

REPORT PREPARED BY THE BOARD OF DIRECTORS OF UNICAJA BANCO, S.A. ON 28 JUNE 2019, ON THE APPOINTMENT OF THE DIRECTOR REFERRED TO IN ITEM ONE OF THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS CONVENED TO BE HELD ON 30 JULY 2019, ON FIRST CALL, AND, IF THE REQUIRED QUORUM IS NOT REACHED, ON SECOND CALL ON 31 JULY 2019

Pursuant to the provisions of Article 529 *decies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), (i) proposals for the nomination or re-election of members of the board of directors shall correspond to the Appointments Committee, if it refers to independent directors and to the board itself in all other cases;(ii) the proposal must be accompanied by an explanatory report by the Board, detailing the competency, experience and merits of the proposed candidate, which shall be attached to the minutes of the general meeting or of the board meeting; and (iii) the proposed appointment or re-election of any non-independent director must be preceded by a report from the Appointments Committee.

Therefore, Unicaja Banco's Board of Directors, prepares this present report, on the proposal to appoint Mr. Ángel Rodríguez de Gracia as executive director, based on the report prepared by the Appointments Committee on 27 June 2019, which is assumed by the Board and attached to this report as an annex.

The proposed appointment is justified by the fact that, following the completion of the corporate processes that have marked the evolution of the Company in recent years, and with the aim of focusing the activity on the achievement of the commercial goals included in the Business Plan, the Board of Directors has considered it adequate to replace Mr. Enrique Sánchez del Villar Boceta in his position as CEO, with an internal candidate, Mr. Ángel Rodríguez de Gracia, a senior manager with broad experience in the sector and who has held, for more than twenty five years, senior management positions at the Institution, having a full knowledge and strategic acumen of it. The analysis of the Appointments Committee and of the Board of Directors itself, with regard to this appointment proposal, has concluded that Mr. Rodríguez de Gracia is suitable to assume this position.

Considering the suitability assessment, both of the individual Board members and of the Board of Directors as a whole, once the appointment proposed to the General Meeting has been approved, it will be ensured that the different specialization areas, required for the day-to-day running of the Company and for the achievement of its strategic goals, will continue to be duly covered and, at the same time, the experience and knowledge on the Institution's Business Plan will be reinforced, with the managerial skills and experience in management provided by the candidate.

The assessment made has shown that the Board, both individually and collectively, would continue to be suitable for the performance of its duties, would have the effective capacity to make independent and autonomous decisions and would continue to favour gender, experience and knowledge diversity.

This report, together with that prepared by the Appointments Committee and attached hereto, will be published on the Company's website, in compliance with the provisions of Article 518.e) of the Corporate Enterprises Act and with Article 8.1.e) of the General Meeting Regulations.

Appointment proposal to be submitted to the General Meeting

The Board of Directors unanimously resolves to submit to the General Meeting the following proposal to appoint a director:

To appoint Mr. Ángel Rodríguez de Gracia as director, with the status of executive director, for the statutory term of four years.

It is hereby stated that the effectiveness of his appointment is subject to obtaining the corresponding regulatory authorizations, from the Bank of Spain and the European Central Bank within the framework of the Single Supervisory Mechanism.

Malaga, 28 June 2019

ANNEX:

REPORT FROM THE APPOINTMENTS COMMITTEE ON THE APPOINTMENT OF MR. ÁNGEL RODRÍGUEZ DE GRACIA AS EXECUTIVE DIRECTOR OF THE COMPANY

The Appointments Committee issues its report on the proposal to appoint Mr. Ángel Rodríguez de Gracia as Director, with the status of executive director, in accordance with the provisions of Article 529 *decies* 6 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*).

Information related to the collective suitability of the Board of Directors

In order to define the profile, duties and skills required to the candidates to board members, the Appointments Committee has prepared the matrix of competences of the Board of Directors, which analyzes its size, composition, skills and efficiency, with the aim of reporting on the Board needs.

The Appointments Committee has determined that a Board of Directors composed by twelve members (within the range set in Article 16 of the Corporate Bylaws) meets the best corporate governance practice (Recommendation 13 of the Good Governance Code of the CNMV, GGC).

Of the twelve directors, two have the status of executive directors (16.66%), five are proprietary directors (41.66%) and five are independent directors (41.66%). Non-executive directors are a large majority of the Board, following Recommendation 15 of the GGC. The ratio of independent director is higher than one third of the total of directors, a percentage recommended to large cap companies with a shareholder controlling over 30% of the share capital, so it meets Recommendation 17 of the GGC.

Also, the reported appointment does not modify the ratio of female directors at the Board of Directors of Unicaja Banco, which amounts to 41.66%, higher than the goal of 30% included in Recommendation 14 of the GGC. In accordance with the application of the Policy on Diversity of the Board of Directors of Unicaja Banco, the Institution ensures that the selection processes are not affected by implicit bias that may involve some kind of discrimination, such as gender discrimination. Especially, any bias that may hinder the appointment of female directors and the compliance with the goal of maintaining in 2020 a number of female directors that is at least 30% of the Board members is avoided.

The members of the Board of Directors gather collectively the requirements of honesty, integrity and independence of mind, knowledge and experience required to exercise their duties, taking into account the business model, the risk appetite framework, the strategy and markets where Unicaja Banco operates, and they are in a position to be able to commit sufficient time to the perform their duties.

In particular, they have, as a whole, sufficient experience and knowledge to cover all the knowledge areas required for the development of the Institution's activities, with a sufficient number of members having knowledge related to: i) the institution's business and the main risks related to it; ii) each of the material activities of the Institution; iii) relevant areas of sectoral/financial competence, including financial and capital markets, solvency and models; iv) financial accounting and reporting; v) risk management, compliance and internal audit; vi)

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information technology and security; vii) corporate governance, legal and regulatory environment; ix) managerial skills and experience and x) the ability to plan strategically.

As a result of its analysis, the Appointments Committee has concluded that maintaining the Board of Directors with twelve members, considering its structure and composition, as it has been previously stated, allows for the adequate development of its duties.

Appointment of Mr. Ángel Rodríguez de Gracia

Following the completion of the corporate processes that have marked the evolution of the Company in recent years, and with the aim of focusing the activity on the achievement of the commercial goals included in the Business Plan, the proposal to replace Mr. Enrique Sánchez del Villar Boceta in his position as CEO by Mr. Ángel Rodríguez de Gracia has been analyzed.

Competence, experience and merits

Mr. Rodríguez de Gracia has a degree in Business Science and Economics from the Universidad Complutense de Madrid.

He has 42 years of experience in the financial sector and has held managing positions in this sector. His career started in Arthur Andersen as Manager of the Division of Financial Institutions.

He has held several positions in Finamersa Entidad de Financiación, S.A. and Caja General de Ahorros de Granada, before joining Unicaja in 1992.

So far, he has held the following senior management positions: Head of Operating Systems and Control, Head of Planning and Commercial Development, Head of the Retail Banking and Network Division, and Deputy Manager of Investment Banking.

Other positions include Director at Banco de Caja España de Inversiones, Salamanca y Soria, S.A. and member of the Risk Committee from 2014 to 2018, appointment made upon proposal by Unicaja Banco since it took control of the said company in 2014. Those positions were maintained until the integration of the mentioned institution into Unicaja Banco.

He currently holds the position of General Director of Assets Recovery and Non-Core Business at Unicaja Banco.

Additionally, he serves at the Board of Directors of, *inter alia*, the following companies: Banco Europeo de Finanzas, S.A., Hidralia, Gestión Integral de Aguas de Andalucía, S.A., Alteria Corporación Unicaja, S.L., Unicaja Gestión de Activos Inmobiliarios, S.A.U., Gestión de Inmuebles Adquiridos, S.L.U., Inmobiliaria Acinipo, S.L. and Unimediación, S.L.

Suitability

In accordance with the applicable regulations¹, the Appointments Committee has carried out an assessment of the suitability of Mr. Ángel Rodríguez de Gracia as a candidate to member of the Board of Directors of Unicaja Banco, reaching the following conclusions:

- Mr. Rodríguez de Gracia has the good commercial and professional repute, honesty and integrity required for a sound and prudent management of the Company.
- He has the adequate knowledge and experience, as well as the competences needed for performing the position of Director with the status of executive director.
- He is able to commit sufficient time to the responsibilities arising from his position as Executive Director at Unicaja Banco.
- He has the ability to perform a good governance of the Company and has the capacity to take decisions with independent criterion.
- He does not exceed the maximum number of positions and he does not breach the incompatibilities regime established in Article 26 of the Law 10/2014 on the ordering, supervision and solvency of credit Institutions and its developing provisions, and he is not involved in any of the incompatibility causes set forth in Article 213 of the Corporate Enterprises Act.
- The candidate is not the holder of shares of the Company or of stock options as at the date of this meeting of the Appointments Committee.

Directorship Category

In view of the criteria set in article 529 *duodecies* of the Corporate Enterprises Act, the Appointments Committee deems that the directorship category of Mr. Rodríguez de Gracia, once appointed by the General Meeting of Shareholders, would be Executive Director.

Contribution of the appointment of a new executive director

The Appointments Committee has valued very positively the broad experience of Mr. Rodríguez de Gracia in the banking sector in general and in Unicaja Banco in particular, having held several positions of high responsibility and complexity in different areas; with a high competency profile in the knowledge of the Institution's business, risk management, strategic planning and business plan. Additionally, the

¹ Law 10/2014, of 26 June, on the ordering, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, developing the Law 10/2014, of 26 June, on the ordering, supervision and solvency of credit institutions, and Circular 2/2016, of 2 February, of the Bank of Spain, to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to the Directive 2013/36/EU and to the Regulation (EU) 575/2013, the "Guidelines on the assessment of the suitability of members of the management body and key function holders" (EBA/GL/2017/12), the "Guide to fit and proper assessment" of the European Central Bank (Banking Supervision) of May 2018, the "Succession Policy", the "Policy for the Diversity of the Board of Directors", the "Policy for the Selection and Appointment of Directors" and the procedure established by the "Policy for the Suitability Assessment of the members of the Board of Directors, General Managers and Similar Offices and other Key Staff for the development of the Financial activity of Unicaja Banco"

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Committee considers that, in the duties carried out in Grupo Unicaja Banco during his career, he has shown the managerial capacity and leadership required for implementing the strategy defined by the Board of Directors and achieving the goals set.

Considering all of the above, the Appointments Committee concludes that Mr. Ángel Rodríguez de Gracia has the skills, knowledge and experience required to perform the position of Executive Director, as well as being the suitable candidate to ensure the compliance with the Business Plan of the Company.

Conclusion

After the analysis made, the Committee has confirmed that the Board, both individually and collectively, is suitable to perform its duties, it has the effective capacity to make autonomous decisions to the benefit of the Company, and the different areas of specialization required are duly covered, and it continues to favour diversity of gender, experience and knowledge.

Considering the suitability assessment, both of the individual Board members and of the Board of Directors as a whole, once the appointment proposed to the General Meeting of Shareholders has been approved, it would be ensured that the different specialization areas, required for the day-to-day running of the Company and for the achievement of its strategic goals, will continue to be duly covered and, at the same time, the experience and knowledge on the Institution's Business Plan will be reinforced, with the managerial skills and experience in management provided by the candidate.

In line with the above, the Appointments Committee unanimously resolves to submit to the Board of Directors this favourable report on the proposal to appoint Mr. Rodríguez de Gracia as a member of the Board of Directors, for the statutory term of four years, with the status of executive director, in order to prepare the appointment proposal that, if applicable, will be submitted to the General Meeting of Shareholders, in accordance with the provisions or Article 529 *decies* 1 of the Corporate Enterprises Act.

Malaga, 27 June 2019