



EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS 2021

REPORT OF THE BOARD OF DIRECTORS OF UNICAJA BANCO, S.A. ON THE DRAFT MERGER TERMS

BETWEEN

UNICAJA BANCO, S.A.

(as absorbing company),

AND

LIBERBANK, S.A.

(as absorbed company).

MALAGA, 25 FEBRUARY 2021

1. INTRODUCTION

The Boards of Directors of Unicaja Banco, S.A. ("**Unicaja Banco**") and Liberbank, S.A. ("**Liberbank**"), at their respective meetings held on 29 December 2020, drew up and subscribed the common draft terms of the merger (the "**Draft Merger Terms**") related to the merger by absorption between Unicaja Banco (as absorbing company) and Liberbank (as absorbed company) (the "**Merger**").

The Draft Merger Terms have been drawn up, approved and subscribed by the Boards of Directors of the mentioned companies in the terms therein indicated, in accordance with the provisions of Articles 30 and following of the Spanish Law 3/2009 of 3 April, on Structural Changes in Companies ("**Law on Structural Changes**"). The Draft Merger Terms have been posted on the corporate websites of Unicaja Banco (<http://www.unicajabanco.com>) and of Liberbank (<http://www.liberbank.es>) since 29 December 2020, with the possibility to be downloaded and printed. The posting and the date thereof were announced in the Official Gazette of the Trade Register (*Boletín Oficial del Registro Mercantil*) on 12 January 2021 in the case of Unicaja Banco, and on 21 January 2021 in the case of Liberbank.

For the purposes of the provisions of Articles 33 and concurrent of the Law on Structural Changes, the members of the Board of Directors of Unicaja Banco have drawn up this report on the Draft Merger Terms (the "**Report**"), where, in accordance with the provisions of the said articles, they explain and justify in detail the Draft Merger Terms in its legal matters, with special reference to the exchange ratio and the special valuation difficulties that may exist.

Additionally, the report includes (i) a report on the capital increase inherent to the Merger, and (ii) a report on the amendments to the bylaws foreseen within the framework of the Merger.

The Draft Merger Terms will be submitted for approval to the General Meetings of Shareholders of Unicaja Banco and Liberbank, in accordance with the provisions of Article 40 of the Law on Structural Changes.

2. RATIONALE FOR THE MERGER

As detailed in the Draft Merger Terms, in recent years, the banking sector has experienced a process of restructuring and progressive concentration, arising from the need for banks to improve their efficiency and reduce operating costs in a climate of long-term reduction of net interest income as a result, among other factors, of low interest rates.

The mentioned trend is now reinforced due to the global pandemic caused by the COVID-19 and to the economic consequences derived from the said health crisis, which has caused a strong contraction of the global GDP and, especially of the Spanish GDP, as well as a significant increase of the unemployment rate. Although the origin of this new economic crisis is not related to the financial sector (and, in fact, it has reaffirmed the fundamental role of banks in supporting families and companies, which in many cases have seen their sources of income drastically cut), it is expected to cause interest rates to remain at very low levels, or even negative, for a period longer than expected. It will also cause a rise in defaulting and bad debt provisions, increasing even more the pressure on banks' profitability and, therefore, on the European banking sector trend to concentration, as the described backdrop requires seeking larger scales in the banking sector.

As of this date, Unicaja Banco and Liberbank have positioned themselves as the 8th and 12th credit entities in Spain, respectively, in terms of assets (7th and 11th respectively, if the Caixabank and Bankia integration is taken into account), after becoming stock-listed banks, updating and improving their corporate governance, and have adapted to the new regulatory framework derived from Basel III. Notwithstanding the above, the mentioned context of health and economic crisis, along with other structural challenges faced by Spain and Europe banks (such as the above mentioned low interest rates or digital transformation, with the incorporation of new competitors from the technology sector), make the merger to be a strategic opportunity to consolidate the position of both entities. Additionally, the mentioned strategic opportunity appears in a moment of clear preference and boost by the Single Supervisory Mechanism to concentration transactions as the one proposed and which, in addition to having a strategic rationale, will enable tackling from a stronger position the industry challenges, and, in

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particular, will enable reaching a greater number of clients with an optimised cost structure and jointly make digital transformation investments.

Following the merger, as per the public information available as of 30 September 2020, the combined entity will become the 6th credit entity in the Spanish market in terms of assets (the 5th if the integration between Caixabank and Bankia is considered), the 6th in terms of deposits (the 5th if the integration between Caixabank and Bankia is considered), and the 7th in terms of gross lending to customers (the 6th if the integration between Caixabank and Bankia is considered).

From a commercial point of view, the integration of Unicaja Banco and Liberbank will allow the combined entity to expand its presence to 80% of the Spanish territory, with a limited overlapping in the geographical areas where they are currently present and where both institutions have a traditional presence. Furthermore, the complementarity of the network of branches and operation areas of the two entities will allow the combined entity to have leading market shares in, at least, four autonomous communities.

The merger of both companies presents a strong strategic fit, taking into account (i) the regional leadership of Unicaja Banco and Liberbank in their respective origin areas; (ii) the strong brand recognition of both entities, (iii) their very sound and comfortable liquidity structure, and (iv) their strong solvency position. Additionally, the retail banking that forms the core activity of both entities, with a significant share of the retail mortgage sector and an important volume of small and medium enterprise business, makes the cultural fit between the two entities.

3. LEGAL ASPECTS OF THE DRAFT MERGER TERMS

3.1 LEGAL STRUCTURE OF THE MERGER

The legal structure chosen for integrating the businesses of Unicaja Banco and Liberbank is a merger, under the terms of articles 22 and following of the Law on Structural Changes.

In particular, the integration will occur by the absorption of Liberbank (the absorbed company) into Unicaja Banco (the absorbing company) with the extinction, via dissolution without liquidation, of Liberbank, and the transfer *en bloc* of all its equity to Unicaja Banco, which will acquire, by universal succession, all the rights and obligations of Liberbank. As a consequence of the Merger, the shareholders of Liberbank will receive in exchange shares in Unicaja Banco.

3.2 ANALYSIS OF THE LEGAL ASPECTS OF THE DRAFT TERMS OF MERGER

The Draft Merger Terms were prepared in accordance with the provisions of articles 30 and 31 of the Law on Structural Changes and, therefore, include the mentions required by the said articles as minimum necessary contents.

As it will be explained below, along with the minimum contents, the Draft Merger Terms include and develop other topics related to the structural change whose incorporation has been deemed convenient by the directors of Unicaja Banco and Liberbank.

3.2.1 Identification of the merging companies

In accordance with the provisions of Article 31.1 of the Law on Structural Changes, section 2 of the Draft Merger Terms identifies the merging companies by including their legal name, type of company, legal address, tax identification numbers and details of registration in their respective Trade Registers.

3.2.2 Merger exchange

(A) Exchange ratio

Pursuant to Article 31.2 of the Law on Structural Changes, section 3.1 of the Draft Merger Terms includes the exchange ratio of the Merger, which will be of one (1) Unicaja Banco share, with a nominal value of one (1) euro, for every TWO POINT SEVEN SEVEN ZERO FIVE (2.7705)

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Liberbank shares, with a nominal value of two euro cents (0.02€). No complementary cash consideration is foreseen.

Section 4 of this Report (referred to avoid unnecessary repetitions) includes further detail on the exchange ratio, as well as an economic analysis and justification.

(B) Manner of covering the exchange. Capital increase to cover the exchange of Liberbank shares

In section 3.2 of the Draft Merger Terms it is stated that Unicaja Banco will cover the exchange of Liberbank shares, in accordance with the exchange ratio mentioned in the section above, with newly-issued ordinary shares.

For that purpose, Unicaja Banco will carry out a capital increase in the sum needed through the issue and circulation of the necessary number of new shares, whose subscription will be reserved to the holders of Liberbank shares, and in accordance with the provisions of Article 304.2 of the restated Law on Corporate Enterprises (*Ley de Sociedades de Capital*), approved by the Royal Decree 1/2010 of 2 July, there will be no preferential subscription rights.

Pursuant to Article 26 of the Law on Structural Changes, Liberbank shares held by Unicaja Banco, if any, and treasury shares held by Liberbank will not be exchanged in any case, but will be redeemed. In the Draft Merger Terms it is stated that, as of the date of its subscription by the directors of both companies, Unicaja Banco did not hold any Liberbank shares.

The Draft Merger Terms also include that, taking into account the total number of Liberbank shares in circulation on the date of the Draft Merger Terms (i.e. 2,979,117,997 shares, each with a nominal value of two euro cents), the maximum number of Unicaja Banco shares to be issued to effect the merger exchange amounts to 1,075,299,764 ordinary shares of Unicaja Banco, each with a nominal value of one euro. This represents a capital increase of a maximum nominal sum of 1,075,299,764 euros. The sum of the capital increase may vary depending on the treasury shares held by Liberbank or any shares in Liberbank that Unicaja Banco, where applicable, holds when the Merger is executed. For those purposes, it is noted that Liberbank currently has a liquidity contract in force subscribed with a financial intermediary, so the number of treasury shares held by Liberbank could vary.

(C) Exchange procedure

Pursuant to the provisions of Article 31.2 of the Law on Structural Changes, the procedure for the exchange of Liberbank shares is included in section 3.3 of the Draft Merger Terms.

The exchange of Liberbank shares for Unicaja Banco shares will be carried out through the entities that are the depositaries of Liberbank shares, following the procedures established for the book-entry system and, in particular, in accordance with the provisions of the Spanish Royal Decree 878/2015 of 2 October on clearing, settlement and registration of tradable securities in the form of book entries, and applying the provisions of Article 117 of the Spanish Law on Corporate Enterprises.

As a consequence of the Merger, Liberbank shares will be redeemed.

(D) Mechanism to facilitate the exchange

Section 3.4 of the Draft Merger Terms sets a mechanism to facilitate the exchange: the holders of a number of Liberbank 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 to exchange them according to the mentioned exchange ratio. Notwithstanding the above, Unicaja Banco and Liberbank will appoint an odd-lot dealer (*agente de picos*) for the purchase of odd-lots of shares. This way, every shareholder of Liberbank which, under the agreed exchange ratio and taking into account the number of shares of Liberbank 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 Liberbank shares left over that is insufficient to be entitled to receive an additional share of Unicaja Banco may convey those left-over Liberbank shares to the odd-lot dealer, who will pay their value in cash at the price set in the exchange notice.

3.2.3 Rights of the new shares. Date from which the new shares give right to participate in corporate earnings

In compliance with the provisions of Article 31.6 of the Law on Structural Changes, section 5 of the Draft Merger Terms determines that the new shares issued by Unicaja Banco to cover the Merger exchange will be ordinary shares of the same and single class and series as those currently in circulation, and its holders will have the same rights since the date on which the notarial instrument of merger is registered in the Trade Register of Malaga.

In particular, the new shares will confer their holders the right to participate in the earnings of Unicaja Banco on the same terms and conditions as the rest of Unicaja Banco shares in circulation on that date, from the date of registration of the notarial instrument of merger with the Trade Register of Malaga.

3.2.4 Accounts and valuation of Liberbank assets and liabilities to be transferred

For the purposes of Article 31.10 of the Law on Structural Changes, section 4.2 of the Draft Merger Terms indicates that the annual accounts of the merging entities for the year ended on 31 December 2019 have been considered.

Furthermore, for the purposes of Article 31.9 of the Law on Structural Changes, section 4.3 of the Draft Merger Terms remarks that the assets and liabilities transferred by Liberbank to Unicaja Banco will be registered in Unicaja Banco's accounting at their fair value from the effective date of the Merger for accounting purposes.

3.2.5 Effective Merger date for accounting purposes

For the purposes of Article 31.7 of the Law on Structural Changes, section 6 of the Draft Merger Terms indicates that the date from which the transactions of the absorbed company will be considered to be performed for accounting purposes by the absorbing company will be the date resulting from the application of rule 44 of Circular 4/2017 of 27 November of the Bank of Spain, on credit entities, on the rules on public and reserved financial information and financial statement templates, the Recognition and Measurement Rule 19 of the Spanish National Chart of Accounts (*Plan General de Contabilidad*), approved by Royal Decree 1514/2007 of 16 November, and the International Financial Reporting Standard 3.

3.2.6 Contributions of labor, ancillary obligations, special rights and securities other than those representing capital

In accordance with the provisions of section 31.3 of the Law on Structural Changes, section 7 of the Draft Merger Terms sets that as there are no contributions of labor or ancillary obligations, neither in Unicaja Banco nor in Liberbank, and there is no need to grant any compensation for those concepts.

In compliance with the provisions of Article 31.4 of the Law on Structural changes, it is stated that in none of the merging entities there are privileged or 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 Liberbank as a result of the Merger will not grant any special rights to its holders.

With regard to the rights of the beneficiaries (employees, officers and executive directors) of Liberbank's share remuneration agreements, when the merger becomes effective, Unicaja Banco will replace Liberbank as the entity bound by those remuneration agreements, and the rights on Liberbank's

shares will be automatically converted into rights on Unicaja Banco's shares, in accordance with the terms resulting from the exchange ratio established in the Draft Merger Terms. All mentions of Liberbank in the said remuneration agreements will be considered as made to Unicaja Banco from the date the notarial instrument of merger is registered with the Trade Register of Malaga.

3.2.7 Benefits granted to directors and independent directors

Section 8 of the Draft Merger Terms, complying with the provisions of Article 31.5 of the Law on Structural Changes, establishes that no benefit in Unicaja Banco will be granted to the directors of either merging entity nor to BDO Auditores, S.L.P, independent expert appointed for the issuance of the corresponding report on the Draft Merger Terms, as indicated in section 3.3.2 below.

3.2.8 Bylaws of the absorbing company

In order to comply with the requirement set in Article 31.8 of the Law on Structural Changes, the Draft Merger Terms expressly state in section 10 that (i) as part of the merger agreements, the amendments to the Bylaws detailed in Annex 10 of the Draft Merger Terms will be submitted to the General Meeting of Shareholders of Unicaja Banco for approval, and that (ii) the resulting text of Unicaja Banco's bylaws is attached as Annex 10 bis to the Draft Merger Terms.

3.2.9 Impact on employment, gender and corporate social responsibility

For the purposes of the provisions of Article 31.11 of the Law on Structural Changes, section 11 of the Draft Merger Terms indicate that, as provided in Article 44 of the Spanish consolidated text of Workers' Statute Law (*Texto Refundido de la Ley del Estatuto de los Trabajadores*), approved by Royal Legislative Decree 2/2015 of 23 October, regulating succession of companies, Unicaja Banco will assume the labor rights and obligations of Liberbank's employees. The merging entities will meet their obligations to inform and, where applicable, consult the legal representatives of their respective employees in accordance with the labor regulations. Notice of the planned Merger will also be given to the appropriate public bodies, in particular the General Treasury of the Social Security Administration (*Tesorería General de la Seguridad Social*).

After the Merger, the combined entity will complete the analysis of overlappings, duplicities 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 largest possible agreement between the parties.

Also, as indicated in the Draft Merger Terms and detailed in section 3.2.10(D) of this Report, it is expected that the Merger will cause changes to the composition of the absorbing company's governing body. With regard to the impact on gender distribution in the management body, taking into account the proposed appointments described in section 3.2.10(D) below, the Board of Directors of UnicajaBanco after the merger would continue to have a percentage of women directors higher than 30% (33.33% specifically), therefore meeting the recommendation 15 of the Good Governance Code.

Finally, the mentioned section 11 of the Draft Merger Terms indicates that the Merger will not have an effect on Unicaja Banco's corporate social responsibility.

3.2.10 Other mentions of the Draft Merger Terms

Besides the minimum mentions required by the Law on Structural Changes, the Draft Merger Terms include other topic considered relevant by the Boards of Directors of Unicaja Banco and Liberbank and summed up below:

(A) Conditions precedent

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The Draft Merger Terms, in section 13, establish that the effectiveness of the Merger is subject to the following conditions precedent:

- (i) Authorization of the Minister of Economic Affairs and Digital Transformation (*Ministra de Asuntos Económicos y Transformación Digital*), as established in the twelfth additional provision of the Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions.
- (ii) Authorization of the National Commission on Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) to the economic concentration resulting from the merger, in accordance with Law 15/2007 of 3 July on the defence of competition and related regulations.
- (iii) Obtaining any other authorizations or non-objection statements that may be required or convenient to obtain 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 prior to the effectiveness of the merger, including, in particular, the non-objection of the European Central Bank to the supervening increase in the holding of Fundación Bancaria Unicaja in Unicaja Banco as a consequence of the capital reduction of the latter registered on 18 November 2020, so that, although transitorily until the merger is completed, the said shareholder is authorized to hold a percentage higher than 50% of Unicaja Banco capital share.

It was also established that the Board of Directors of Unicaja Banco and Liberbank, by common agreement, or, if applicable, any person delegated by them, also by common agreement, may perform all the acts and adopt all the decisions required for requesting, processing and obtaining the abovementioned authorisations or non-objection statements or, to the extent legally possible and advisable, to renounce to any of the mentioned conditions precedent.

(B) Tax regime

Section 9 of the Draft Merger Terms establishes that, in accordance with article 89.1 of Law 27/2014 of 27 November on corporate tax, the Merger will be subject to the special tax treatment established in chapter VII of title VII and additional provision 2 of the aforementioned Law, as well as in Article 45, paragraph I.B.10, of Royal Legislative Decree 1/1993 of 24 September, approving the consolidated text of the transfer tax and stamp duty. This tax treatment allows for companies to restructure while applying the concept of tax neutrality, provided that these transactions occur because of valid economic reasons, such as those set out in the Draft Merger Terms and in this present Report.

Within three months from the registration of the notarial instrument of merger, the Merger will be communicated to the Spanish Tax Agency (*Agencia Estatal de la Administración Tributaria*) in accordance with the provisions of articles 48 and 49 of the Corporate Tax Regulation approved by Royal Decree 634/2015 of 10 July.

(C) Registered address of the resulting company

Section 16.1 of the Draft Merger Terms establishes that the registered address of the company will remain in Malaga.

(D) Corporate governance of the resulting company

(i) Composition of the Board

Subsection 16.2.1 of the Draft Merger Terms indicates that due to the Merger, the partial renewal of the Board of Directors will be proposed to the General Meeting of

Shareholders of Unicaja Banco, so that the Board is made up by 15 persons, according to the structure described in the mentioned section.

To implement the provisions of subsections 16.2.1 and 16.2.3 of the Draft Merger Terms, and after receiving and analysing the corresponding proposals by the corporate bodies of Liberbank, as well as the reports and proposals of the Appointments Committee of Unicaja Banco, the Board of Directors of Unicaja Banco, taking into account that Mr. Ángel Rodríguez de Gracia, current CEO of Unicaja Banco, has presented his resignation, due to retirement, to his position as director, which will take effect prior to the registration of the merger between the Company and Liberbank, on a date to be duly communicated, and that Mr. Agustín Molina Morales (proprietary director), Ms. Isabel Martín Castellá (leading director) and Mr. Victorio Valle Sánchez (independent director) have also presented their resignation to their positions as members of the Board of Directors with effect from the date of registration of the merger in the Trade Register, shall propose to the General Meeting of Shareholders of Unicaja Banco the appointment of the following directors, whose appointments are subject to the suitability verification by the competent authority and to the registration of the Merger:

- Mr. Manuel Menéndez Menéndez, with the category of executive director, proposed by the Board of Directors of Liberbank;
- Mr. Felipe Fernández Fernández, with the category of proprietary director, proposed by the Board of Directors of Liberbank, at the request of Fundación Bancaria Caja de Ahorros de Asturias.
- Mr. Ernesto Luis Tinajero Flores, with the category of proprietary director, proposed by the Board of Directors of Liberbank, at the request of Aivilo Spain, S.L.
- Mr. David Vaamonde Juanaty, with the category of proprietary director, proposed by the Board of Directors of Liberbank, at the request of Oceanwood Capital Management, LLP.
- Mr. Jorge Delclaux Bravo, with the category of independent director, proposed by the Appointments Committee of Liberbank.
- Ms. María Luisa Garaña Corces, with the category of independent director, proposed by the Appointments Committee of Liberbank.
- Mr. Manuel González Cid, with the category of independent director, selected and proposed by the Appointments Committee of Unicaja Banco.

Consequently, once the Merger is executed, the composition of the Board of Directors of Unicaja Banco would be:

- Mr. Manuel Azuaga Moreno (executive)
- Mr. Manuel Menéndez Menéndez (executive)
- Mr. Juan Fraile Cantón (proprietary)
- Ms. M^a Luisa Arjonilla López (independent)
- Ms. Ana Bolado Valle (independent)
- Mr. Manuel Conthe Gutiérrez (independent)
- Mr. Jorge Delclaux Bravo (independent)
- Mr. Felipe Fernández Fernández (proprietary)
- Mrs. María Luisa Garaña Corces (independent)

- Mr. Manuel González Cid (independent)
- Ms. Petra Mateos-Aparicio Morales (proprietary)
- Mr. Manuel Muela Martín-Buitrago (proprietary)
- Ms. Teresa Sáez Ponte (proprietary)
- Mr. Ernesto Tinajero López (proprietary)
- Mr. David Vaamonde Juanatey (proprietary)

As it has been said, and in compliance with Article 529 decies of the Law on Corporate Enterprises, the said appointment proposals have been considered in the corresponding reports or proposals, depending on their classification, from the Appointments Committee of Unicaja Banco and are the subject matter, in a separate document, of the corresponding justifying report by this Board. The reports will be at the disposal of the shareholders of Unicaja Banco on the occasion of the call to the General Meeting, in accordance with the provisions of Article 518.e) of the Law on Corporate Enterprises.

Subsection 16.2.3 of the Draft Merger Terms reflects the will of the merging companies to obtain the verification of the suitability of the new directors prior to the registration of the merger in the Trade Register, so that they can take up their positions at the first meeting of the Board of Directors after the Merger effectiveness. In the case that any of the persons proposed to be appointed as member of the Board of Directors of Unicaja Banco does not obtain the mentioned suitability verification, does not accept the appointment or for any reason whatsoever the appointment cannot be made effective, it is established that the corresponding vacancy will be covered by a candidate with the same origin, either by co-option by the Board of Directors itself after the General Meeting, or by appointment in a subsequent General Meeting.

(ii) Positions of the Board

According to the provisions of subsection 16.2.2 of the Draft Merger Terms, the new Board of Directors of Unicaja Banco, once constituted, is expected to appoint as CEO, at its first meeting, Mr. Manuel Menéndez Menéndez, current CEO of Liberbank and who will have the responsibilities and duties of that position in Unicaja Banco, reporting directly to the Board of Directors.

The current Chairman of the Board of Directors of Unicaja Banco, Mr. Manuel Azuaga, will maintain the executive duties currently assigned in Unicaja Banco. The Chairman will also exercise the rest of duties assigned by the Bylaws, Regulations of the General Meeting of Shareholders, Board of Directors' Regulations and the regulations in force, and will coordinate, as Chairman of the Board, the functioning of the said body and its Committees, for a better performance of the supervision function.

It is also expected that in a maximum term of two years from the full effectiveness of the Merger with its registration, the Board of Directors will modify Unicaja Banco's governance model, so that the Chair of the Board becomes non-executive and the functions of the CEO are adapted; it will reevaluate the CEO and will adopt the resolutions that may be necessary in accordance with the provisions of article 249 of the Law on Corporate Enterprises.

(E) Assuming the contracts and the powers of attorney of the absorbed company

In accordance with the provisions of section 16.3 of the Draft Merger Terms, Unicaja Banco will ratify and assume as of its own the agreements, covenants and contracts entered into by Liberbank and the powers of attorney granted by Liberbank and the powers of attorney for litigation granted by Liberbank indicated in the notarial instrument of Merger.

(F) Interim period until the Merger is executed

Section 15 of the Draft Merger Terms establishes that the merging companies assume a special undertaking of good faith that obliges them to make their best endeavours to achieve the objectives established in the Draft Merger Terms, undertaking not to perform any act or enter into any contract, agreement or transaction that could compromise the achievement of those objectives. In particular, from the date of the Draft Merger Terms and until the merger is registered in the Trade Register, the merging companies undertake certain commitments related to the management of the entities and their respective groups in the ordinary course of business.

(G) Publication and information

Section 14 of the Draft Merger Terms establishes that, in compliance with the obligations set forth by Article 32 of the Law on Structural Changes, the Draft Terms of Merger will be posted on the websites of Unicaja Banco and Liberbank. In accordance with the provisions of that section, and as mentioned above, the fact that they have been so posted was announced in the Official Gazette of the Trade Register (*Boletín Oficial del Registro Mercantil*) more than one month in advance of the date scheduled for the General Meetings of Shareholders that are to resolve on the Merger. The website posting will remain for at least the time required by Article 32 of the Law on Structural Changes.

The Draft Merger Terms also indicate that the documents mentioned in Article 39 of the Law on Structural Changes –detailed in section 3.4 of this Report- will be posted on the abovementioned corporate websites of the merging companies, 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. The Draft Merger Terms will be submitted to approval by the General Meetings of Shareholders of Unicaja Banco and Liberbank within six months of the date thereof, in accordance with the provisions of Article 30.3 of the Law on Structural Changes.

3.3 DEVELOPMENT OF THE LEGAL PROCEDURE OF THE MERGER

For a better understanding of the development of the Merger procedure, its main milestones are identified and explained below, following a chronological order and mentioning the relevant precepts of the regulations governing it.

3.3.1 Drawing up and signing of the Draft Merger Terms

As it has been indicated, the Draft Merger Terms which are the subject matter of this Report, which set the basis, structure and criteria for the development of the transaction –and which is considered as reproduced for the necessary purposes- was drawn up and subscribed by the Boards of Directors of Unicaja Banco and Liberbank at their respective meetings held on 29 December 2020, all of the above in accordance with the provisions of Article 30 of the Law on Structural Changes.

3.3.2 Report of the independent expert on the Draft Merger Terms

In accordance with the provisions of articles 34 of the Law on Structural Changes and 338 and following of the Trade Register Regulations, on 31 December 2020, Unicaja Banco and Liberbank applied to the Trade Register of Malaga for the appointment of a joint independent expert for it to issue a single report on the Draft Merger Terms.

On 18 January 2021, the said Trade Register of Malaga appointed BDO Auditores, S.L.P. as independent expert. The said appointment was accepted on 22 January 2021. Today, 25 February 2021, BDO Auditores, S.L.P. will issue the mandatory report on the Draft Merger Terms, whose draft delivered to the Board of Directors concludes:

“Based on the information used and on our procedures, and considering the content of section 6 above, we consider that:

- The exchange ratio proposed by the Companies’ Boards of Directors is justified and the valuation methods used and values obtained are appropriate; and*
- The equity contributed by Liberbank, which is wound up, is equal to at least the maximum amount of the increase in the share capital of Unicaja Banco (absorbing company) stipulated in the Draft Merger Terms.*

Our conclusion must be interpreted in the context of the scope of our verifications; this conclusion does not result in any further liability for us other than that assumed within the scope of our opinion.

This report has been prepared solely to comply with article 34 of the Law on Structural Changes and other applicable legislation, and must not therefore be used for any other purpose.”

3.3.3 Report of the directors

Pursuant to Article 33 of the Law on Structural Changes, Unicaja Banco’s directors have prepared this Report, which explains and justifies in detail the Draft Merger Terms with regard to its legal and financial aspects, with special reference to the share exchange ratio, as well as to consequences of the Merger for shareholders, creditors and employees.

The Board of Directors of Liberbank holds a meeting today too in order to issue their mandatory report explaining and justifying the Draft Merger Terms in detail.

3.3.4 Call to the General Meetings of Unicaja Banco and Liberbank

It is expected that today both Board of Directors proceed to call respectively two General Meetings of Shareholders each. Those of Unicaja Banco will be held in Malaga, on 30 March 2021 on first call, or if the sufficient quorum is not reached, on second call on 31 March 2021. The General Meetings of Liberbank will be held in Madrid, on 30 March 2021 on first call, or if the sufficient quorum is not reached, on second call on 31 March 2021. In both cases, the Extraordinary General Meetings will be held first, to submit to deliberation and voting the merger agreements between Unicaja Banco and Liberbank, in the terms set in the Draft Merger Terms; and then their respective Annual General Meetings will be held.

It is hereby stated that the agenda of the Annual General Meetings of Unicaja Banco and Liberbank are expected to include the approval of the dividend distribution described in section 4.3.2 below.

Additionally, as it has already been said, in accordance with the provisions of Article 39 of the Law on Structural Changes, prior to the publication of the notice of call to their Extraordinary General Meetings, Unicaja Banco and Liberbank will publish on their websites (<http://www.unicajabanco> and <http://www.liberbank.es>) the documents listed on the said article –and detailed in section 3.4 of this report-, with the possibility to download and print them.

The shareholders of the merging companies will also have at their disposal the waiver document pursuant to Article 1, sections 4.g) and 5.f) of the Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

3.3.5 Merger agreements and publication of notices

In accordance with Article 40 of the Law on Structural Changes, the merger agreement shall be adopted by the General Meetings of the merging companies, in strict accordance with the provisions of the Draft Merger Terms.

Once the merger agreement is adopted, the corresponding notices will be published in the Official Gazette of the Trade Register and in one of the newspapers with a large circulation in the provinces of Malaga and Madrid, pursuant to the requirements of Article 43 of the Law on Structural Changes. The mentioned notices will indicate: (i) the entitlement of the shareholders and creditors of Unicaja Banco and Liberbank to obtain the full wording of the agreement adopted and merger balance sheets; as well as (ii) the creditors' right to objection.

In accordance with Article 44 of the Law on Structural Changes, with the publication of the last notice will start the mandatory term of one month for objection to the merger by creditors and holders of Unicaja Banco and Liberbank bonds whose credits date prior to the date of publication of the Draft Merger Terms on the merging companies' websites, but are not matured as of that date, and until the said credits are secured, provided, in the case of bondholders, that the Merger was not approved by the corresponding general meeting of bondholders. Creditors whose credits are sufficiently secured shall not be entitled to the right of objection.

3.3.6 Compliance with the conditions precedent and period for the objection of creditors

Once it occurs, the Boards of Directors of Unicaja Banco and Liberbank (or, if applicable, the persons they delegate to) will record (i) the compliance with the conditions precedent to which the Merger is subject (and listed in section 3.2.10(A) above) and (ii) the lapsing of the period for creditors to object to the Merger pursuant to Article 44 of the Law on Structural Changes.

3.3.7 Notarial instrument of the merger and registration thereof

Once the corresponding merger agreements have been adopted, the notices under Article 43 of the Law on Structural Changes have been published, the legal period for creditors' objection has ended pursuant to the applicable regulations, conditions precedent have been complied with and the mandatory legal procedures have been completed, the notarial instrument of merger will be drawn up.

Then, the notarial instrument of merger will be presented for registration in the Trade Register of Malaga.

3.3.8 Share exchange and admission to trading

Once the notarial instrument of merger has been registered, Liberbank shares will be exchanged for Unicaja Banco shares, in the terms set in the Draft Merger Terms and in section 3.2.2 of this report.

Unicaja Banco will apply for admission to trading of the new shares issued to cover the Merger exchange on the Stock Exchanges of Barcelona, Bilbao, Madrid and Valencia, for contracting via the Spanish Stock Exchange Interconnection System (Continuous Market), and will perform all required legal procedures.

3.4 INFORMATION ON THE PLANNED MERGER

In accordance with the provisions of Article 39 of the Law on Structural Changes, prior to the publication of the notice of call to the General Meetings of Shareholders of Unicaja Banco, the following documents will be made available to shareholders, bondholders, holders of special rights different from shares and employees' representatives, on Unicaja Banco's corporate website, for browsing, downloading and printing:

- (i) The Draft Merger Terms
- (ii) The report of Liberbank's directors on the Draft Merger Terms, and this Report, including as part of their contents (a) a report on the capital increase that is inherent to the Merger, and (b) a report on the amendments to the bylaws to be made within the framework of the Merger. The directors' reports of Unicaja Banco and Liberbank include each as an annex the respective fairness opinions issued by financial advisors on the fairness of the exchange ratio.
- (iii) The report of the independent expert on the Draft Merger Terms.

This document is a translation into English of the original in Spanish for information purposes only. In the event of discrepancy, the Spanish original will prevail.

- (iv) The individual and consolidated annual accounts and management reports of the last three years of the merging companies, as well as the corresponding reports of the accounts auditors.
- (v) The merger balance sheet of each one of the merging companies, which correspond to their respective half-year reports required by the regulations on securities market, closed as at 30 June 2020.
- (vi) The Bylaws in force of Unicaja Banco and Liberbank.
- (vii) The full text of the Bylaws of Unicaja Banco, absorbing company, which will be applicable once the Merger is executed.

As the exact amount of Unicaja Banco's share capital increase on the occasion of the Merger cannot be determined at the moment of the merger agreement approval, but only the maximum amount of the increase, the Board of Directors of Unicaja Banco shall submit to approval by the General Meeting of Shareholders of Unicaja Banco to resolve on the Merger the proposed resolution to delegate powers to re-word Article 5 of the Bylaws of Unicaja Banco, S.A., related to the share capital.

- (viii) The identity of the directors of the merging companies, indicating the date from which they hold office and the same indications on the directors proposed to join the Board of Directors of Unicaja Banco as a consequence of the Merger.

On the other hand, as it has been said, the shareholders of the merging companies will have at their disposal the waiver document referred to in Article 1, sections 4.g) and 5.f) of the Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

4. ECONOMIC ASPECTS OF THE DRAFT MERGER TERMS

4.1 MERGER BALANCE SHEETS AND ANNUAL ACCOUNTS

Section 4.1 of the Draft Merger Terms specifies that, for the purposes of the provisions of Article 36.3 of the Law on Structural Changes, the merger balance sheets of Unicaja Banco and Liberbank will be replaced by their respective half-year reports required in compliance with securities market legislation, closed as of 30 June 2020 and made public by Unicaja Banco and Liberbank.

Likewise, for the purposes of Article 31.10 of the Law on Structural Changes, section 4.2 of the Draft Merger Terms records that the terms of the Merger have been established based on the annual accounts of the merging entities for the year ended on 31 December 2019.

4.2 EXCHANGE RATIO

The exchange ratio of a merger is the result of a negotiation between the merging entities and it reflects their agreement in the moment of the approval of the draft merger terms on the economic valuation of each company, in accordance with Article 25 of the Law on Structural Changes. Thus, the exchange ratio set reflects the shareholding percentage in terms of political and economic rights that the shareholders of each of the merging entities will have in the resulting entity.

The board of directors of each of the merging entities has to assess, separately, the fairness of the agreed exchange ratio for itself and its shareholders (requesting, if deemed appropriate, opinions from financial advisors), and the independent expert appointed by the Trade Register will comment whether the exchange ratio is justified and whether the equity of the absorbed company is equal, at least, to the amount of the capital increased to be carried out by the absorbing company.

As per the exchange ratio, and as explained in detail in section 6 below, Unicaja Banco, as absorbing company, will issue up to 1,075,299,764 shares to be delivered to Liberbank shareholders in exchange

for their sharers. Immediately after the Merger, Liberbank shareholders will hold 40.5% of Unicaja Banco share capital.

4.3 JUSTIFICATION OF THE EXCHANGE RATIO AND VALUATION ANALYSIS

In accordance with Article 25 of the Law on Structural Changes, the exchange ratio has been determined based on the real value of the corporate equity of Unicaja Banco and Liberbank.

The proposed exchange ratio is one Unicaja Banco share for each 2.7705 shares of Liberbank, as subscribed in the Draft Merger Terms on 29 December 2020.

For the determination of the exchange ratio, and taking into account the characteristics of Unicaja Banco and Liberbank, their business models, reference markets and the regulatory framework under which they operate, as well as the valuation methods commonly used for banking institutions, Unicaja Banco has used as reference valuation method the stock exchange quotation price of the merging companies, prior to the communication of inside information published by the merging companies on 5 October 2020 confirming contacts between both of them (closing prices of the stock market trading session of 2 October 2020), supplementing this method with (i) historical share price (historical average prices of periods of time before 2 October 2020), (ii) multiples of listed comparable entities, (iii) dividend discount model and (iv) target prices of Unicaja Banco and Liberbank shares provided by stock analysts.

When applying the mentioned valuation methods, among other topics, the expected synergies between the merging companies were analyzed. The said synergies are included in the presentation to the market on the Draft Merger Terms published on 30 December 2020 via a communication as “other relevant information” on the CNMV website (registration number 6422) and on Unicaja Banco corporate website.

As mentioned above, considering that both Unicaja Banco and Liberbank shares are listed on official secondary securities markets, their stock exchange quotation price has been considered as a reference valuation method, as it is a usual tool to estimate the relative values of each entity on which establishing the exchange ratio. In that line, at the end of trading on 2 October 2020 (last trading session before the public communication that the merging entities were negotiating to analyze a possible merger), the share price of Unicaja Banco was 0.6405 euros, and that of Liberbank shares, 0.2320. On the basis of those listing prices and the number of shares subscribed and paid up by each entity on that date, the implied exchange ratio was one Unicaja Banco share for each 2.7608 shares of Liberbank, practically matching the Merger exchange rate.

Finally, on 29 December 2020, the Boards of Directors of Unicaja Banco and Liberbank, resolved to submit to their respective General Meetings via the subscription of the Draft Merger Terms, a merger on the basis of an exchange ratio of one Unicaja Banco share for each 2.7705 Liberbank shares. This exchange ratio implies a 0.4% discount on the implicit exchange ratio of 2.7608 shares mentioned in the previous paragraph on the basis of the listing prices of both shares on 2 October 2020.

Likewise, as it was anticipated in the beginning of this section, the Board of Directors of Unicaja Banco has used, as a supplement to the reference valuation method, other valuation methods to analyze the fairness of the agreed exchange ratio, concluding that the said exchange ratio lies within the reasonable range obtained from the different methods used.

The methods used to supplement the reference method are:

(A) Historical stock exchange quotation price.

In order to value the impact of the volatility associated to the quotation price of shares in the exchange ratio, the exchange ratios resulting from taking the average of the corresponding listing prices of Unicaja Banco and Liberbank for different time periods before 2 October 2020 have been calculated. The weighted average prices considered to compare with the previous exchange ratio have been those of the last three, six and twelve months before 2 October 2020.

(B) Valuation multiples of listed comparable entities

This method consists of estimating the value of both entities obtained from the valuation multiples implied in the share prices of Spanish banks considered as comparable to Unicaja Banco and Liberbank. Additionally, the levels of coverage for troubled assets and the solvency of the selected group of entities have been adjusted to allow for comparison.

In this case, the multiples of price over book value and net profit have been considered, an a regression analysis has been carried out on the basis of the ratio of the price multiples over net accounting value and tangible net accounting value and return on average equity and average tangible net equity of listed comparable entities for the year 2023.

(C) Dividend discount model (DDM)

Additionally, the exchange ratio resulting from a valuation of each entity using the dividend discount model has been calculated. This model consists in discounting to present value the dividends calculated as the capital excess over the regulatory requirements in annual periods from the financial projections of companies. The DDM has been calculated on the basis of discount and growth rate of those dividends according to the market consensus.

(D) Target price of stock analysts

With this method, the exchange ratio has been calculated according to the target price range assigned to Unicaja Banco and Liberbank shares by firms of securities analysis which monitor both shares, according to the reports available as at the valuation date.

4.3.2 Dividend distribution

The process to determine the exchange ratio described above was carried out without any adjustment for a potential distribution of dividends by Unicaja Banco or Liberbank.

In this sense, in accordance with section 15 of the Draft Merger Terms, Unicaja Banco and Liberbank undertook that any final or interim dividend distribution, charged to reserves or profits, in cash or in kind, or any other distribution on their share capital or reserves, if any, that took place from the date of the Draft Merger Terms and until the registration of the Merger would be by common agreement between Unicaja Banco and Liberbank and provided that the said distribution is neutral for the purposes of the exchange ratio described in the Draft Merger Terms.

In execution of the said commitment, and taking into account the European Central Bank recommendation in force on dividend distribution, and after having verified the neutrality for the purposes of the exchange ratio, Unicaja Banco and Liberbank have resolved to propose to their respective Annual General Meetings of Shareholders the following dividend distribution:

- (i) Liberbank: dividend with a charge to the profit for the year 2020 for an amount of 7,857,437.77 euros, to be paid prior to the registration of the merger.
- (ii) Unicaja Banco): dividend with a charge to the profit for the year 2020 for an overall amount of 16,908,839.11 euros, divided into two tranches.
 - a. A first tranche of 11,543,643.14 euros, to be paid to Unicaja Banco shareholders prior to the registration of the merger; and
 - b. A second tranche of 5,365,195.97 euros, to be paid after the registration of the Merger in the Trade Register and, therefore, would benefit both the current Unicaja Banco shareholders and Liberbank shareholders who receive Unicaja Banco shares as a consequence of the Merger.

In order to ensure the neutrality of the said dividends with regard to the exchange ratio, the respective dividend agreements will be reciprocally conditioned: (a) the distribution of Liberbank dividend will be

subject to the Annual General Meeting of Unicaja Banco approving, at least, tranche 1 of its dividend proposal; and (b) the distribution of tranche 1 of Unicaja Banco dividend will be subject to the Annual General Meeting of Liberbank approving its respective dividend proposal.

4.4 FAIRNESS OPINION ON THE EXCHANGE RATE

Mediobanca – Banca di Credito Finanziario S.p.A., Unicaja Banco’s financial advisor for the Merger, issued on 29 December 2020 a fairness opinion addressed to the Board of Directors of this company, concluding that, at that date and based on the elements, limitations and assumptions contained in the opinion, the proposed exchange ratio is fair from a financial point of view for Unicaja Banco and its shareholders. This fairness opinion is attached as **Annex 4.4** (Mediobanca Fairness Opinion) to this present report, together with its translation for information purposes.

Mediobanca – Banca de Credito Finanziario, S.p.A. has also confirmed that the proposed dividend distribution described in section 4.3.2 is neutral for the Exchange ratio and does not have an effect on its fairness opinión.

4.5 NET BOOK VALUE OF LIBERBANK’S EQUITY TO BE RECEIVED BY UNICAJA BANCO

The figures of Liberbank’s assets and liabilities to be received by Unicaja Banco are those included in its individual and consolidated balance sheets closed as of 30 June 2020.

Notwithstanding the foregoing, in accordance with Rule 44 of 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 and the International Financial Reporting Standard 3 – Business Combinations, Unicaja Banco must value Liberbank assets and liabilities to be incorporated to its equity on the occasion of the Merger at its fair value at the effective date of Merger for accounting purposes.

As an approach to the result of that revaluation of Liberbank assets and liabilities, it is stated that, as derived from Unicaja Banco pro forma consolidated financial information –prepared in compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market-, in order to facilitate information on the impact of the merger by absorption of Liberbank (the **“Pro Forma Information”**), the value of the net equity provided by Liberbank, after the application of the corresponding pro-forma adjustments, would amount to 2,784 million euros. The Pro Forma information has been prepared based on Liberbank consolidated accounts corresponding to the year 2020 and audited by Deloitte, S.L., and reviewed by PricewaterhouseCoopers Auditores, S.L., accounts auditor of Unicaja Banco, which has issued the mandatory report on the said Pro Forma Information.

5. IMPLICATIONS OF THE MERGER FOR SHAREHOLDERS, CREDITORS AND EMPLOYEES

5.1 IMPLICATIONS FOR SHAREHOLDERS

As a consequence of the Merger by absorption of Liberbank by Unicaja Banco, Liberbank shareholders will stop having that condition will become shareholders of Unicaja Banco according to their respective shareholding in Liberbank share capital, in accordance with the exchange ratio set, which will be executed in the terms presented in sections 3.2.2(B), 3.2.2(C) and 3.2.2(D) above, without the need for Liberbank shareholders to make any special action.

As it has been said before, the current Liberbank shareholders, when they become Unicaja Banco shareholders, will have the same rights and duties as those legally and statutorily corresponding to the current shareholders of Unicaja Banco.

Since the effectiveness of the Merger, Liberbank will be extinguished and integrated into Unicaja Banco.

5.2 IMPLICATIONS FOR CREDITORS

The merger will involve the transfer to Unicaja Banco, through universal succession and in a single act, of all Liberbank’s property, rights and obligations that make up its corporate equity. Those obligations

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acquired by Unicaja Banco towards its creditors prior to the Merger will remain unchanged. The juridical relationships of Liberbank, which include those undertaken with its creditors, will remain in force, although its holder changes, now being Unicaja Banco. Therefore, Unicaja Banco shall become debtor in the obligations undertaken by Liberbank toward its creditors.

Finally, it has to be mentioned that from the moment the last merger notice is published, the creditors of the and holders of bonds of Liberbank and Unicaja Banco whose credits meet the requirements set in Article 44 of the Law on Structural Changes may, for a period of one month, exercise their right to object as stipulated in the terms provided for in that article and above mentioned.

5.3 IMPLICATIONS FOR EMPLOYEES

Section 11.1 of the Draft Merger Terms indicates that, as provided in Article 44 of the Spanish consolidated text of Workers' Statute Law (*Texto Refundido de la Ley del Estatuto de los Trabajadores*), approved by Royal Legislative Decree 2/2015 of 23 October, regulating succession of companies, Unicaja Banco will assume the labor rights and obligations of Liberbank's employees. The merging entities will meet their obligations to inform and, where applicable, consult the legal representatives of their respective employees in accordance with the labor regulations. Notice of the planned merger will also be given to the appropriate public bodies, in particular the General Treasury of the Social Security Administration (*Tesorería General de la Seguridad Social*).

Reference is also made to the remarks included in section 3.2.9 of this Report.

6. CAPITAL INCREASE IN UNICAJA BANCO INHERENT TO THE MERGER

6.1 REPORT BACKGROUND

As mentioned in section 3.2.2(B), referred to avoid unnecessary repetitions, Unicaja Banco intends to increase its share capital in a maximum nominal amount of 1,075,299,764 euros through the issue of up to 1,075,299,764 shares, which will be used to cover the exchange of shares resulting from the exchange ratio set in section 3.1 of the Draft Merger Terms. A share capital increase for that amount would determine that immediately after the Merger, Liberbank shareholders would hold 40.5% of the share capital of Unicaja Banco.

The proposed increase shall be submitted to deliberation and approval by the General Meeting of Shareholders of Unicaja Banco to resolve on the Merger.

From the corporate point of view, the increase and the subsequent statutory amendment will be, if applicable, subject to the provisions of Articles 285 and following of the Law on Corporate Enterprises. It is therefore mandatory, for the purposes of Articles 286 and 296 of the mentioned law, that the Board of Directors expressly provides a justification in the terms below.

6.2 REPORT JUSTIFYING THE CAPITAL INCREASE

As per the above, Unicaja Banco will cover the exchange of Liberbank shares, in accordance with the exchange ratio established in section 3.1 of the Draft Merger Terms, with newly-issued ordinary shares.

To this regard, The Board of Directors of Unicaja Banco shall propose to the General Meeting of Shareholders the approval of a share capital increase of Unicaja Banco in a maximum nominal amount of 1,075,299,764 euros, via the issue of up to 1,075,299,764 ordinary shares, each with a nominal value of one euro, all of the same class and series of those already in circulation, and represented by book-entries.

The maximum number of shares issued by Unicaja Banco under the Merger may decrease depending on the treasury shares held by Liberbank, therefore the possibility of incomplete subscription of the capital increase must be expressly considered.

The Board of Directors of Unicaja Banco shall also submit to approval by the General Meeting of Shareholders of Unicaja Banco resolving on the Merger, the corresponding proposal to delegate powers

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to determine the final amount of the capital increase and, therefore, the specific number of newly-issued Unicaja Banco shares, within the foreseen maximum amount, according to the maximum number of Liberbank shares entitled to proceed to the exchange as per the exchange ratio established in the Draft Merger Terms, and to deliver them and the power to set the conditions of the increase, as well as to carry out all the actions that may be necessary for its execution and drafting the public or private documents that may be necessary for the execution of the increase, all in accordance with the provisions of Article 297.1 of the Law on Corporate Enterprises.

The capital increase described in this section and that, if applicable, is carried out will be fully subscribed and paid up as a consequence of the transfer *en bloc* of Liberbank's equity to Unicaja Banco, which will acquire by universal succession the rights and obligations of Liberbank.

Pursuant to Article 304.2 of the Law on Corporate Enterprises, it is hereby stated that the current Unicaja Banco shareholders will not have a pre-emptive right in relation to the shares issued in relation to the absorption of Liberbank. It is also stated that, in accordance with Article 69.d) of the Law on Corporate Enterprises, the report from an independent expert foreseen in Article 67 of the said Law is not required, being replaced with the report by BDO Auditores, S.L.P. referred to in section 3.3.2 of this Report.

As it has been indicated in other sections of the Report, the capital increase of Unicaja Banco will involve an amendment to the share capital amount and to the number of shares it is divided into and included in Article 5 of the Bylaws in force of Unicaja Banco.

7. AMENDMENTS TO THE BYLAWS WITHIN THE FRAMEWORK OF THE MERGER

7.1 REPORT BACKGROUND

As indicated in section 3.2.8, to which reference is made in order to avoid unnecessary repetition, Unicaja Banco intends to submit to the deliberation and approval by the General Meeting of Shareholders of Unicaja Banco to resolve on the Merger the amendment to the Bylaws in the terms established in Annex 10 of the Draft Merger Terms.

From a corporate point of view, the proposal to amend the bylaws will be subject to the provisions of Articles 285 and followings of the Law on Corporate Enterprises. It is therefore mandatory, for the purposes of Article 286 of the mentioned regulation, that the Board of Directors of Unicaja Banco addresses specifically its rationale on the terms exposed below.

In order to provide shareholders with a clear view of the scope of the amendment and comparison between the new wording of the articles proposed to amend and the current wording, **Annex 7.1** to this report includes, for information purposes, a verbatim transcription of both texts, in a double column, with the proposed changes underscored in the right column, and with the current text in the left column.

7.2 REPORT JUSTIFYING THE AMENDMENTS TO THE BYLAWS

The proposed resolution intends to amend articles 5, 7, 9, 11, 20, 21, 23, 24 and 31 for the following reasons:

7.2.1 Amendment to Article 5

In accordance with that indicated in section 3.2.2(B) and 6 above, Unicaja Banco intends to increase its share capital in a maximum nominal amount of 1,075,299,764 euros through the issue of up to 1,075,299,764 shares, which will be used to cover the exchange of shares resulting from the exchange ratio set in section 3.1 of the Draft Merger Terms. As it has been said in other sections of the Report, the increase in Unicaja Banco capital share will involve an amendment to the figure of the share capital and to the number of shares into which it is divided included in Article 5 of the Bylaws in force of Unicaja Banco.

As it will not be possible to determine, upon the approval of the merger agreement, the exact amount of the increase of the share capital of Unicaja Banco owing to the Merger, but only the maximum increase amount, it will be proposed to the General Meeting of Shareholders of Unicaja Banco the corresponding proposed resolution to delegate powers to re-word Article 5 of the Bylaws of Unicaja Banco, S.A., related to the share capital once it has been set.

7.2.2 Amendment to Article 7

It is proposed to amend Article 7 of the Bylaws to adapt it to the possibility given by Article 406 of the Law on Corporate Enterprises, in the wording given by Law 5/2015 of 27 April, to promote business financing, on the possibility for the board of directors to be the competent body to resolve on the issue and admission to trading of non-convertible debentures and other securities which do not attribute a share in the corporate profit, as well as to resolve on granting guarantees for the issue of securities.

A verbatim transcription of the full text of the proposed wording of the mentioned Article 7 is included below:

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 debentures that are convertible and/or exchangeable for shares, or debentures that give holders a share in the company earnings. The delegation may include the authority to exclude, if applicable, the preferential subscription right.*

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.

Without prejudice to the above, the Board of Directors will be competent to agree the issue and admission to trading of debentures not foreseen in paragraph 1 of this section, as well as to agree the granting of guarantees for the issue of debentures.

7.2.3 Amendment to Article 9

In the context of the COVID-19 health crisis and the restriction to movement due to the pandemic, the Royal Decree-Law 8/2020 on urgent and extraordinary measures to address the economic and social impact of the COVID-19 and its subsequent amendments allows, temporarily, to hold general meetings remotely via video or multiple phone conference, even if not foreseen in the bylaws.

Once Unicaja Banco has successfully tested this option in the General Meetings held in 2020, and with the goal of progressing in the best corporate governance practices, it is proposed to include definitely in the Bylaws the possibility to enable in each general meeting the remote attendance, so as to facilitate the exercise of their political rights to the Company's shareholders.

A verbatim transcription of the full text of the proposed wording of section 2 of the mentioned Article 9 is included below:

Article 9. The General Shareholders' Meeting

(...)

- 2. The General Meeting will be governed by the Spanish Companies Act (Ley de Sociedades de Capital), by the present Bylaws and by the Regulations of the General Shareholders' Meeting with regard to its*

call, attendance, constitution and development. The Board of Directors may agree to the holding and attendance to the General Meeting by remote and simultaneous means which duly guarantee the identity of those participating in the meeting and the cast of votes during the General Meeting.

(...)

7.2.4 Amendment to Articles 11 and 31

It is proposed to amend the wording of Articles 11 and 31 of the Bylaws in order to provide more flexibility to the ways of remuneration to Unicaja Banco shareholders, in line with market practices. In particular, it includes the possibility to pay dividends in kind, in accordance with the applicable legislation framework on companies and prudential requirements. For those purposes, and in order to comply with Article 73 of the Regulation (EU) No. 575/2013 of 26 June, on the prudential requirements for credit institutions and investment firms (commonly known as CRR), the request, when applicable, of the mandatory prior authorization of the supervisor is expressly included.

A verbatim transcription of the full text of the proposed wording of section (d) of the mentioned Article 11 is included below, as well as of section 4 of Article 31:

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: (...)

- d) to approve the distribution of dividends in cash or in kind without prejudice to the distribution of interim dividends legally attributed to the Board of Directors, on the terms set in Article 31 of the present Bylaws.*

(...)

Article 31. Approval and filing of the annual accounts

(...)

- 4. 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.*

The General Meeting, or the Board of Directors in the case of interim dividends, may agree the distribution of dividends, or of the share premium, in kind, provided that the goods or securities to be distributed are homogeneous and liquid and subject, when applicable, to the prior authorization by the competent supervisor in accordance with the applicable regulations. The liquidity requirement will be deemed to be met when the securities are admitted to trading on an official market in the moment of effectiveness of the distribution agreement, will be within the next year, or when the Company provides the appropriate liquidity guarantees. The regulation in this paragraph will also be applicable to the refund of contributions in cases of share capital reduction.

(...)

7.2.5 Amendment to Articles 20, 21, 23 and 24

In line with the amendments introduced in the corporate governance structure within the framework of the Merger, it is proposed to amend the wording of articles 20, 21, 23 and 24, to accurately reflect the institution's governance model and, in particular, the figure of the CEO.

A verbatim transcription of the full text of the proposed wording of section 2 of Article 20, section 1 of Article 21, sections 1 and 2 of Article 23, is included below, as well as of section 1 of Article 24:

Article 20. The Chairman of the Board of Directors

(...)

2. *In addition to the duties referred to in section 1 of this article, the Board of Directors may delegate 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, 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.*

(...)

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 CEO and the Executive Committee, 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 in any case a CEO, providing him/her 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.*

(...)

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, and the CEO will also be member of the said Committee.*

(...)

For the purposes of voting the proposed amendments to the bylaws, their content has been distributed into for sub-sections of item one of the agenda (ONE. (4)(A), ONE. (4)(B), ONE. (4)(C), and ONE.(4)(D)). Each block responds to a set of articles with their own autonomy due to their subject matter:

- (i) The first block (corresponding to item ONE. (4)(A) of the agenda) is composed by the only proposed resolution with an effect on the competence to issue debentures. It consists of the proposed resolution to amend Article 7 (issue of debentures).
- (ii) The second block (corresponding to item ONE. (4)(B) of the agenda) is composed by the only proposed resolution with an effect on the possibility to hold general meetings remotely. It consists of the proposed resolution to amend Article 9 (the General Meeting of Shareholders).
- (iii) The third block (corresponding to item ONE. (4)(C) of the agenda) is composed by the proposed resolutions to make amendments with an effect on the bylaws provisions on dividend distribution. This block includes the proposed resolutions to amend articles 11 (duties of the General Meeting) and 31 (approval and filing of the annual accounts).

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- (iv) The fourth block (corresponding to item ONE. (4)(D) of the agenda) is composed by the proposed resolutions to make amendments with an effect on the bylaws provisions on the duties of the Chairman of the Board, other positions on the board and its committees, as well as delegation of powers. This block includes the proposed resolutions to amend articles 20 (the Chairman of the Board of Directors), 21 (other positions on the Board of Directors), 23 (delegation of powers to the Board of Directors. Board Committees) and 24 (the Executive Committee).

Finally, it is stated that the proposed resolution to amend Article 5 will be submitted to voting at the General Meeting of Shareholders along with the proposed resolution to increase the share capital (corresponding to item ONE.(5) of the agenda).

Additionally, it is stated that, pursuant to the provisions of Articles 4.2.c) of the Law 10/2014 and 10 and 11.1 of the Royal Decree 84/2015 of 13 February, implementing the Law 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions, the proposed resolutions to amend the bylaws referred to in this report are subject to obtaining the corresponding administrative authorization.

* * *

ANNEX 4.4.

FAIRNESS OPINION ISSUED BY MEDIOBANCA

Madrid, 29th December 2020

Board of Directors
Unicaja Banco, S.A.
Avda. de Andalucía, 10-12
29.007 Málaga
Spain

For the Board of Directors:

We understand that the Board of Directors of Unicaja Banco, S.A. ("**Unicaja Banco**" or the "**Company**") has been convened in relation to a merger project (the "**Merger**") with Liberbank, S.A. ("**Liberbank**"), which provides for the merger of Unicaja Banco with Liberbank (the "**Transaction**") on the basis of an exchange ratio of 2.7705 shares of Liberbank for each new share of Unicaja Banco (the "**Exchange Ratio**"). The Company has engaged Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**") as financial advisor (the "**Engagement**") in relation to the Transaction.

The terms and conditions of the Transaction are more fully set forth in the merger agreement (*Proyecto Común de Fusión*) to be entered into between Unicaja Banco and Liberbank (the "**Merger Agreement**"), a draft of which was provided to Mediobanca on the 28th of December 2020.

In the context of such Engagement, the Company has requested to Mediobanca to render an opinion to the Board of Directors of the Company in relation to the fairness, from a financial point of view, of the Exchange Ratio to Unicaja Banco.

The Opinion is addressed exclusively to the Board of Directors of the Company within the scope of its decisional process regarding the Transaction as defined under the Merger Agreement, without substantial changes, and once all the requisite regulatory and procedural approvals have been obtained.

The Opinion has been prepared for internal and exclusive use of the Board of Directors of the Company in determining its own decisions, within the limitations and under the terms described herein. Therefore, the Opinion: (i) should not be disclosed, in whole or in part, to third parties except alongside other corporate and transaction documentation to be made available to the Company's shareholders or as otherwise agreed in the Engagement letter nor used for purposes other than those specified herein, save if the use is authorized in writing beforehand by Mediobanca or requested by specific legal or regulatory provisions or by any competent authority; (ii) is addressed exclusively to the Board of Directors and therefore no-one, with the exception of the addressees of the Opinion, is authorised to rely on the contents of the Opinion and, consequently, any opinion of a third party (including shareholders of the Company) on the Transaction will remain exclusively the competence and responsibility of that party. In particular, the Opinion is not and should not be interpreted as a judgement or an opinion on the interest for the Company to execute the Transaction and/or on the convenience and/or feasibility and/or on the opportunity and/or any business, fiscal, accounting or market aspects of the Transaction.

Mediobanca acts as financial advisor and therefore it has not provided and shall not provide any advisory services either related to legal, accounting, taxation, industrial, strategic, environmental and/or any other technical subject and/or related to the due diligence. Any power of a financial advisor to bind the Board of Directors of the Company in any way

decisions on the Transaction is expressly excluded and the Opinion is based on the assumption that the Transaction and its terms and conditions have been or will be evaluated by the members of the Board of Directors of the Company independently. Mediobanca: (i) under the terms of the Engagement, will receive a fee subject to Transaction's completion; (ii) Mediobanca is part of a leading banking group that carries out, among other things, private and investment banking, asset management, financial advisory services, trading and lending activities for different types of institutions and clients. In the ordinary course of its business, Mediobanca could provide such activities and services to the companies involved in the Transaction and/or their shareholders and/or their group companies as well as, in the context of its trading activities, could trade in financial instruments (including derivatives) of the Company and/or Liberbank and/or of their shareholders and/or of their group companies, both as principal and as agent. In the last two years Mediobanca has carried out (i) debt capital markets activities for the Company, (ii) financial advisory services for the core shareholder of the Company, in relation to which it received fees.

The conclusions set out in this Opinion are based on the overall evaluations and considerations detailed herein and, therefore, no part of the Opinion may be used separately from the document. Accordingly, the separate or partial use of individual parts of this Opinion and/or the use of the Opinion for aims different for which it has been issued could cause misleading interpretations, even material, of all the contents and conclusions of the Opinion. In no case, the valuations contained in the Opinion are to be considered in a context different from the one described herein. In particular, the Opinion and its conclusions are not and should not be interpreted as investment services and activities, pursuant to Legislative Decree 58/98 (i.e. the Italian Financial Services Decree). The Opinion does not constitute an offer to public, advice or a recommendation to purchase or sell any financial product.

In carrying out the Engagement and in elaborating the Opinion, Mediobanca has used public data and information and documents considered relevant for the applications of the selected valuation methodology, and data and information supplied by the Company and Liberbank, as well as indications from the management of the Company (collectively, the "Information"), and in particular among others the following documents ("**Relevant Documents**"):

- (i) 3Q 2020 publicly available financial statements and other business and financial information of the Company and Liberbank, respectively;
- (ii) certain internal financial statements and other financial and operating data concerning the Company and Liberbank, respectively;
- (iii) 2020-2023 financial projections prepared by the management teams of the Company and Liberbank, respectively, not approved by their respective Board of Directors;
- (iv) information relating to certain strategic, financial and operational synergies arising from the Transaction, prepared by the management teams of the Company and Liberbank, respectively;
- (v) the pro forma impact of the Transaction on Unicaja Banco's earnings per share, consolidated capitalization and financial ratios;
- (vi) the reported prices and trading activity of the Company's and Liberbank's shares;
- (vii) the financial performance of the Company in comparison with that of certain other comparables with the Company;
- (viii) the financial terms, to the extent publicly available, of certain comparable acquisition transactions; and
- (ix) the Merger Agreement (a draft of which was provided to Mediobanca on the 28th of December 2020) and certain related documents.

Furthermore, Mediobanca has held discussions with the Company's senior executives, regarding the businesses and prospects of Unicaja Banco and Liberbank; and with auditors in relation to

the due diligence report on Liberbank financial statements, although Mediobanca was not granted formal access to the report itself.

In performing the Engagement, in the preparation of the Opinion and in all the works carried out, Mediobanca has trust:

- (i) in the truthfulness, completeness and accuracy and reasonableness, from all aspects, of the Information, including the Relevant Documents, without carrying out, either directly or indirectly, any autonomous verification, tests and/or independent analysis thereof. In particular, Mediobanca has relied on:

- the legal, accounting, taxation, industrial, strategic, and all any other technical aspect of the Transaction as represented in the Information and;

- b. the fact that forecasted data related to the Company and Liberbank received by Mediobanca have been prepared on the basis of reasonable assumptions and reflects the most accurate assessment possible by the management in relation to future developments of the operating performance, and the economic and financial results of Unicaja Banco and Liberbank.

- (ii) on the fact that there shall not be any unrevealed data, information or facts the omission of which would render misleading the Information, including the Relevant Documents.

Therefore, no responsibility or liability is or will be accepted by Mediobanca in relation to (1) the truthfulness, completeness and accuracy of the Information used in preparing and drafting the Opinion or (2) for any aspects related to the legal documents or any other technical aspect.

The valuations carried out are referred to Unicaja Banco and Liberbank's economic and financial situation as of 30th September 2020. The Opinion refers, given the evaluation criteria used, to present economic and market conditions as of (or before) 2nd October 2020 for the stock exchange quotation price valuation reference, in order to analyse undisturbed prices, and 24th December 2020 for the other relevant valuation methodologies as explained below. Mediobanca has based its analysis on the fact that, in the period comprised between the last available economic and financial situation of Unicaja Banco and Liberbank and the issue date of the Opinion, no material changes in the economic and financial situation of these entities have occurred. In relation to this, it is understood that subsequent developments in market conditions, economic and financial forecasts and in the Information used on which the Opinion is based, may have a significant effect on the conclusions of the Opinion. Mediobanca, for its part, does not assume nor will it have any duty or obligation to update or review the Opinion or re-confirm its conclusions, even in the case such mentioned changes will occur.

In light of the characteristics of Unicaja Banco and Liberbank, its type of business, reference markets and the regulatory framework in which they operate, and the general national and International evaluation practise, the valuation has been conducted following these methodologies: (i) stock exchange quotation price with different time horizons, prior to the undisturbed price of Unicaja Banco and Liberbank shares (2nd October 2020), (ii) research analysts' consensus target valuations of the Company and Liberbank, (iii) implied market multiples and relative profitability regression analysis of listed comparable entities in the Spanish banking sector and (iv) dividend discount model.

Each of the methods of evaluation chosen for the preparation of the Opinion, while representing recognised methods normally used in evaluation internationally, have in any event intrinsic limitations. In particular, the following:

- (i) the stock prices of Unicaja Banco and Liberbank have been disturbed since the 5th of October 2020, when both entities confirmed that they were having preliminary discussions about a potential merger amid market rumours published in Spanish digital newspapers;
- (ii) the stock prices of Unicaja Banco and Liberbank, as well as that of its peers, are significantly affected by the actual macroeconomic environment. Such economic conditions are subject to extreme volatility nowadays, largely due to the covid-19 crisis.

If these were to change, they could have a relevant impact in valuation of the entire Spanish banking sector;

- (iii) the core shareholders of both Unicaja Banco and Liberbank hold a significant part of each entity, thus somehow limiting the liquidity of such shares in the stock exchange;
- (iv) within the research analysts' community covering Unicaja Banco and Liberbank stocks, there are several firms which while providing shares' target prices for both entities have not recently updated their financial projections for these two companies;
- (v) considering the diverse financial and solvency situation of the Spanish listed banks, including Unicaja Banco, Liberbank and those used as comparable entities, a series of adjustments were carried out to homogenize the implied market multiples and relative profitability metrics of the selected peers used for valuation purposes. The adjustments refer to the coverage level of the non-performing assets, the excess of CET1 capital over the prudential requirements and the level of compliance with other regulatory solvency ratios;
- (vi) Mediobanca has not had access to the due diligence report prepared by auditors appointed by Liberbank in relation to Unicaja Banco financial statements;
- (vii) the uncertainty over the economic impact of the coronavirus pandemic has led the European Central Bank to recommend on the 15th of December 2020 that banks exercise extreme prudence on shareholders remuneration at least until the 30th of September 2021. Such recommendation occurred after the abovementioned valuation reference dates potentially having an impact in Unicaja Banco and Liberbank share prices afterwards or in the coming future; and
- (viii) both Unicaja Banco and Liberbank operate in the highly regulated European banking sector and under the supervision of the European Central Bank. Given the constant regulatory updates of the financial sector, there could be, at some point in the future, relevant changes that may have a significant impact in the valuation of these entities.

The conclusions set out in this Opinion must be considered as a whole. The valuations should not be considered individually but interpreted as an inseparable part of a unique valuation process. Accordingly, the individual parts of this Opinion may never be used separately from the opinion in its entirety. Mediobanca does not assume any direct and/or indirect responsibility for damages resulting from misuse of the contents enclosed in the Opinion. The valuation has been carried out firstly on a standalone basis and with a going-concern assumption and subsequently applying a control premium in line with market standards and also taking into account the synergies and related structuring costs as estimated by the Company. The analysis does not take into account other fiscal, accounting, financial consequences of the Transaction. Besides, the Opinion contains, *inter alia*, assumptions and qualifications related to valuation difficulties that Mediobanca deems appropriate, based on Information.

Furthermore, with the Opinion, Mediobanca does not express any evaluation, assessment or opinion related to (i) the economic value of Unicaja Banco and Liberbank or the entity resulting from the Transaction and/or the market price which Unicaja Banco and Liberbank or the entity resulting from the Transaction may have in the future or in a context different from the one described in the Opinion, nor anything indicated in the Opinion may be considered as a guarantee or an indication of future operating performance, economic or financial results of the Company and Liberbank or the entity resulting from the Transaction (including, but not limited to, its financial and economic situation or outlook); to (ii) the financial situation of Unicaja Banco and Liberbank or the entity resulting from the Transaction and/or financial supportability of its industrial plans and/or solvency. Mediobanca does not assume any direct and/or indirect responsibility for damages resulting from misuse of the contents enclosed in the Opinion.



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Banca di Credito Italiano S.p.A.

Based on all abovementioned considerations, it is considered that in the context of the Transaction, the Exchange Ratio is fair from a financial point of view to Unicaja Banco and its shareholders.

The issuance of this Opinion has been approved by a fairness opinion committee of Mediobanca S.p.A.

MEDIOBANCA

Gonzalo de Palacio
Co-Head of FIG
Managing Director

Fernando Lombardía
FIG EMEA
Executive Director

ANNEX 7.1.

AMMENDMENTS TO MAKE TO THE BYLAWS OF UNICAJA BANCO, S.A. DUE TO THE MERGER

**ANNEX 10 – AMMENDMENTS TO MAKE TO THE BYLAWS OF UNICAJA BANCO, S.A.
DUE TO THE MERGER**

Current wording	Proposed amendment
<p>Article 5. Share Capital</p> <p>The share capital stands at ONE THOUSAND FIVE HUNDRED SEVENTY-NINE MILLION, SEVEN HUNDRED SIXTY-ONE THOUSAND AND TWENTY-FOUR EUROS (1,579,761,024€), divided into ONE THOUSAND FIVE HUNDRED SEVENTY-NINE MILLION, SEVEN HUNDRED SIXTY-ONE THOUSAND AND TWENTY-FOUR (1,579,761,024) 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.</p>	<p>Article 5. Share Capital</p> <p>The share capital stands <u>at ** (**-€)¹</u>, divided into <u>** (**-€)</u> 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.</p>

¹ It will depend on the capital increase owing to the merger.

<p>Article 7. Issue of debentures</p> <ol style="list-style-type: none"> 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. <p>The Board of Directors may use the said delegation in one or more occasion and over a maximum term of five years.</p> <p>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.</p>	<p>Article 7. Issue of debentures</p> <ol style="list-style-type: none"> 3. The Company may issue debentures under the terms established by law. 4. The General Meeting may delegate to the Board of Directors the authority to <u>issue debentures that are convertible and/or exchangeable for shares, or debentures that give holders a share in the company earnings. The delegation may include the authority to exclude, if applicable, the preferential subscription right.</u> <p>The Board of Directors may use the said delegation in one or more occasion and over a maximum term of five years.</p> <p>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.</p> <p><u>Without prejudice to the above, the Board of Directors will be competent to agree the issue and admission to trading of debentures not foreseen in paragraph 1 of this section, as well as to agree the granting of guarantees for the issue of debentures.</u></p>
<p>Article 9. The General Shareholders' Meeting</p> <ol style="list-style-type: none"> 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. <p>Holders of fewer shares may group together until they make up, at least, that number, and shall appoint their representative.</p> <ol style="list-style-type: none"> 4. 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. 	<p>Article 9. The General Shareholders' Meeting</p> <ol style="list-style-type: none"> 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), <u>by the present Bylaws and by the Regulations of the General Shareholders' Meeting</u> with regard to its call, attendance, constitution and development. <u>The Board of Directors may agree to the holding and attendance to the General Meeting by remote and simultaneous means which duly guarantee the identity of those participating in the meeting and the cast of votes during the General Meeting.</u> 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. <p>Holders of fewer shares may group together until they make up, at least, that number, and shall appoint their representative.</p> <ol style="list-style-type: none"> 4. 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.

<p>Article 11. Duties of the General Meeting</p> <p>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:</p> <ul style="list-style-type: none"> 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. 	<p>Article 11. Duties of the General Meeting</p> <p>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:</p> <ul style="list-style-type: none"> 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 <u>in cash or in kind</u> without prejudice to the distribution of interim dividends legally attributed to the Board of Directors, <u>on the terms set in Article 31 of the present Bylaws</u>. 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.
<p>Article 20. The Chairman of the Board of Directors</p> <p>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</p>	<p>Article 20. The Chairman of the Board of Directors</p> <p>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</p>

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<p>delegated by the law or Bylaws, the Chairman shall have the following powers in the exercise of his position:</p> <ul style="list-style-type: none"> 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. <p>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.</p>	<p>delegated by the law or Bylaws, the Chairman shall have the following powers in the exercise of his position:</p> <ul style="list-style-type: none"> 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. <p>2. In addition to the duties referred to in section 1 of this article, the Board of Directors <u>may delegate to</u> the Chairman permanent executive powers, on the terms established in article 23 of these Bylaws.</p>
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<p>Article 21. Other positions on the Board of Directors</p> <ol style="list-style-type: none"> 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. 	<p>Article 21. Other positions on the Board of Directors</p> <ol style="list-style-type: none"> 1. <u>The Board of Directors shall appoint from among its members one or more Vice-Chairmen, and shall determine, if applicable, their order of preference.</u> 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.
<p>Article 23. Delegation of powers by the Board of Directors. Board Committees</p> <ol style="list-style-type: none"> 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. 3. 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. 	<p>Article 23. Delegation of powers by the Board of Directors. Board Committees</p> <ol style="list-style-type: none"> 1. <u>The permanent delegation of powers by the Board of Directors to the Chairman, the CEO and the Executive Committee,</u> and the appointment of the directors to hold those positions, shall require the favorable vote of two thirds of the Board members. 2. <u>The Board may appoint in any case a CEO,</u> providing him/her 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. 3. 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.
<p>Article 24. Executive Committee</p> <ol style="list-style-type: none"> 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 	<p>Article 24. Executive Committee</p> <ol style="list-style-type: none"> 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, <u>and the CEO will also be member of the said Committee.</u> 2. The permanent delegation of powers to the Executive Committee and the resolutions to appoint its members

This document is a translation into English of the original in Spanish for information purposes only. In the event of discrepancy, the Spanish original will prevail.

<p>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.</p> <p>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.</p> <p>4. The Executive Committee shall meet as often as called by its chairman.</p> <p>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.</p>	<p>will require the favorable vote of at least two thirds of the components of the Board of Directors.</p> <p>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.</p> <p>4. The Executive Committee shall meet as often as called by its chairman.</p> <p>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.</p>
<p>Article 31. Approval and filing of the annual accounts</p> <p>1. The Company will prepare the annual accounts, which will include its own individual accounts and the Group's consolidated accounts.</p> <p>2. The annual accounts will be submitted for approval by the Annual General Meeting.</p> <p>3. Once the annual accounts have been approved, the General Meeting will resolve regarding the allocation of profits for the financial year.</p> <p>4. 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.</p> <p>5. 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.</p>	<p>Article 31. Approval and filing of the annual accounts</p> <p>1. The Company will prepare the annual accounts, which will include its own individual accounts and the Group's consolidated accounts.</p> <p>2. The annual accounts will be submitted for approval by the Annual General Meeting.</p> <p>3. Once the annual accounts have been approved, the General Meeting will resolve regarding the allocation of profits for the financial year.</p> <p>4. 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. <u>The General Meeting, or the Board of Directors in the case of interim dividends, may agree the distribution of dividends, or of the share premium, in kind, provided that the goods or securities to be distributed are homogeneous and liquid and subject, when applicable, to the prior authorization by the competent supervisor in accordance with the applicable regulations. The liquidity requirement will be deemed to be met when the securities are admitted to trading on an official market in the moment of effectiveness of the distribution agreement, will be within the next year, or when the Company provides the appropriate liquidity guarantees. The regulation in this paragraph will also be applicable to the refund of contributions in cases of share capital reduction.</u></p> <p>5. 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.</p>