger, EspañaDuero will be dissolved without liquidation, and its assets and liabilities will be transferred *en bloc* and by universal succession to Unicaja Banco.

For the purposes of Article 31.9 of the Law on Structural Modifications, it is noted that the assets and liabilities transferred by EspañaDuero to Unicaja Banco will be registered in Unicaja Banco's accounting for the amount that would correspond, once the transaction is carried out, in the group's consolidated accounts as of the date of the accounting effect of this Merger, that is, 1 January 2018. All of the previous in accordance with the General Chart of Accountants (*Plan General de Contabilidad*), approved by Royal Decree 1514/2007, of 16 November, and Circular 4/2017 of 27 November, of the Bank of Spain, to credit institutions, on public and reserved financial information and financial statement models.

12. CONSEQUENCES OF THE MERGER FOR EMPLOYMENT, IMPACT ON THE GENDER BALANCE OF THE GOVERNING BODIES AND IMPACT ON THE CORPORATE SOCIAL RESPONSIBILITY

12.1 Possible consequences of the Merger for employment

As provided in Article 44 of the Spanish consolidated text of Workers' Statute Law, passed by Royal Legislative Decree 2/2015 of 23 October, regulating succession of companies, Unicaja Banco will subrogate to the labour rights and obligations of EspañaDuero workers.

The merging entities will meet their obligations to inform and, where applicable, consult the legal representatives of their respective employees in accordance with employment law. Notice of the planned Merger will also be given to the appropriate public bodies, in particular the General Treasury of the Social Security Administration (*Tesoreria General de la Seguridad Social*).

After the Merger, Unicaja Banco will complete the analysis of overlaps and economies of scale arising from the process. As of this date, no decision has been made in relation to the possible measures on employment that may be necessary to adopt in order to proceed to the integration of the workforce as a consequence of the Merger. In any case, the integration of the workforce will be carried out respecting the legal procedures established in any case, and especially, those related to the right to information and consultation to the workers' representatives, holding the corresponding meetings and negotiations to develop the mentioned workforce integration with the highest agreement between the parties.

12.2 Potential impact on the gender balance of the governing bodies

The Merger is not expected to result in changes to the composition of Unicaja Banco's governing body.

Without prejudice to the above, regardless of the Merger, and in the ordinary renewal of the board of directors of Unicaja Banco, the said body is expected to propose to its general meeting of shareholders, the appointment, ratification or re-election -as it may proceed- of directors.

12.3 Impact of the Merger on the corporate social responsibility

The Merger is not expected to have any impact on Unicaja Banco's corporate social responsibility policy.

13. APPOINTMENT OF AN INDEPENDENT EXPERT

Pursuant to the provisions of paragraph 2 of Article 34.1 of the Law on Structural Modifications, the directors of Unicaja Banco and EspañaDuero will apply to the Trade Register of Malaga (where the absorbing company is registered) for the appointment of an independent expert to prepare a single report on this Draft Terms of Merger.

14. ESPAÑADUERO MERGER COMMITTEE

It is hereby stated that the present Draft Terms of Merger are the result of an analysis and decision process carried out by the governing bodies of both Unicaja Banco and EspañaDuero.

With regard to the latter, the analyses have been voluntarily commissioned to an *ad hoc* committee set up within its board of directors, with a nature of informing, advising and making proposals to the board of directors of EspañaDuero.

The main function of this committee, in accordance with the best practices in corporate governance followed by listed companies, have been the analysis of the Merger transaction, overview, coordination and review of the supporting documentation and of the proposals on the terms and conditions on the Merger transactions to be submitted to the board of directors.

This committee has been integrated by four independent directors (Mr. José Ignacio Sánchez Macías –chairing the committee-, Mrs. Zulima Fernández Rodríguez, Mr. Pablo Pérez Robla and Mr. Alejandro Menéndez Moreno) and has been called "Merger Committee".

15. TAX REGIME

The Merger will qualify for the tax regime provided for in Chapter VII of title VII of the Spanish Law 27/2014 of 27 November on Corporation Tax Law ("**CTL**") and its second additional provision.

Consequently, this transaction will not be subject to the Tax on Property Transfer and Documents Duty (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*, "**ITPAJD**"), modality Corporate Transactions (*Operaciones Societarias*), and will be exempt from the rest of modalities of the ITPAJD, in accordance with Article 45, paragraph I. B) 10. of the Consolidated Text of the Tax on Property Transfer and Document Duty, approved by Royal Legislative Decree 1/1993 of 24 September.

Within three months after the registration of the merger deed, Unicaja Banco will report to the appropriate Spanish Tax Agency the application of the mentioned tax regime, as provided in Article 89 of the CTL, on the established terms.

16. CONDITIONS PRECEDENT

The effectiveness of the Merger is subject to the following conditions precedent:

(i) Authorization of the Ministry of Economy, Industry and Competitiveness (*Ministerio de Economía, Industria y Competitividad*), as established in the twelfth additional provision of the Law 10/2014 of 26 June, on the ordering, supervision and solvency of credit institutions.

(ii) Obtaining any other authorizations that, because of the activity of EspañaDuero, may be required from the European Central Bank, Bank of Spain, National Securities Market Commission (*Comisión Nacional del Mercado de Valores*), Directorate General of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*) or any other administrative body or supervisory institution.

17. COMPLIANCE WITH THE OBLIGATIONS OF PUBLICATION AND INFORMATION BY THE BOARD OF DIRECTORS OF UNICAJA BANCO AND ESPAÑADUERO WITH REGARD TO THE DRAFT TERMS OF MERGER

In compliance with the obligations set forth by Article 32 of the Law on Structural Modifications, these Draft Terms of Merger will be posted on the corporate websites of Unicaja Banco and EspañaDuero. The fact that they have been so posted will be announced in the Official Gazette of the Trade Register (*Boletín Oficial del Registro Mercantil*), mentioning Unicaja Banco's website (www.unicajabanco.com) and EspañaDuero's website (www.bancocajaespana-duero.es), as well as the insertion date.

The posting on Unicaja Banco and EspañaDuero websites and the announcement of this fact in the Official Gazette of the Trade Register will be done at least one month in advance of the date set for the general meetings of shareholders that are to resolve on the Merger. The website posting will continue for at least the time required by Article 32 of the Law on Structural Modifications.

It is also noted that, pursuant to the provisions of Article 33 of the Law on Structural Modifications, the boards of directors of Unicaja Banco and EspañaDuero, with the due advance, will each issue a report explaining and justifying in detail the legal and economic terms of these Draft Merger Terms, with special reference to the exchange ratio of the shares, to the special valuation difficulties that may exist, as well as setting out the implications of the Merger for the shareholders of the merging entities, their creditors and employees.

These reports, as well as the documents mentioned in Article 39 of the Law on Structural Modifications, will be posted on the abovementioned corporate websites of Unicaja Banco and EspañaDuero, in such a way that they can be downloaded and printed, prior to the publication of the notice of the call to general meetings of shareholders that are to resolve on the Merger.

Lastly, the Draft Merger Terms will be submitted to the approval of the general meetings of shareholders of Unicaja Banco and EspañaDuero within six months of the date of this Draft, in accordance with the provisions of Article 30.3 of the Law on Structural Modifications. The general meetings to resolve on the Merger are expected to be the annual general meetings to be held in April 2018.

18. INTERIM PERIOD UNTIL THE MERGER IS EXECUTED

From the date of this Draft and until the Merger is registered, EspañaDuero and Unicaja Banco (the latter both in relation to its activities and to those of the entities in its Group) undertake to comply with the provisions of Article 30.2 of the Law on Structural Modifications and, in particular, to conduct their activity in the ordinary course of business and according to their usual practices, in the framework of a healthy and prudent management, with the care of a good manager and in compliance with the applicable laws and regulations.

The ordinary course of business will be understood to consist of those actions (acts or omissions) that are consistent (in nature, amount and economic substance) with the usual practice in the entities' normal business activities and that are not, by their nature, extraordinary or exceptional in relation to the entities' normal activities.

For the avoidance of doubt, actions taken in order to comply with regulatory requirements or at the instruction of the competent regulators or supervisors will not entail any breach of the covenants contained in this Section 18 of the Draft Merger Terms.

* * *

In compliance with the provisions of Article 30 of the Law on Structural Modifications, Unicaja Banco and EspañaDuero directors whose names are listed below, subscribe and authenticate these Draft Merger Terms in two copies, with identical content and presentation, which have been approved by the board of directors of Unicaja Banco and EspañaDuero in their respective sessions held on 26 January 2018.

BOARD OF DIRECTORS OF ESPAÑADUERO

Manuel Muela Martín-Buitrago
Chairman

María Luisa Lombardero Barceló
CEO

Zulima Fernández Rodríguez
Deputy Chairwoman

José Luis Berrendero Bermúdez de Castro
Director

Evaristo del Canto Canto
Director

Antonio López López
Director

Petra Mateos-Aparicio Morales
Director

Alejandro Menéndez Moreno
Director

Pablo Pérez Robla
Director

Ángel Rodríguez de Gracia
Director

José Ignacio Sánchez Macías
Director

It is expressly noted that, following the best practices in corporate governance, Unicaja Banco's proprietary directors in EspañaDuero, Mr. José Luis Berrendero Bermúdez de Castro and Mr. Ángel Rodríguez de Gracia, Mr. Antonio López López and Mrs. Petra Mateos-Aparicio Morales (these two represented in the meeting by Mr. José Ignacio Sánchez Macías), the executive director Mr. Evaristo del Canto Canto (represented by the Chairma, Mr. Manuel Muela Martín-Buitrago), the executive director and CEO, Mrs. María Luisa Lombardero Barceló and Mr. Manuel Muela Martín-Buitrago (chairman of EspañaDuero) abstained from taking part in the deliberations and voting of EspañaDuero's board of directors on these Draft Merger Terms as they were in a situation of potential conflict of interest. However, all of them have expressed their positive assessment of the Merger and, once the voting has been finished, have adhered to the favourable voting issued by the non-conflicted directors, for the sole purposes of forming the majority required to adopt the resolution.

With the exception of Mr. Antonio López López and Mrs. Petra Mateos-Aparicio Morales, who have not been physically present at the meeting, the rest of conflicted directors have signed the Common Draft Terms of Merger.

BOARD OF DIRECTORS OF UNICAJA BANCO

Manuel Azuaga Moreno **Chairman**	Enrique Sánchez del Villar Boceta **CEO**
Manuel Atencia Robledo **Deputy Chairman**	Juan Fraile Cantón **Deputy Chairman**
Petra Mateos-Aparicio Morales **Director**	Agustín Molina Morales **Director**
Eloy Domínguez-Adame Cobos **Director**	Guillermo Jiménez Sánchez **Director**
María Luisa Lombardero Barceló **Director**	Antonio López López **Director**
Isabel Martín Castellá **Director**	José María de la Torre Colmenero **Director**

_____ _

Victorio Valle Sánchez

Director

It is expressly noted that, following the best practices in corporate governance, those directors who sit on both banks, that is, Mr. Antonio López López, Mrs. Petra Mateos-Aparicio Morales and Mrs. María Luisa Lombardero Barceló (the latter represented in the meeting by Mr. Manual Azuaga Moreno), have abstained from taking part in the deliberations and voting of the board of directors of Unicaja Banco on these Draft Merger Terms, as they are in a situation of potential conflict of interests. However, all of them have expressed their positive assessment of the Merger and, once the voting has been finished, have adhered to the favourable voting issued by the non-conflicted directors.

Mr. Antonio López López and Mrs. Petra Mateos-Aparicio Morales have signed the Common Draft Terms of Merger, but not Mrs. María Luisa Lombardero Barceló, as she was not physically present at the meeting.

ANNEX

Bylaws of Unicaja Banco, S.A.

Bylaws of

UNICAJA BANCO, SOCIEDAD ANÓNIMA

TITLE I

Name, term, corporate purpose and registered office

Article 1. Name and applicable regulations

1. The Company is called UNICAJA BANCO, SOCIEDAD ANÓNIMA.

2. It was established exclusively by Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja) as a means for the development of its indirect financial activity.

3. The Company is governed by these Bylaws and by the laws and provisions that may be applicable to it.

Article 2. Term

The Company has been established for an indefinite term and it commenced its operations –following the corresponding administrative authorizations– once it was registered in the Special Register of the Bank of Spain (*Registro Especial del Banco de España*).

Article 3. Corporate Purpose

1. The Company's purpose is to carry out all kind of activities, transactions, acts, contracts and services within the banking business, in general or directly or indirectly related to or complementary thereto, or that may be a development of it, provided that they are permitted or not prohibited by the current legislation.

The Company's corporate purpose includes the provision of investment services and ancillary services, as well as the performance of the activities of an insurance agency, either exclusively or in association, without the simultaneous exercise of both activities.

2. The activities which make up the corporate purpose may be carried out, totally or partially, in an indirect manner, in any of the ways permitted by law, especially through the holding of shares or holding of interests in companies or in other institutions whose purpose is identical, similar or complementary to those activities.

3. The activities to be developed by the Company will be inspired by the principles of corporate social responsibility which have been present in it since its origin.

Article 4. Registered Office

1. The Company's registered office is located in Málaga, Avenida de Andalucía, nº 10-12.

2. The Board of Directors has authority to resolve to change the registered office within the same municipal district.

3. The Board of Directors also has authority to decide on the establishment, transfer and close of branches, agencies, representation and other offices, both in Spain and abroad.

TITLE II

Share capital, shares and issue of other securities

Article 5. Share Capital

The share capital stands at ONE THOUSAND SIX HUNDRED AND TEN MILLION, THREE HUNDRED AND TWO THOUSAND, ONE HUNDRED AND TWENTY-ONE EUR (€ 1,610,302,121.00-), divided into 1,610,302,121 nominative shares with a par value of ONE EURO (€ 1.00) each, fully subscribed and paid up, and all of the same class and series.

Article 6. Representation of shares

1. Shares will be represented by book entries and are constituted as such upon their registration in the corresponding accounting record. Given the nominal nature of the Bank's shares, the institution in charge of maintaining the accounting record of book entries, will notify the Company of transactions related to shares, to allow the Company to keep its own record with the identities of the shareholders.

2. Legitimation to exercise shareholder's rights, including transfer of shares, is obtained by the registration into the accounting record which presumes the lawful ownership and entitles the registered owner to request being re recognized as a shareholder by the Company. The said legitimation may be proved by exhibiting the corresponding certificates, issued by the institution in charge of maintaining the corresponding accounting record.

3. Should the Company make any compensation in favor of the holder as per the accounting record, it will be released from its corresponding obligation, even if the said holder is not the real holder of the share, provided that the Company has acted in good faith and without serious fault.

4. In the event that the person who appears legitimated in the entries of the accounting record has got the said legitimation under a fiduciary agreement or other similar title, the Company may demand that information is provided on the identity of the beneficial owners of the shares, as well as on any acts of transfer of and encumbrance thereof.

Article 7. Issue of debentures

1. The Company may issue debentures under the terms established by law.

2. The General Meeting may delegate to the Board of Directors the authority to issue simple or convertible and/or exchangeable debentures, mortgage bonds or any other mortgage securities.

The Board of Directors may use the said delegation in one or more occasion and over a maximum term of five years.

Also, the General Meeting may authorize the Board of Directors to determine the time when the resolved issue will be executed and to set the other conditions not established in the General Meeting resolution.

Article 8. Issue of other securities

1. The Company may issue promissory notes, preferred shares, subordinated debt, as well as other negotiable or non-negotiable securities that recognize or create debt different from those in the previous articles.

2. The General Meeting may delegate to the Board of Directors the authority to issue the said securities. The Board of Directors may use the said delegation in one or more occasion and over a maximum term of five years.

3. Also, the General Meeting may authorize the Board of Directors to determine the time when the resolved issue is to occur and to set the other conditions not established in the General Meeting resolution, under the terms provided by law.

TITLE III
Company's Bodies
CHAPTER I
The General Shareholders' Meeting

Article 9. The General Shareholders' Meeting

1. The shareholders, in a duly called General Meeting, may decide, by the majority established by law, on the matters that fall within the competence of the General Meeting.

2. The General Meeting will be governed by the Spanish Companies Act (*Ley de Sociedades de Capital*) with regard to its call, attendance, constitution and development.

3. Without prejudice to the above, only holders of one thousand (1,000) shares or more whose ownership has been registered in the corresponding book-entry record at least five (5) days before the day on which the Meeting is scheduled may attend the General Meeting. Each shareholder entitled to attend, as established above, will be given an attendance card which may only be replaced by a certificate of legitimacy showing that the attendance requirements are met.

Holders of fewer shares may group together until they make up, at least, that number, and shall appoint their representative.

The General Meeting's Chairman and Secretary will be those holding the said positions at the Board of Directors. In case of absence, they will be replaced by those replacing them in their functions, and if not available, by those chosen by the General Meeting for each meeting.

Article 10. Types of General Meetings

1. General Meetings may be annual or extraordinary.

2. An Annual General Meeting will have as its purpose to approve, if applicable, the company management and the financial statements for the previous financial year, and to resolve as to the allocation of profits, as well as to approve, if applicable, the consolidated accounts, notwithstanding with the possibility to resolve on any other items on the agenda, provided that the number of shareholders and the part of the share capital required by law or by the bylaws, in each case, are present.

The Annual General Meeting must be held within the first six months of each year to resolve on the previously mentioned matters. The Annual General Meeting will still be valid even if it is convened or held outside the mentioned time period.

3. Any General Meeting not provided for in the above section shall be deemed as an Extraordinary General Meeting.

4. All General Meetings, whether annual or extraordinary, are subject to the same rules of procedure and competence.

Article 11. Duties of the General Meeting

The General Meeting shall adopt decisions on the matters that fall within its competence pursuant to the law and to the present Bylaws; specifically, it has the following duties:

a) to appoint and remove the Directors, as well as to assess and approve their performance without prejudice to the powers of appointment by co-option legally attributed to the Board of Directors;

b) to appoint and remove the account auditors;

c) to approve, if appropriate, the annual accounts and to resolve on the allocation of profits;

d) to approve the distribution of dividends without prejudice to the distribution of interim dividends legally attributed to the Board of Directors;

e) to resolve to issue debentures and other negotiable securities;

f) to resolve to increase or reduce the share capital and to issue securities convertible to or exchangeable by shares;

g) to approve transactions of corporate restructuring (merger, splitoff, subsidiarisations, transformation, overall assignment of assets and liabilities and any other transaction similar to the previous);

h) to approve, if appropriate, the Regulation on the Operation of the General Meeting;

i) to approve any other amendment to the company bylaws without prejudice to the authority to change the registered office within the same municipal district legally attributed to the Board of Directors;

j) to authorize the Board of Directors and to delegate to it powers related to the increase of share capital and issue of debentures or other negotiable securities, pursuant to that established in the applicable laws and in these Bylaws;

k) to authorize the acquisition of own shares and transactions with them;

l) to resolve on the admission to trading of the Company's shares in any organized secondary market;

m) to resolve on the acquisition, disposal or contribution to other company of essential assets;

n) to resolve on the Company's dissolution or liquidation, as well as on those transactions whose effect is equivalent to liquidation of the Company; and

o) to decide on the matters that may be submitted by resolution of the Board of Directors;

p) to deliberate and resolve on any other matters determined by the Laws on companies and the specific laws on credit institutions or the company bylaws.

Article 12. Minutes of the General Meeting

1. The Secretary of the General Meeting shall draw up the minutes of the meeting, which will be recorded in the corresponding minute book and which may be approved by the General Meeting at the end of the meeting or, alternatively, and within 15 days, by the Chairman of the General Meeting and two inspectors.

2. The corporate resolutions will be enforceable from the date of approval of the minutes on which they are recorded.

CHAPTER II

The Board of Directors

Article 13. Management Body

1. The Company will be managed by a Board of Directors which will be governed by the legal regulations that may be applicable and by the present Bylaws.

2. The Board of Directors will approve regulations containing its rules of operation and internal organization, the rules governing the Committees established in these Bylaws, in accordance with them, and other committees whose creation may be decided by the Board, as well as the code of conduct of their members. The Board Regulations will be inspired by the best practices of good corporate governance of the sector. The Board of Directors will inform about the contents of the Regulations and their amendments to the Annual General Meeting immediately after the resolution is passed.

3. The Board of Directors will define a system of corporate governance to ensure a sound and prudent management of the institution. This will include the appropriate division of duties in the organization and the prevention of conflicts of interest. The Board of Directors will oversee the implementation of the said system and will be responsible for it. For that purpose, it will control and assess its effectiveness regularly and will adopt the necessary measures to solve its deficiencies.

Article 14. Duties of the Board of Directors

1. The Board of Directors will carry out its duties with unity of purpose and independence of judgment, giving the same treatment to all shareholders, driven by the interest of the Company and ensuring the respect to the rules, fulfillment of contracts, customs and good practices.

2. It is the competence of the Board of Directors to manage and represent the Company in the terms set out by the law and the Bylaws. The Board of Directors has the widest powers to manage and run the Company and, with the exception of the areas reserved to the competence of the General Meeting by the law or by the Bylaws, it is the highest decision-making body of the Company.

3. The Board shall exercise, without the possibility of delegation, those powers legally reserved to its direct knowledge, both by the laws on corporations and by laws specific to credit institutions, as well as such other powers which, required for a responsible performance of the general duty of supervision, may be set by the Board Regulations.

Article 15. Powers of representation

1. The representation of the Company in court and out of court corresponds to the Board of Directors, which will act collectively. This representation will extend to all the acts within the corporate purpose.

2. The Chairman of the Board of Directors has the power to represent the Company.

3. The Secretary of the Board and, if applicable, the Vice-Secretary, have the necessary representative powers to convert into public instruments the resolutions adopted by the General Meeting and by the Board, and to apply for registration thereof.

4. The provisions of this article are without prejudice to any other powers of attorney, whether general or special, that may be granted.

Article 16. Composition of the Board of Directors

1. The Board of Directors shall be composed of a minimum of eight members and a maximum of fifteen members, and the General Meeting shall determine the exact number of components.

2. It is not required to be a shareholder in order to be appointed member of the Board.

3. The members of the Board of Directors shall have recognized commercial and professional repute, adequate knowledge and expertise to carry out their duties and be ready to ensure good governance of the Institution.

4. Anybody who is in any of the cases of prohibition or incompatibility established by the law will not be able to be appointed member of the Board of Directors.

Article 17. Term of office

1. The Directors will be appointed by the General Meeting to hold office for a term of four years, and may be re-elected one or more times for periods of the same term.

The appointment of Directors will end when, once the term of office has expired, an Annual General Meeting has been held and they have not been re-elected or the period to hold an Annual General Meeting to resolve on the approval of the previous year accounts has expired.

2. The appointment of Directors that the Board designates by co-option will be deemed to have been made and will be in force until the date of the next Annual General Meeting, included, without prejudice to the ratification or revocation power that the General Meeting has. If the vacancy occurs when the General Meeting has been convened and before it has been held, the Board of Directors may appoint a Director until the next General Meeting is held.

Article 18. Meetings and resolutions of the Board of Directors

1. The Board of Directors will meet in ordinary session with the frequency legally established and, additionally, as often as considered necessary by its Chairman, who has the power to call it, either on his own initiative or on request of, at least, one third of the Directors. In the latter case, the Chairman will call the extraordinary meeting within a maximum term of three working days after the receipt of the request, for it to be held within the three following working days, including on the agenda the matters that make part of it.

2. The call to the meeting will be made by individual notice to all the Directors, detailing the agenda of the meeting, and it will be sent to them by any mean (fax, e-mail or letter) allowing to ensure its reception. The notice will be sent at least three days prior to the scheduled date of the meeting, except in those cases where, in the opinion of the Chairman, the urgency of the matters to consider requires not to delay the meeting. In that case, it will be called by the previous means and will be held sufficiently in advance to allow the Directors to fulfill their duty to attend.

3. Any person invited by the Chairman may attend the Board meetings.

4. For the Board of Directors to be validly constituted, it will be necessary the attendance, present or by proxy, of half plus one of its members. Also, the Board will be validly constituted without the need of a call if the holding of the meeting and its planned agenda are unanimously accepted by those present in person or by proxy.

5. Meetings of the Board of Directors may also be held by videoconference, multiple conference call or other similar means that may exist in the future, except if one third of the Directors state their opposition to their use. In those cases, the resolutions are deemed as adopted in the registered office.

6. The Board of Directors may also adopt resolutions in writing (including fax or e-mail sent in advance and the later remittance of the original), without the need to hold a meeting, if none of the Directors opposes to this procedure.

7. Resolutions will be adopted by absolute majority of the Directors present at the meeting in person or by proxy, except in those cases in which a greater majority is required by the law or the Bylaws. In the event of a tie, the Chairman will have a casting vote.

8. All the Directors may issue their votes and extend proxies to other Directors, although non-executive directors may only grant it to other non-executive directors. Proxies will be granted on a special basis for the meeting of the Board it makes reference to, and may be communicated by any of the ways established in section 2 of this Article.

Article 19. Minutes of the Board of Directors

1. All resolutions adopted by the Board of Directors will be recorded in the minutes, which will be drawn up and signed by the Secretary and, in his absence, by the Vice-Secretary; in absence thereof, it will be drawn up and signed by the Director appointed as secretary of the meeting. In any case, the approval of the person acting as Chairman will be registered in the minutes.

2. The Chairman, the Vice Chairman or Vice Chairmen, the Chief Executive Officer(s) and the Secretary or Vice Secretary of the board, will be permanently authorized, jointly and severally, to arrange for attestation as public documents of the resolutions of the board of directors, all without prejudice to the express authorizations established in the applicable laws and regulations.

Article 20. The Chairman of the Board of Directors

1. The Board of Directors shall appoint from among its members a Chairman who will exercise the maximum representation of the Company. In addition to the powers delegated by the law or Bylaws, the Chairman shall have the following powers in the exercise of his position:

a) To chair the General Meeting, to direct the discussion and deliberations, to arrange the interventions and replies, establishing even their duration, as well as to close a discussion when he considers that the issue has been sufficiently debated.

b) To call and to chair the meetings of the Board of Directors and of the Executive Committee, as well as those of the Committees that the Board may establish and which he may have to chair.

c) To set the agenda of the Board and Executive Committee meetings, as well as that of the created committees which he may have to chair, and to direct the discussions and deliberations.

d) To implement the resolutions of the Board of Directors and the Committees. For that purpose, he will have the maximum representation powers, without prejudice to the delegations that the corresponding management body may grant to other members.

2. In addition to the duties referred to in section 1 of this article, the Board of Directors may grant to the Chairman permanent executive powers, on the terms established in article 23 of these Bylaws.

Article 21. Other positions on the Board of Directors

1. The Board of Directors shall appoint from among its members one or more Vice-Chairmen, which may be executive, and shall determine, if applicable, their order of preference. In case of absence, vacancy or illness of the Chairman, his duties will be exercised by the Vice-Chairman,

following the established order of preference; and in case of absence of all of them, by the eldest Director.

2. The Board of Directors shall appoint a Secretary and, if applicable, a Vice-Secretary, which may or not be Directors. In absence of the Secretary, his functions will be exercised by the Vice-Secretary and, in absence of both of them, by the Director appointed by the Board from among those present to the meeting in question.

3. If the Chairman has the condition of executive director, the Board of Directors, with the abstention of executive directors, shall appoint necessarily a Leading Director from among the independent directors. The Leading Director will be especially entitled to request the call of the Board of Directors or the inclusions or new items on the agenda of an already called meeting, to coordinate and meet the non-executive directors and to direct, if applicable, the regular assessment of the Chairman.

Article 22. Re-election of positions on the Board of Directors

The Chairman, the Vice-Chairman or Vice-Chairmen and, if applicable, the Secretary and/or Vice-Secretary of the Board which may be re-elected as Board members by resolution of the General Meeting, shall continue to hold the posts that they had on the Board of Directors without the need to be re-elected and without prejudice to the power to revoke that the management body has with regard to those positions. The previous rule will not be applicable to chief executive officers or to Committee members.

Article 23. Delegation of powers by the Board of Directors. Board Committees

1. The permanent delegation of powers by the Board of Directors to the Chairman, the Executive Committee, one or more Vice Chairman or one or more Chief Executive Officer, and the appointment of the directors to hold those positions, shall require the favorable vote of two thirds of the Board members.

2. The Board may appoint from among its member one or more Chief Executive Officer(s), providing him/her or them with the powers that it may consider appropriate, without delegating the powers reserved to the Board in full by the provisions of the laws, the Bylaws or the Board Regulations.

4. The Board may constitute an Executive Committee, with delegation of general decision-making powers.

4. The Board may constitute committees with supervision, information, advising and proposal-making duties in areas within its competence, and it must constitute an Audit and Regulatory

Compliance Committee, a Risk Committee, an Appointments Committee and a Remuneration Committee.

5. The composition and operation of the Board Committees shall be governed, in those aspects not covered in the present Bylaws, by that established in the Board Regulations.

Article 24. Executive Committee

1. The Executive Committee will be composed of a minimum of 5 and a maximum of 7 Board members. The Chairman of the Board of Directors will be the Chairman of the Executive Committee.

2. The permanent delegation of powers to the Executive Committee and the resolutions to appoint its members will require the favorable vote of at least two thirds of the components of the Board of Directors.

3. The permanent delegation of powers by the Board of Directors to the executive Committee may comprise all the Board's powers, with the exception of those which cannot be delegated by law, by the provisions of the present Bylaws or the Board Regulations.

4. The Executive Committee shall meet as often as called by its chairman.

5. The Executive Committee will inform the Board of Directors of the matters and resolutions adopted in its meetings and will make available to the members of the Board a copy of the minutes of the meetings.

Article 25. Audit and Regulatory Compliance Committee

1. The Audit and Regulatory Compliance Committee will be composed of a minimum of three and a maximum of five members, all of them non-executive directors, appointed by the Board of Directors from among its members.

The majority of the Audit and Regulatory Compliance Committee members shall be independent directors and at least one of them will be appointed taking into account his/her knowledge and expertise in the areas of accounting, audit, both of them, or risk management.

2. The Chairman of the Audit and Regulatory Compliance Committee will be appointed from among the independent directors who compose it and will be replaced every four years, with the possibility to be re-elected one year after the end of his/her tenure.

3. The number of members, competences and rules of procedure of the Audit and Regulatory Compliance Committee will be those established in the Bylaws and in the Board of Directors

Regulations, and will be construed in the most favorable way to its independent performance. The Committee will have, at least, the following competences:

i. To inform the General Meeting on the issues that may arise on matters that fall within its competence and, in particular, on the result of the audit, explaining how it has contributed to the integrity of the financial information and the functions carried out by the Committee in the process.

ii. To oversee the effectiveness of the company's internal control, internal audit and risk management systems, as well as to discuss with the account auditors the relevant weaknesses of the internal control system detected in the course of the audit, all of that without damage to its independence. For those purpose, they may submit recommendations or proposals to the Board of Directors and the corresponding term for their monitoring.

iii. To oversee the process of preparation and presentation of the regulated financial information and to submit recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity.

iv. To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the account auditor, being responsible for the selection process, in accordance with the applicable regulations, as well as for the conditions of the hiring and for obtaining periodically from it information on the audit plan and its execution, in addition to preserving its independence in the performance of its functions.

v. To establish the appropriate relations with the account auditors in order to receive information, for examination by the Committee, on any matter that may entail a threat to the auditors' independence and on any other matters related to the development of the account auditing, and, when necessary, the authorization of services different from those prohibited, in the terms established in the applicable regulations, as well as to receive any other communications provided for in audit legislation and standards. In any event, the Committee must receive on an annual basis from the account auditors a written statement of their independence with regard to the company or entities directly or indirectly related to it, as well as information on the additional services of any kind provided to those entities by the mentioned auditors, or by people or entities linked to the auditor in accordance with the regulations on the audit account activity.

vi. On an annual basis, prior to the issue of the account audit report, to issue a report expressing an opinion on whether the independence of the account auditors or audit firms

is compromised. This report must assess, in any event, the provision of each and any of the additional services referred to in the previous paragraph.

vii. To inform the Board of Directors in advance on all matters provided for in the law, Bylaws or Board Regulations, and specifically on the financial information that the Company must disclose periodically, on the creation or acquisition of shares in special-purpose entities or in entities domiciled in countries or territories considered tax havens, and on related-parties transactions.

4. The Audit and Regulatory Compliance Committee will meet, at least, four times a year, and as often as called by its Chairman, whenever he deems it is necessary or whenever required by resolution of the said Committee or requested by two of its members.

5. Through its Chairman, the Audit and Regulatory Compliance Committee will inform the Board of Directors, at least, twice a year.

6. The Board of Directors Regulations will develop and complete the rules above. In those aspects not covered by the law, Bylaws or the Board Regulations, the operation of the Committee will be additionally governed by the regulations related to the Board of Directors, as long as they are compatible with the nature of the Committee and with its independent performance.

Article 26. Risk Committee

1. The Risk Committee will be composed of a minimum of three and a maximum of five members, all of them without executive functions in the Institution, and having the adequate knowledge, capacity and expertise to fully understand and control the risk strategy and the Institution's risk appetite. At least one third of the Risk Committee members and, in any case, the Chairman, will be independent directors.

2. Without prejudice to the duties assigned by the law, the Bylaws or, in accordance with, the Board of Directors Regulations, the Risk Committee will have, among other, the following duties:

i. To advise the Board of Directors on the global risk appetite, current and future, of the Institution and its strategy in this regard, and to assist the Board in overseeing the implementation of the mentioned strategy.

ii. To assess whether the prices for assets and liabilities offered to customers take full account of the business model and risk strategy of the institution. If the Committee notices that prices do not reflect risks properly in accordance with the business model and the risk strategy, it shall submit a correction plan to the Board of Directors.

iii. To determine, together with the Board of Directors, the nature, amount, format and frequency of the information on risks to be received by the Committee itself and by the Board of Directors.

iv. To collaborate to establish rational remuneration policies and practices. For that purpose, the Risk Committee shall assess, without prejudice to the duties of the Remuneration Committee, whether the foreseen incentive policy takes account of risks, capital, liquidity, probability and timing of profits.

3. In those cases not provided for in the present Bylaws, the Board of Directors Regulations will govern the quantitative and qualitative composition of the Risk Committee, as well as its rules of operation, internal regime and the code of conduct of its members.

Article 27. Appointments Committee

1. The Appointments Committee will be composed of a minimum of three and a maximum of five members, all of them without executive functions in the Institution. At least two of them and, in any case, the Chairman, will be independent directors.

2. The members of the Appointments Committee shall be appointed by the Board of Directors taking into account the knowledge, expertise and skills required for the functions to be carried out.

3. Without prejudice to other functions assigned by the law, the Company Bylaws or, in accordance with them, the Board of Directors Regulations, the Appointments Committee shall have, among other, the following functions: the assessment of competencies, knowledge and expertise required in the Board, the definition of the functions and skills to be fulfilled by the candidates to cover each vacancy, and the assessment of the dedication for the good performance of their duties. The Committee shall also establish a target of representation for the less present gender in the Board of Directors and shall prepare guidelines on how to reach the said target.

4. The Board Regulations shall govern and develop the composition, the operation and the competences of the Appointments Committee.

Article 27 bis. Remuneration Committee

1. The Remuneration Committee will be composed of a minimum of three and a maximum of five members, all of them without executive functions in the Institution. At least two of them and, in any case, the Chairman, will be independent directors.

2. The members of the Remuneration Committee shall be appointed by the Board of Directors taking into account the knowledge, expertise and skills required for the functions to be carried out.

3. Without prejudice to other functions assigned by the law, the Company Bylaws or, in accordance with them, the Board of Directors Regulations, the Remuneration Committee shall have, among other, the following functions: to ensure 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-taking employees, 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. It will also prepare a specific report accompanying the proposal of the Board of Director's remuneration policy.

4. The Board of Directors Regulations will govern and develop the composition, operation and competences of the Remuneration Committee.

Article 28. Liability of directors

1. Directors shall be liable to the Company, to the shareholders, and to the Company's creditors for any damage they may cause by acts or omissions contrary to law or to the bylaws or by any acts or omissions contrary to the duties inherent in the exercise of their office.

2. All the members of the board of directors that carried out such act or adopted resolution causing damage will be jointly and severally liable, except those members who can prove that, not having participated in the adoption and execution of such act or resolution, they were unaware of its existence, or, if aware of it, did everything that was appropriate to avoid the damage caused, or at least expressly opposed it.

3. Under no circumstances shall the fact that the act or resolution causing damage was approved, authorized or ratified by the General Meeting be considered grounds for a release from liability.

Article 29. Remuneration of directors

1. The position of director is remunerated. The remuneration policy for Board Members shall be subject to approval by the Annual General Meeting on the same terms as those established for listed companies in the area.

2. The remuneration of directors due to their role as such shall be composed of a fixed remuneration and of attendance fees for the meetings of the Board of Directors and its Committees. The maximum annual aggregate remuneration amount that all Directors receive due to their role as such shall be approved by the General Meeting and shall remain unchanged until its modification is approved. The distribution of the remuneration among the different directors shall

be responsibility of the Board of Directors in the way that it determines, and it will take into account the duties and responsibilities allocated to each Director, their participation in Board Committees, the attendance to the meetings of the Board of Directors and its Committees and other objective circumstances which may be deemed relevant.

3. Executive Directors shall be entitled, too, to receive remuneration composed of: (a) a fixed part, adapted to the services and responsibilities assumed; (b) a variable part, correlated to any indicator of the performance of the Director or the Company; (c) an assistant part, covering the appropriate welfare and insurance systems; and (d) compensation in case of separation or any other way of termination of the legal relationship with the Company and which shall not be due to non-compliance attributable to the Director; all of that in accordance with the terms and conditions established in the corresponding contract that the executive director signs with the Company, according to the regulations in force.

Determination of the amount of the remuneration items comprising the fixed part, the manner of configuring and indicators for calculation of the variable part, the assistance provisions, and the compensation or the criteria for calculation thereof, also corresponds to the board of directors, taking into account the remuneration policy.

4. Additionally, the Board Members shall be entitled to the reimbursement of any reasonable expense duly justified and directly related to the exercise of their position of Directors.

5. The Company shall take out a liability insurance for its Directors in the usual conditions and proportional to the circumstances of the Company itself.

6. In any case, the remunerations of the members of the Company's governing bodies shall be adjusted to the provisions which, on that matter, are established in the company and banking regulations.

TITLE IV

Other provisions

CHAPTER I

Financial year, annual accounts and dividends

Article 30. Financial year and annual accounts

1. The financial year will correspond to the natural year, starting on 1 January and ending on 31 December of each year.

2. Within a maximum term of three months after the close of each financial year, the Board of Directors will prepare the annual accounts, the management report, the proposal for allocation of profits and, if applicable, the consolidated accounts and management report.

3. The Board of Directors will arrange for definitive preparation of the accounts, in a manner that will not result in exceptions by the account auditor. Nevertheless, when the Board considers that it must maintain its position, it will publicly explain, through the Chairman of the Audit and Regulatory Compliance Committee, the content and scope of the discrepancy and will try for the auditor to explain the maintenance of its exceptions.

4. The annual accounts and the management report of the Company must be reviewed by the account auditor, appointed by the General Meeting prior to the end of the financial year to be audited, for a specified term that may not be less than three or more than nine years after the beginning date of the first financial year to be audited. The auditor may be re-elected by the General Meeting according to the applicable regulations.

Article 31. Approval and filing of the annual accounts

1. The Company will prepare the annual accounts, which will include its own individual accounts and the Group's consolidated accounts.

2. The annual accounts will be submitted for approval by the Annual General Meeting.

3. Once the annual accounts have been approved, the General Meeting will resolve regarding the allocation of profits for the financial year.

If the General Meeting resolves to distribute dividends, it will determine the time and form of payment. It may also delegate this determination to the management body.

4. Within the month after approval of the annual accounts, the managers will present the said accounts for filing with the Companies Register of the registered office, in accordance with the regulations in force.

CHAPTER II

Annual Corporate Governance Reports and Remuneration Report. Website

Article 32. Annual Corporate Governance Report

1. The Board of Directors will approve an annual corporate governance report, whose content will be adapted to the legal provisions and regulatory requirements on its development.

2. The annual corporate governance report will be included in the management report, in a separated section.

3. The annual corporate governance report will be made available to the shareholders at the Company's website not later than the publication date of the call for the Annual General Meeting to resolve on the previous year annual accounts the mentioned report makes reference to.

Article 33. Annual report on remunerations

1. Together with the annual Corporate Governance report, the Board of Directors will prepare and make available to the shareholders an annual report on the remunerations of the Board members. This will include comprehensive, clear and easy to understand information on the company remuneration policy for the year and, if applicable, the expected remuneration policy for future years. It will also include a global summary on how the remuneration policy was applied during the financial year, as well as a breakdown of the individual remunerations received by each one of the Board Members.

2. This report will be disclosed in the same terms as the annual corporate governance report and will be subject to voting, with consultative nature, and as a separated item on the agenda, in the Annual General Shareholders' Meeting.

Article 34. Website

The Company will have a corporate website, whose content will be determined by the Board of Directors, in accordance with the legal and regulatory provisions that may by applicable.

CHAPTER III

Dissolution and liquidation

Article 35. Dissolution of the Company

The Company will be dissolved in the cases and subject to the requirements contemplated in applicable legislation

Article 36. Liquidators

1. The Company having been dissolved, all members of the Board of Directors with appointments in force and registered in the Companies Register, will become liquidators by law, composing the Liquidation Commission, unless the General Meeting has appointed other liquidators in the dissolution resolution.

2. In the case of conversion foreseen in section 1 above, the Chairman of the Board of Directors will become the chairman of the Liquidation Commission.

3. If the number of directors is not odd, the youngest director will not become a liquidator.

Article 37. Representation of the dissolved Company

1. In case of dissolution of the Company, the representation power will be vested in the liquidation body, composed by the liquidators described in Article 36 above, which will act collectively.

2. The Chairman of the Liquidation Commission will have the power to represent the dissolved Company.

Article 38. Payment of the liquidation share

The liquidation share will be paid to the shareholders, in whole or in part, in assets or rights originally contributed by each shareholder, on the terms established by the General Meeting.

Article 39. Remaining assets and liabilities

If, the Company having been extinguished and its entries in the Companies Register having been cancelled, new corporate assets or liabilities appear, the provisions of applicable legislation will apply.

CHAPTER IV

Other provisions

Article 40. Additional regulations

Any other subject not covered by the present Bylaws will be subject to that established in the Spanish Companies Act (*Ley de Sociedades de Capital*) in force and in other supplementary regulations, especially in those regulating the banking activity, where applicable.

TRANSITIONAL PROVISIONS

1. Statutory provisions related to the status of listed company

The provisions in these Bylaws exclusively related to the status of listed company of the Company will be effective only from the date of the official admission to trading of its shares in the Stock Exchanges via the electronic trading system (*Sistema de Interconexión Bursátil,* S.I.B.E.), and the matters object of the said provisions, with transitional status, will be governed by that established in the Royal Legislative Decree 1/2010, of 2 July, approving the Consolidated Text of the Companies Act on non-listed companies.

2. Duration of the term of office of Directors appointed before the amendment of article 17 of the Company Bylaws in the year 2016

Directors appointed before the amendment of article 17 of the Bylaws, which reduces the term of office from six to four years, and before 1 January 2014, may complete the term of office of six years for which they were elected, even if they exceed the maximum term of four years set forth now in article 17.

3. Statutory amendments subject to authorization by the Bank of Spain

The full effectiveness of the amendments to articles 9.3, 18.1, 30.4 and 31.3 of the Company Bylaws, approved by the Company's General Shareholders' Meeting, is subject to administrative authorization by the Bank of Spain, pursuant to article 4 of the Law 10/2014 of 26 June, on the regulation, supervision and solvency of credit institution, and in article 10 of the Royal Decree 84/2015 of 13 February implementing the said Law 10/2014 of 26 June. As long as the authorization is not granted, the previous wording of the said articles will remain in full force and will be binding for the Company's shareholders