

**ARTICLES  
OF  
ASSOCIATION**  
**(Consolidated text)**

**cecabank**

**22 March 2017**



**PART I**  
**THE COMPANY AND ITS CAPITAL**

**Section 1: Company Identification**

**Article 1. Company name**

The company shall be denominated “CECABANK, S.A.” (hereinafter referred to as the “Company”) and shall be governed by these articles of association and any other applicable laws or regulations.

**Article 2. Objects of the Company**

**1.** The objects of the Company are as follows:

- (a)** Carrying out all kinds of activities, transactions and services typical of the banking business in general or directly or indirectly related to it, as permitted under the applicable legislation, including the provision of investment and ancillary services and carrying out insurance brokerage services.
- (b)** The provision of technological, administrative and consulting services to Public Administrations, as well as any other public or private entities.
- (c)** The acquisition, possession, enjoyment and transfer of all kinds of securities.

**2.** The activities which constitute the objects of the Company may be indirectly carried out in full or in part, in any form allowed by law and, in particular, through the ownership of shares or a stake in companies or entities whose objects are identical, similar or supplementary to such activities.

**Article 3. Term**

The Company shall have an indefinite term.

The Company began its operations on the date of its incorporation, notwithstanding that the banking activity may not begin until the Company has been registered at the Special Registry of the Bank of Spain.

**Article 4. Registered office and branches**

**1.** The Company has its registered office and tax address at Calle Alcalá 27, Madrid.

- 2.** The Board of Directors has the authority to agree move the registered office within the same municipal district.
- 3.** The Board of Directors also has the authority to decide or agree on the creation, removal or transfer of branches, delegations, representative establishments or offices of the Company, in the national territory and overseas. It may also decide to provide any services inherent to its object without the need for a permanent establishment.

## **Section 2: Share capital and shares**

### **Article 5. Share capital**

The share capital is 112,256,540.00 Euros, divided into 112,256,540 nominative shares with a nominal value of one euro each, all of which are fully subscribed and paid-up, of the same class and series and are numbered sequentially from 1 to 112,256,540, both inclusive.

### **Article 6. Shareholder rights**

- 1.** Shares grant their legitimate holders the condition of shareholders and the rights recognised by the law and in these articles of association, including in particular the following:
  - (a)** The right to participate in the distribution of the company profits and the assets resulting from liquidation.
  - (b)** Pre-emption rights in the issue of new shares or convertible bonds.
  - (c)** The right to attend and vote at general meetings
  - (d)** The right to challenge company resolutions
  - (e)** The right to receive information

The scope of all the shareholder rights is determined by the applicable law and these articles of association.

- 2.** Shareholders shall exercise their rights in relation to the Company in a loyal manner and in accordance with the requirements of good faith.

**Article 7. Co-ownership, beneficial ownership, pledges and other rights over the shares**

1. Each share is indivisible. Co-owners of a share shall be required to appoint a single person to exercise shareholder rights and shall be jointly and severally liable to the Company for any obligations arising from their status as shareholders.
2. The rules governing co-ownership, beneficial ownership, pledges and seizure of shares in the Company shall be as determined by Articles 126 to 133 of the Capital Companies Act, its supplementary regulations or any others which may replace them.

**Article 8. Representation of the shares**

1. The shares shall be represented by means of nominative certificates, which may be single or consolidated certificates.
2. Shareholders shall be entitled to the delivery, free of expenses, of the certificate or certificates representing their shares. In the case of consolidated certificates, the shareholder shall be entitled to request from the Company, subject to the cancellation of those that it presents for this purpose, to issue as many single certificates as shares they own, or one or several consolidated certificates representing a number of shares different to that shown on the certificate or certificates the replacement of which is requested.
3. The Company shall keep a register of nominative shares, duly notarised, for the purposes provided for by law. Any shareholder, by request, is entitled to examine the aforementioned record.
4. Shareholders shall be entitled to obtain a certificate of the content of the register in respect of shares recorded in their name as long as the certificates by means of which they are to be represented, have not been printed and delivered.

**Article 9. Limitations on the free transfer of the shares**

1. If shares in the Company should be transferred by any means, the shareholders of the Company shall have pre-emption rights over the shares in question according to the following terms:
  - (i) Any shareholder planning or intending to transfer inter vivos all or part of their shares for valuable consideration (the "Transferor"), shall provide written notice to the chairman of the board of directors, stating the number,

class and series of the shares they wish to transfer, the name, address and nationality of the person to whom they wish to transfer them (the “Purchaser”) and, if it is a legal entity, the actual owners of its capital, as well as the price or consideration for each share and the transaction conditions (the “Notice”).

- (ii)** Within a period of 5 calendar days from receipt of the Notice, the chairman of the board of directors, by urgent post or any adequate means of communication, shall simultaneously send a copy of the Notice to all the shareholders registered in the register of shares on the day the copy is sent, in case they should wish to exercise their pre-emption rights over such shares (the “Notice to Shareholders”). The Notice to Shareholders shall be sent to the postal or email address shown in the aforementioned register.
- (iii)** Within a period of 10 calendar days from the date of the Notice to Shareholders, any shareholder who wishes to do so, either individually or jointly with other shareholders, may exercise the pre-emption rights over all of the shares offered, sending written notice by any means to the chairman of the board of directors. Those who do not answer within the aforementioned period shall be deemed to have waived these rights.
- (iv)** Within a period of 5 calendar days from the day following that on which the term granted to shareholders to exercise their pre-emption rights expires, the chairman of the board of directors shall proceed with the allocation of the shares among the shareholders who have exercised the rights in question in the established time and form.

If there are several shareholders who have exercised the rights, the shares shall be allocated in proportion to the total of the nominal value of the shares owned by them.

The allocation of the shares to shareholders who have jointly exercised the pre-emption rights shall be carried out in accordance with the rules established by the interested parties. Failing that, the rule of allocation in proportion to the nominal value held, shall be applied.

If none of the shareholders chooses to acquire the shares, the Company may acquire the shares for itself in the legally permitted manner.

- (v)** Once the shares have been allocated, the chairman of the board of directors shall notify the Transferor of the name and address of the shareholders to whom the shares are allotted and the number of shares allocated to each one. The same notice shall be sent to each of the shareholders to whom the shares are allotted. The shares of the Transferor referred to in the Notice shall be transferred to the transferees within a period of 15 calendar days. Notice to the Transferor shall also be required if the Company is allotted the shares.

- (vi) The price and conditions of the acquisition of the shares shall be those of the Notice sent to the chairman of the board of directors. If all or part of the price should be deferred, in accordance with the provisions of the Notice, it shall be a prerequisite for the acquisition of the shares, that a credit institution guarantees the payment of the deferred price, unless the transferee is a credit institution.
- (vii) In cases in which the planned transfer is for valuable consideration not arising from a sale, or is not for valuable consideration, the price of the purchase of the shares by the remaining shareholders who make use of their pre-emption rights shall be that established by mutual agreement of the parties and, failing that, the fair value of the shares on the date on which the Notice is sent to the Company. Fair value shall be deemed to be that determined by an auditor of the Company. In this case, the auditor's fees shall be paid by the Transferor and the transferees, each party being liable to pay half of such fee.
- (viii) Once 20 calendar days have elapsed since the Notice to the Shareholders was issued, and the Transferor has not received the notice referred to in paragraph (v) above, the shareholder shall be free to transfer the shares to the Purchaser under the terms indicated in the Notice. The transfer shall be made no more than one month after the aforementioned period of 20 calendar days has elapsed.

If the transfer is not made within the aforementioned period, the shareholder may not submit a new transfer proposal until one year has elapsed since the date of the previous one.

2. In cases of acquisition of shares as a consequence of a judicial or administrative enforcement procedure, a process of transfer by universal succession, the winding-up of the company which owns the shares in question or mortis causa, the chairman of the board of directors may refuse to register the transfer in the register of nominative shares, and propose one or more purchasing shareholders or offer the acquisition of the shares by the Company.

The proposal of the purchaser or purchasers shall be made through a notary public within a maximum period of 45 calendar days from the day on which registration in the register of nominative shares is requested.

For this purpose, within a period of 10 calendar days from receipt of the registration request, the chairman of the board of directors, by post or any adequate means of communication, shall simultaneously send a copy of the proposal to all the shareholders registered in the register of nominative shares in case they should wish to exercise their right to acquire the shares.

The exercise of the right of acquisition, acquisition of the shares and notice of registration to the applicant shall all be carried out according to the provisions of points (iii) to (v) of section 1 of this Article.

The acquisition by the Company of its own shares shall be subject to the legal provisions regulating the acquisition of own shares.

The acquisition price of the shares shall be their fair value on the day on which registration in the register of nominative shares has been requested, and shall be determined by agreement between the parties or, failing that, by an auditor appointed by the Companies Registrar for this purpose. In this case, the auditor's fees shall be paid by the Company and the transferee, each party being liable to pay half of such fee.

3. The system set out in this Article shall also be applicable to the transfer of the pre-emption rights or free allotment rights.

#### **Article 10. Unpaid subscriptions**

When there are partially paid-up shares, the shareholder shall make payment in the form and at the time determined by the board of directors within a maximum period of five years from the date of the resolution to increase capital. The method and other details of the payment shall be governed by the provisions of the resolution to increase capital.

### **Section 3: Increase and reduction in capital**

#### **Article 11. Increase in capital**

1. An increase in capital may be undertaken by means of an issue of new shares or an increase in the nominal value of already existing shares and, in both cases, the consideration may consist of non-monetary or monetary contributions, including the offsetting of receivables or the conversion of available profits or reserves already shown in the equity of the Company. An increase in capital may also be undertaken partly through new contributions and partly through the conversion of profits or reserves.
2. When an increase in capital has not been fully subscribed within the period stipulated for this purpose, the capital shall be increased by the amount actually subscribed, unless specified otherwise in the resolution to increase capital.



**Article 12. Authorised capital**

1. The general shareholders meeting may delegate to the board of directors the power, once or several times, to agree an increase in share capital up to a certain amount, at the time and for the amount that it decides and within the limitations established by law. The delegation may include the power to exclude pre-emption rights. Unless otherwise stipulated in the delegation resolution, the board of directors shall be authorised to issue ordinary voting shares or non-voting shares.
2. The general meeting may also delegate to the board of directors the power to determine the date on which the previously adopted resolution to increase capital is to be carried out and establish its conditions with regard to any matter not stipulated by the shareholders' meeting.

**Article 13. Reduction in capital**

1. A reduction in capital may be undertaken by means of a decrease in the nominal value of the shares, or a redemption or consolidation of shares and, in all cases, it shall be for the purpose of repaying the contributions made, releasing unpaid subscriptions, establishing or increasing reserves or restoring the balance between the Company's share capital and decreased shareholders' equity arising from losses, as well as any other purpose allowed by law.
2. In the case of a reduction in capital by means of repayment of the contributions made, the payment to the shareholders may be made in kind, provided that the assets or securities to be delivered meet the conditions stipulated in Article 42.4 below.

**Section 4: Issue of bonds and other securities****Article 14 Issue of bonds and other debt instruments**

1. The Company may issue bonds in accordance with the terms provided for by law.
2. The general meeting may delegate to the board of directors the power to issue simple or convertible and/or exchangeable bonds, mortgage covered bonds or any other mortgage instruments, as well as other securities which recognise or create a debt. The board may make use of this power once or several times and for a maximum period of five years.

3. The general meeting may also authorise the board to determine the time at which the agreed issue must be carried out, as well as setting any other conditions not stipulated in the resolution of the shareholders' meeting.
4. The Company may underwrite issues of securities made by its subsidiaries.

#### **Article 15. Convertible and/or exchangeable bonds**

Convertible and/or exchangeable bonds may be issued with a fixed exchange ratio (determined or determinable) or a variable exchange ratio. The issue agreement shall determine whether the power of conversion or exchange is granted to the bondholder or to the Company or, if applicable, whether conversion must necessarily take place at a particular moment in time.

The pre-emption rights of the shareholders in relation to the issue of convertible and/or exchangeable securities may be excluded according to the terms stipulated by law.

#### **Article 16. Other securities**

1. The Company may issue notes, warrants, preferential shares or any other securities not stipulated in the above articles, complying with the requirements established by applicable legislation.
2. The general meeting may delegate the power to issue the securities in question to the board of directors. The board may make use of this power once or several times and for a maximum period of five years.
3. The general meeting may also authorise the board to determine the time at which the agreed issue must be carried out, as well as setting any other conditions not stipulated in the resolution of the shareholders' meeting.

## **PART II GOVERNING BODIES OF THE COMPANY**

### **Section 1: Governing bodies of the Company**

#### **Article 17. Governing bodies and allocation of powers**

1. The governing bodies of the Company are the general meeting of shareholders

and the board of directors, which shall have the powers granted to them by law and by these articles of association, as well as any delegated bodies that the board may designate.

2. The general meeting has the authority to decide on all the matters attributed to it by the applicable law and by these articles of association. In particular, these include, but are not limited to, the following:
  - (a) In relation to the members of the board of directors:
    - (i) Appointing the directors and their replacements, as well as ratifying any provisional appointments of such directors made by the board itself, examining and, if applicable, approving their performance.
    - (ii) Dismissing the directors and their replacements, if applicable, before the end of their mandate, as well as revoking any provisional appointments made by the board itself.
    - (iii) Adopting resolutions on the exercise of a corporate liability action.
  - (b) Appointing and dismissing the auditors.
  - (c) Appointing and dismissing the liquidators.
  - (d) Approving, if applicable, the running of the company, the annual accounts and deciding on the allocation of profit, as well as approving, if applicable, the consolidated annual accounts.
  - (e) Adopting resolutions on the declaration of dividends.
  - (f) Adopting resolutions on the issue of bonds.
  - (g) Adopting resolutions on increases or reductions in capital and the issue of convertible or exchangeable bonds.
  - (h) Adopting resolutions on the removal or limitation of pre-emption rights.
  - (i) Adopting resolutions on company restructuring operations (mergers, demergers, divestitures, spin-offs, transformation, overall assignment of assets and liabilities and any other operations which essentially have the same effect as the above) and the transfer of the registered office overseas.
  - (j) Approving, if applicable, the internal regulations of the general meeting.
  - (k) Adopting resolutions on any other amendments to the articles of association.
  - (l) Authorising the board of directors to increase the share capital and issue bonds or other securities, according to the provisions of applicable legislation and these articles of association.

- (m)** Authorising the acquisition of own shares.
  - (n)** Adopting resolutions on the admission to trading of the shares of the Company in any regulated market.
  - (o)** Adopting resolutions, if applicable, on the acquisition, disposal or contribution to another company of essential assets. The essential nature of the asset is assumed when the amount of the transaction exceeds twenty-five percent of the value of the assets shown in the latest approved balance sheet.
  - (p)** Adopting resolutions on the winding-up or liquidation of the Company, as well as any operations the effect of which is equivalent to the liquidation of the Company.
  - (q)** Approving the final statement of affairs.
  - (r)** Deciding on any matters submitted to it by resolution of the board of directors.
- 3.** Any powers which are not attributed to the general meeting by law or by the articles of association shall fall to the board of directors, which may in turn delegate them to an executive committee and to one or more directors according to the terms stipulated in these articles of association and the delegation resolution.

## **Section 2: The general meeting**

### **Article 18. Classes of general meetings**

- 1.** General meetings may be ordinary or extraordinary.
- 2.** Ordinary general meetings must necessarily be held within the period stipulated in applicable legislation, in order to assess company management, approve the accounts for the previous year, if applicable, and decide on the allocation of profit, as well as approving the consolidated accounts, if applicable, notwithstanding its power to address and decide on any other business on the agenda. The ordinary general meeting shall nevertheless be valid even if notice has not been given or it has been held after the legally established term.
- 3.** Any meeting not provided for in the previous section shall be deemed an extraordinary general meeting.
- 4.** All general meetings, whether ordinary or extraordinary, are subject to the same rules of procedure and competence.

**Article 19: Notice of the general meeting**

1. The board of directors shall give notice of the general meeting by means of publication of the notice on the Company website according to the provisions of the Companies Act. Additionally, notice of the meeting may voluntarily be published in one of the newspapers with the largest circulation in the province in which the registered office of the Company is located.
2. In addition, the board of directors shall give notice of the general meeting when requested to do so by shareholders who hold at least 5% of the share capital. The nature of the business to be dealt with at the meeting must be stated in such request. The board of directors shall draw up the agenda, which must include the business referred to in the request.
3. Shareholders representing at least 5% of the share capital shall also be entitled to request and obtain from the board of directors the publication of an addendum to the notice of the meeting according to the terms stipulated in the Companies Act.

**Article 20. Place and time of the meeting**

1. The general meeting shall be held on the day and in the place indicated in the notice of the meeting, in or outside the municipal district in which the Company has its registered office.
2. If the place in which the meeting is to be held is not indicated in the notice of the meeting, it shall be deemed that the meeting shall be held at the registered office of the Company.

**Article 21. Right of attendance**

1. The holders of any number of shares registered in their name in the register of nominative shares, five days prior to the date on which the meeting is to be held, and who are up-to-date with the payment of any call payments, shall be entitled to attend the general meetings.
2. The directors shall attend the general meetings, notwithstanding the fact that their attendance shall not be necessary for the proceedings to be valid.
3. The chairman of the general meeting of shareholders may authorise any person he deems appropriate to attend the meeting. However, the general meeting may revoke such an authorisation.

## **Article 22. Representation by proxy**

- 1.** Any shareholder who is entitled to attend the general meeting may be represented by proxy, even if the proxy in question is not a shareholder, provided it complies with the requirements and formalities set out in these articles of association and, if applicable, those of the applicable law.
- 2.** Proxies shall always be revocable. Attendance at the general meeting by the represented shareholder shall be deemed a revocation of the proxy granted, whatever the date of the proxy in question. The proxy shall also be rendered ineffective by a transfer of shares taking place at least five days in advance of the date on which the meeting is held on first call and, of which the Company had prior notice.
- 3.** The chairman of the general meeting shall be authorised to establish the validity of the proxies granted and the compliance with the requirements of attendance to the meeting, and may delegate this duty to the Secretary.

## **Article 23. Quorum for general meetings**

- 1.** Ordinary or extraordinary general meetings shall have quorum on first or second call when the shareholders present or represented hold the percentage of voting shares established by the applicable law.
- 2.** The validity of the quorum shall be determined with respect to each of the resolutions to be adopted, and the agenda shall be limited, if applicable, to matters for which there is a quorum.
- 3.** Notwithstanding the above, general meeting shall be valid constituted as an universal general meeting of shareholders provided that all of the share capital is present or represented and all the attendees unanimously agree to the meeting being held and to the agenda of the proceedings.
- 4.** Any absences which occur once the general shareholders' meeting has been validly constituted shall not affect the proceedings.
- 5.** The attendance of the directors of the Company shall not be necessary for the valid constitution of the general meeting, even if it is held as a universal shareholders meeting, notwithstanding the duties of directors in accordance with the provisions of the applicable law.

**Article 24. Chairing committee of the general meeting**

1. The chairing committee of the general meeting shall be made up of its chairman and secretary.
2. The general meeting shall be chaired by the chairman of the board of directors or, failing that, the deputy or assistant chairman and, in the absence of the chairman and the deputy or assistant chairman, the oldest member of the board who is present at the meeting.
3. The chairman shall be assisted by the secretary of the general meeting. The secretary to the general meeting shall be the secretary of the board of directors or, failing that, the vice-secretary and, in the absence of either of them, the youngest member of the board who is present at the meeting.
4. The chairman shall declare the general meeting validly constituted, conduct the deliberations, answer any queries arising in relation to the business on the agenda, bring an end to discussions when he deems that a matter has been sufficiently discussed, announce the result of votes and, in general, he shall have all the powers necessary for the proper organisation and functioning of the general meeting.

**Article 25. List of attendees**

1. Before the agenda is taken up, the secretary shall draw up a list of attendees, with the legally required content, which shall be incorporated included at the beginning of the minutes of the meeting or attached to them by means of an appendix signed by the secretary and approved by the chairman.
2. The chairman of the general meeting may decide that the secretary be assisted by the tellers he deems necessary for the preparation of the list of attendees. The chairman shall appoint the tellers.
3. In the case of a universal meeting of shareholders, the list of attendees shall be recorded in the minutes, followed by the signature of each attendee, after the date, place and the agenda of the meeting.
4. The list of attendees may also be drawn up by means of a computer file or program. In such cases the format used shall be entered in the minutes and the appropriate authentication stamp, signed by the secretary and approved by the chairman, shall be placed on the sealed cover of the computer file.

## **Article 26. Discussion and adoption of resolutions**

- 1.** Once the list of attendees has been prepared, the chairman, if applicable, shall declare the general meeting validly constituted and shall determine whether the meeting may begin to deal with of all the business included in the agenda or, otherwise, the business on which the general meeting must deliberate and adopt resolutions.
- 2.** The chairman shall put each of the points on the agenda to an individual vote. In any case, even if they appear in the same point of the agenda, the following matters shall be voted on separately: (a) the appointment, ratification, re-election or dismissal of each director and (b) the amendment of articles of association, each article or a group of self-contained articles.
- 3.** The chairman shall submit the business on the agenda for discussion in the order shown therein and direct proceedings so as to ensure that the meeting is held in an orderly fashion. Once he deems that a matter has been sufficiently discussed, he shall put it to a vote.
- 4.** The attendees at the general meeting shall have one vote for each share that they hold or represent.
- 5.** The resolutions of the general meeting shall be adopted by a simple majority of the votes cast by all the shareholders, present or represented at the meeting, and a resolution shall be deemed to have been adopted when it obtains more votes in favour than against of the share capital present or represented at the meeting. Cases in which the law requires a larger majority shall be excluded.

## **Article 27. Minutes of the general meeting and certificates of resolutions**

- 1.** The minutes of the shareholders' meeting may be approved at the meeting itself, after it has been held, and signed by the chairman and the secretary. Failing that, they may be approved within a period of fifteen days, by the chairman and two tellers, one representing the majority and the other the minority. The minutes approved in either of these manners shall be enforceable from the date on which they are approved.
- 2.** Certificate of the contents of the minutes shall be issued by the secretary or the vice-secretary of the board of directors with the approval of the chairman or deputy or assistant chairman, if applicable, and the resolutions shall be notarised by persons authorised to do so.



3. The board of directors may require the presence of a notary to take the minutes of the general meeting and shall be bound to do so whenever this is requested by shareholders representing at least 1% of the share capital, five days in advance of the planned date of the meeting. In this case, the resolutions shall only be effective if they appear in a notarial document. The notarial document shall not be submitted for approval, as it shall be deemed to be the minutes of the general meeting and any resolutions which appear therein may be enforced from the date thereof.

### **Section 3: The board of directors**

#### **Article 28. Board of directors**

1. The Company shall be managed by a board of directors.
2. The board of directors shall be governed by the legal regulations applicable to it and by these articles of association. The board shall also approve the board of directors' regulations and, if applicable, the regulations of the delegated committees. These shall contain, respectively, the operational procedures and internal system governing the board and its members and the delegated committees, as well as the rules of conduct of their members. The general meeting shall be informed of the approval of the board of directors' regulations and any amendments thereof.

#### **Article 29. Management and supervisory powers**

1. The board of directors shall have broad powers for the management of the Company and, except for matters which come within the competence of the general meeting under the provisions of applicable legislation and these articles of association, it is the highest decision-making body and responsible for the risks undertaken by the Company.
2. The board of directors may not under any circumstances delegate the following powers:
  - (a) Periodic monitoring, control and evaluation of the efficiency of the corporate governance system, as well as the adoption of the appropriate measures to resolve any defects, if applicable.

- (b)** Supervision and effective operation of any committees which have been set up, as well as the activity of the delegated bodies and any managers who have been appointed.
- (c)** Responsibility for the administration and management of the Company, approval and monitoring of the general policies and strategies of the Company, the implementation of its strategic objectives, its risk strategy and its internal governance.
- (d)** Guaranteeing the integrity of the accounting and financial reporting systems, including financial and operational control and compliance with applicable legislation.
- (e)** Supervising the process for the disclosure of information and notices relating to the Company.
- (f)** Guaranteeing effective supervision of senior management.
- (g)** Authorising or waiving the obligations arising from the duty of loyalty.
- (h)** Preparation of the annual accounts and their presentation to the general meeting.
- (i)** The issue of any reports required from the board of directors by law whenever the transaction to which the report refers cannot be delegated.
- (j)** Appointment and dismissal of the managing directors of the Company, as well as the establishment of the conditions of their contracts.
- (k)** Appointment and dismissal of the managers who report directly to the board or any of its members, as well as the establishment of the basic conditions of their contracts, including their remuneration.
- (l)** Decisions relating to the directors' remuneration, within the framework of the articles of association and, if applicable, the remuneration policy approved by the general meeting.
- (m)** Calling the general shareholders' meeting and preparation of the agenda and proposed resolutions.
- (n)** Policy relating to shares or own shares.
- (o)** The powers that the general meeting has delegated to the board of directors, unless it has been expressly authorised by the general meeting to sub-delegate them.
- (p)** Any other powers which may be established by applicable legislation.

**Article 30. Powers of representation**

1. Notwithstanding any powers delegated, if applicable, to the managing directors, the board of directors shall have the power to represent the Company in and out of court, and shall act collectively.
2. If an executive committee is to be designated, the power to represent the committee in question shall be governed by the provisions of the delegation resolution, and it shall be deemed to have been granted collectively unless indicated otherwise.

**Article 31. Quantitative composition of the board and term of office**

1. The board of directors shall be made up of a minimum of five and a maximum of fifteen directors, who need not be shareholders.
2. The determination of the number of directors of the board shall fall to the general meeting. It shall therefore proceed to establish the number in question directly by means of an express agreement, or indirectly by filling unfilled posts or appointing new directors, within the maximum limit established in the previous paragraph.
3. The board members shall hold office for a term of six years and may be reappointed once or several times for the same term; replacement directors may be appointed if one or several of them should resign or be dismissed for any reason.
4. Co-opted directors shall hold office until the date of the next general meeting.
5. Persons declared incompatible shall be prohibited from holding office in the Company and, if applicable, from performing their duties, to the extent and according to the conditions established by legislation in force at any time.

**Article 32. Positions on the board of directors**

1. The board of directors shall appoint a chairman from among its members and, if applicable, one or more deputy or assistant chairmen numbered in ordinals, who shall replace the chairman in his duties in the event of absence, incapacity or vacancy in order of rank. If all of them should be absent, the chairman shall be replaced by the oldest director. The chairman, who may at the same time be a managing director, shall be the highest representative of the Company. In addition, he shall conduct the deliberations of the board and may implement any resolutions of the board by means of special delegation. In the event of a tie, the chairman shall have the casting vote in any vote taken by the board.

2. The board of directors shall appoint a secretary and, optionally, a vice-secretary, who shall replace the secretary in the event of absence, incapacity or vacancy. Non-directors may be appointed for both offices, in which case they shall be entitled to attend and speak but not vote.

### **Article 33. Meetings of the board of directors**

1. The board of directors shall meet as often as required in order to efficiently carry out its duties and in any case at least six times a year. Meetings of the board of directors shall be called by the chairman, on his own initiative or at the request of a number of directors representing one third of the board or, if less than that, three directors. In the latter case, the chairman shall call the extraordinary meeting within a maximum period of three business days from receipt of the request, in order that it may be held within the periods indicated below in paragraph 2 of this Article, the agenda of the proceedings must be included in the request.
2. The board of directors shall be called by written notice, giving sufficient details of the agenda of the meeting. This notice shall be sent by fax, email or letter to each of the directors, at least five days in advance of the proposed date of the meeting, unless the urgency of the business to be addressed means that, in the opinion of the chairman, the meeting must be called urgently. Such call shall be done by telephone, fax, email or any other means of remote communication, with at least twenty-four hours' notice.
3. The meetings of the board of directors shall be held in person, in the place established in the notice of meeting, or by video conference or telephone conference call.
4. The board of directors may also adopt its resolutions in writing (including by fax or email with the original subsequently being sent by post), without the need to hold a meeting, if none of the directors object to this procedure.
5. If the company has not appointed a managing director, the general manager shall attend the meeting of the board of directors, being entitled to speak but not vote.

### **Article 34. Quorum and adoption of resolutions by the board of directors**

1. The board of directors shall be validly constituted when the majority of the directors, present or represented, attend the meeting.

2. Except in situations in which the law requires a qualified majority, the resolutions of the board of directors shall be adopted by an absolute majority of the directors present or represented at the meeting.
3. Each director shall have one vote.
4. All the directors may grant a proxy allowing another board member to represent them. The proxy shall be granted specifically for the meeting of the board of directors to which it refers and may be notified to the chairman or the secretary of the board by any of the means set out in paragraph 2 of the previous Article.

**Article 35. Minutes of the board of directors**

1. The minutes of the meeting of the board of directors shall be drafted by the secretary to the board or, failing that, the vice-secretary, and must have the approval of the chairman or, failing that, the deputy or assistant chairman.
2. The minutes shall be approved by the board itself at the end of the meeting or at the immediately following meeting.
3. The minutes may also be approved by the chairman, the secretary and two directors attending the meeting of the board referred to by the minutes, appointed at each meeting by the board itself.
4. In order to facilitate the implementation of resolutions and, if applicable, the notarisation thereof, the minutes may be partially approved, including, in each of the approved parts, one or more resolutions.
5. Certificates of the content of the minutes shall be issued by the secretary to the board of directors or the vice-secretary and approved by the chairman or the deputy or assistant chairman, if applicable.

**Article 36. Delegation of powers of the board of directors**

1. The board of directors may appoint from among its members an executive committee and one or several managing directors, designating the persons who shall hold these offices and the manner in which they are to proceed, and may delegate to them all the powers which it is possible to delegate according to the law and these articles of association.
2. In accordance with applicable legislation, the board of directors shall appoint from among its members an audit committee, an appointments committee, a

remuneration committee and a risk committee, and may set up such other committees of directors with the duties deemed appropriate.

3. The aforementioned committees shall be governed by the provisions of the law, these articles of association, the board of directors' regulations and, if applicable, the regulations of the committees in question as approved by the board of directors, and shall be deemed validly constituted when the majority of their members attend their meetings, present or represented. The resolutions adopted by the committees in question shall be adopted by an absolute majority of the members in attendance, present or represented.

### **Article 37. The executive committee**

1. The executive committee shall be made up of a minimum of three and a maximum of seven members, who shall be appointed by the board of directors with the legally stipulated majorities.
2. The following persons, who, if applicable, shall be appointed with the legally established majorities, will be proposed as members of the executive committee: (i) the chairman of the board of directors, who, if appointed, shall also be the chairman of the executive committee, (ii) the deputy or assistant chairmen, who, if applicable and in order, shall replace the chairman and (iii) the secretary to the board, who, if appointed, shall also be secretary to the executive committee. If the above candidates are not appointed, the executive committee shall fill the posts from among its members. The chairman shall have the casting vote in the event of a tie. In addition, the executive committee may optionally have a vice-secretary, whose appointment shall fall to the executive committee.
3. Directors or managing directors appointed by the board of directors shall also be proposed as members of the executive committee, if the person in question is someone other than the chairman.
4. The board of directors, subject to a resolution adopted with the majority required for this purpose, shall delegate powers to the executive committee, except for those which cannot be delegated by virtue of the provisions of the law or these articles of association.
5. If the Company has not appointed a managing director, the general manager shall attend the executive committee, being entitled to speak but not vote.
6. The board's regulations shall govern the proceedings of the executive committee.

**Article 38. Audit committee**

- 1.** The audit committee shall be made up of a minimum of three and a maximum of five members, who shall be exclusively non-executive directors appointed by the board of directors. The majority of them, at least shall be independent directors and one of them will be appointed taking into account his/her knowledge and experience in accounting or auditing, or in both fields.

As a whole, the members of the committee shall have the relevant technical knowledge in relation to the financial sector to which the Company belongs. The composition of the committee shall at all times comply with the provisions of the applicable legislation.

- 2.** The chairman of the audit committee shall be appointed from among the independent directors who form part of it. The term of office of the chairman of the audit committee shall be four years, and he may be re-elected once a period of one year has elapsed since he last chaired the committee.
- 3.** The duties of the audit committee shall at least include the following:
  - (a)** Reporting to the general meeting on any matters raised which fall within the competence of the committee and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the function that the committee has performed in this process.
  - (b)** Monitoring the efficiency of the Company's internal control, internal auditing and risk management systems, as well as discussing with the auditor any significant weaknesses of the internal control system detected in the course of the audit, all this without undermining its independence. For these purposes, if applicable, recommendations or proposals may be submitted to the board of directors, as well as the corresponding timescale for monitoring thereof.
  - (c)** Supervising the process of preparation and presentation of mandatory financial information and submitting recommendations or proposals to the governing body which are aimed at safeguarding its integrity.
  - (d)** Presenting to the board of directors, for their submission to the general meeting, proposals for the selection, appointment, re-election and replacement of accounts auditors, taking responsibility for the selection process in accordance with the provisions of the legislation applicable to the Company, as well as their contract conditions, and obtaining information from them on the audit plan and its implementation, in addition to maintaining their independence in the performance of their duties.

- (e)** Establishing the appropriate relations with the external auditor in order to receive information on any matters which could pose a threat to their independence, in order for such matters to be examined by the committee, and, when appropriate, authorisation of services other than those which are prohibited according to the terms provided for in applicable legislation, in relation to the independence framework, and any other matters relating to the accounts auditing process, as well as any other notice stipulated in auditing legislation and standards. In any event, it shall receive an annual declaration from the external auditors on their independence from the Company (or entities directly or indirectly related to the latter), as well as detailed and separate information on any kind of additional services provided and the respective fees received from these entities by the external auditor, or by persons or entities related to the auditor, in accordance with the provisions of the regulations governing auditing activity.
  - (f)** Prior to the issue of the auditors' report, issuing an annual report giving an opinion on whether the independence of the auditors or auditing firms is compromised. This report shall, in any event, contain a reasoned assessment of the provision of each and all of the additional services referred to in the previous point, considered individually and as a whole, in addition to the legally required audit and in relation to the system of independence and the regulations governing auditing activity.
  - (g)** Previously reporting to the board of directors on all the matters stipulated by law, the articles of association and the board regulations, and in particular on the following:

    1. The financial information that the Company is periodically required to make public.
    2. The creation or acquisition of interests in special purpose entities or those domiciled in countries or territories classified as tax havens.
    3. Transactions with related parties.
  - (h)** The audit committee may also be assigned additional duties, including compliance functions, which will be governed by the committee's internal operational regulations. The functions of the audit committee shall in any event be in accordance with legislation in force.
- 4.** The audit committee shall be deemed to have been validly constituted when the majority of its members are in attendance, present or represented. The resolutions reached by the committee shall be adopted by an absolute majority of the members in attendance, present or represented, and the chairman shall have the casting vote in the event of a tie.



5. The board's regulations and, if applicable, the regulations of the audit committee shall govern the proceedings of the committee as provided for in this Article.

#### **Article 39. Appointments committee**

1. The appointments committee shall be made up of a minimum of three and a maximum of five board members, who shall be non-executive directors, and at least a third of these members, and in any event the chairman, shall be independent directors.
2. The members of the appointments committee shall be appointed by the board of directors, taking into account the directors' knowledge, abilities and experience and the mission of the committee.
3. The internal operational regulations of the appointments committee shall govern the procedures of the committee as provided for in this Article. It may also be assigned duties other than those provided for by law.
4. The composition and duties of the committee shall in each case be in accordance with the provisions of applicable legislation.

#### **Article 40. Remuneration committee**

1. The remuneration committee shall be made up of a minimum of three and a maximum of five board members, who shall be non-executive directors, and at least a third of these members, and in any event the chairman, shall be independent directors.
2. The members of the remuneration committee shall be appointed by the board of directors, taking into account the directors' knowledge, abilities and experience and the mission of the committee.
3. The internal operational regulations of the remuneration committee shall govern the procedures of the committee as provided for in this Article. It may also be assigned duties other than those provided for by law.
4. The composition and duties of the committee shall in each case be in accordance with the provisions of applicable legislation.

#### **Article 41. Risk committee**

- 1.** The risk committee shall be made up of a minimum of three and a maximum of five board members, who shall be non-executive directors, and at least a third of these members, and in any event the chairman, shall be independent directors.
- 2.** The members of the risk committee shall be appointed by the board of directors and shall have the appropriate knowledge, capability and experience to fully understand and control the risk strategy and risk propensity of the Company.
- 3.** The internal operational regulations of the risk committee shall govern the procedures of the committee as provided for in this Article. It may also be assigned duties other than those provided for by law.
- 4.** The composition and duties of the committee shall in each case be in accordance with the provisions of applicable legislation.

#### **Article 42. Remuneration of the directors**

- 1.** The office of director shall be remunerated.
- 2.** The remuneration of the directors shall consist of allowances for attending meetings of the board of directors and its committees, notwithstanding the reimbursement of the respective previously justified expenses, when this has been agreed. The amount of the remuneration that the Company shall pay all of its directors in this regard shall not exceed the amount determined for this purpose by the general meeting. The board of directors shall be responsible for establishing the exact amounts payable within the limit in question and its allocation among the various directors (which may be different for each of them), all this in accordance with the legislation in force, as well as the frequency with which the amount in question shall be paid.
- 3.** The directors' remuneration policy shall be in accordance with these articles of association and will be approved by the general meeting at least every three years as a separate point of the agenda, at the proposal of the remuneration committee.
- 4.** The executive directors shall enter into a contract with the Company which shall be previously approved by the board of directors with the vote in favour of two thirds of its members. The affected director shall not attend the discussion or participate in the vote. The approved contract shall be included as an appendix to the minutes of the meeting.

5. The contract with the executive directors shall be in accordance with the directors' remuneration policy, which shall stipulate the amount of the final annual remuneration and any change to it in the period referred to by the policy, the different parameters for the establishment of the variable components and the main terms and conditions of the contracts, including, in particular, their term, compensation for early retirement or early termination of the contractual relationship, and exclusivity, post-contractual non-competition and continuance or loyalty clauses.
6. The Company may take out public liability insurance for its directors.

**CHAPTER II  
OTHER PROVISIONS**

**Section 1: Annual accounts**

**Article 43. Company financial year and preparation of the annual accounts**

1. The company financial year shall be the calendar year, starting on 1 January and ending on 31 December of each year.
2. Within a maximum period of three months from each company year-end, the board of directors shall prepare the annual accounts, the management report and the proposed allocation of profit, as well as, if applicable, the consolidated accounts and management report.
3. The board of directors shall endeavour to prepare a definitive version of the accounts so that there is no room for qualified opinions on the part of the auditor or audit company. Nevertheless, when the board deems that it must maintain its opinion, it shall explain, through the chairman of the audit and compliance committee, the content and scope of any discrepancies. In addition, it shall endeavour to ensure that the auditor or audit company also provide their remarks in this regard.
4. The annual accounts and the management report of the Company shall be reviewed by the auditor appointed by the general meeting before the end of the year to be audited.

#### **Article 44. Approval and filing of the annual accounts and dividends**

- 1.** The annual accounts shall be submitted for approval by the general meeting.
- 2.** Once the annual accounts have been approved, the general meeting shall decide on the allocation of profit for the year, subject to the legally established limitations.
- 3.** If the general meeting adopts a resolution declaring dividends, it shall determine the time and method of payment, such determination may also be entrusted to the board of directors. The board of directors may agree to the payment of an interim dividend, in accordance with the limitations and requirements established by law.
- 4.** The general meeting may by resolution decide that the dividend be completely or partially paid in kind, provided that the assets or securities to be distributed are of the same nature (unless there is unanimous consent to this not being the case) and they are not distributed for an amount which is lower than their value on the balance sheet of the Company.
- 5.** Within the month following the approval of the annual accounts, the directors shall submit, for filing at the Companies Registry for the area in which the registered office of the Company is located, certificates of the resolutions of the general meeting approving the annual accounts and the allocation of profit, attaching a copy of each of the aforementioned accounts, as well as the management report and auditors' report. The certificates shall be filed with the signatures authenticated by a notary.

### **Section 2: Winding-up and liquidation of the Company**

#### **Article 45. Winding-up of the Company**

The Company shall be wound up in the situations and according to the requirements stipulated in the applicable legislation.

#### **Article 46. Liquidators**

- 1.** Once the Company has been wound up, all members of the board of directors who are currently appointed and registered at the Companies Registry shall legally become liquidators, unless the general meeting appoints other liquidators in the winding-up resolution.

2. If there are not an odd number of directors, the youngest director shall not act as liquidator.

**Article 47. Representation of the wound-up company**

If the Company should be wound up, each of the liquidators acting jointly and severally shall have the power to represent it.

**Article 48. Allocation of liquidation proceeds**

The liquidation proceeds may be paid, in full or in part, in the form of the assets or rights originally contributed by each shareholder according to the terms established by the general meeting.

**Article 49. Supervening assets and liabilities**

If new assets or liabilities should appear after the Company has been wound up and the entries relating to it at the Companies Registry have been cancelled, the provisions of Articles 398 and 399 of the Companies Act shall apply.

**Article 50. Jurisdiction**

The shareholders hereby waive their own jurisdiction and expressly submit to the legal jurisdiction of the place where the registered office of the Company is located.

**Companies House:**

Volume 30.405, Book 0, Sheet 57, Section 8, Page M-547.250, 1st entry.

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**CERTIFICATION/CERTIFICACIÓN**

*Ms Marina Fernández Cano, Sworn translator of English, certified by the Spanish Ministry of Foreign Affairs, hereby certifies that the preceding translation is a true and complete translation into English of a document drafted in Spanish.*

*Signed in Madrid on 5 June 2017.*

*Doña Marina Fernández Cano, Traductora-Intérprete Jurada de inglés nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en castellano.*

*En Madrid, a 5 de junio de 2017.*