

**Articles of Association  
of  
Banco de Sabadell, S.A.**

## TITLE I

### **NAME, REGISTERED OFFICE, DURATION AND OBJECT OF THE COMPANY**

**Article 1.** In 1881 a loan company was set up under the name Banco de Sabadell, S.A. which shall be governed by these Articles and by the Spanish Capital Companies Act [*Ley de Sociedades de Capital*] and other applicable legal provisions.

**Article 2.** The Company's registered office is situated at Plaça de Sant Roc 20, Sabadell, and the Company may, by a resolution of the Board of Directors, establish branches, agencies or representative offices wherever appropriate, in Spain or other countries.

The company's online presence shall be its corporate website, [www.grupobancosabadell.com](http://www.grupobancosabadell.com).

**Article 3.** The duration of the Company shall be indefinite and any liquidation or winding up shall be effected in accordance with these Articles and with the Act.

**Article 4.** The Bank's object shall include the following businesses and activities:

I. To discount bills, promissory notes and similar documents; manage current accounts; grant loans; take deposits, voluntary or otherwise, of securities and in cash; establish savings accounts; negotiate coupons; buy and sell securities; and generally carry out all banking operations undertaken or capable of being undertaken by loan companies in accordance with current legislation.

II. To buy and sell raw materials, equipment, machinery, fruit, wine and any other goods for its own account or for any other person.

Such transactions, when carried out on behalf of others, may be effected with or without a guarantee of the outcome and with or without advance payment to the seller, on such terms as the Bank sees fit.

III. To provide loans secured on raw materials, government bonds, shares or debentures, produce, harvests, real estate, factories, ships and ships' cargoes and any other object of value.

IV. To set up companies of any kind or take shares in them with a view to trading in industrial raw materials, setting up factories or providing services, electric lighting, water supplies, all classes of insurance, docks, and any other business which is ancillary or helpful to the operation of any

of the aforementioned businesses or related to modern financing techniques such as leasing or factoring, finance and trusts, among others.

- V. To administer, collect or lease levies of any kind and undertake public works enterprises and assign or perform any contracts for that purpose.
- VI. To underwrite or arrange loans with the Government, Autonomous Communities, Provincial Councils and Municipal Corporations and take responsibility for opening subscriptions for any such transactions for any purpose whatsoever, whether on a commission basis or as agents acting for the account of any such bodies or for other companies.
- VII. To issue treasury bonds and bills, whether registered or bearer, convertible to shares or otherwise, on the terms to be established in each case by the Shareholders' Meeting.

**Article 5.** The Bank may acquire public funds and shares or bonds of any type of industrial company or loan company and sell or exchange the same or use them as security.

**Article 6.** The Bank shall not disclose any information concerning any transaction in which it may engage with any person, unless ordered to do so by a court of law.

## TITLE II

### SHARES AND SHAREHOLDERS' RIGHTS

**Article 7.** The share capital of the Bank is FIVE HUNDRED AND THREE MILLION ONE HUNDRED AND TWELVE THOUSAND THREE HUNDRED AND THIRTY-TWO EURO AND TWELVE POINT FIVE CENT (€503,112,332.125), represented by four billion twenty-four million eight hundred and ninety-eight thousand six hundred and fifty-seven (4,024,898,657) registered shares with a nominal value of 0.125 euro each, fully paid up and numbered consecutively from 1 to 4,024,898,657, both inclusive.

**Article 8.** The shares are represented by means of a book-entry system and are governed by the Securities Market Act (Act 24/1998 of 28 July [*Ley del Mercado de Valores*]), by Royal Decree 116/1992, of 14 February, on the representation of shares by book-entries and the clearing and settlement of stock market transactions, and by any other legal and regulatory provisions that amend, replace or extend them.

The shares are officially registered with the Central Registry for Book Entries of the Securities Clearing and Settlement Service [*Servicio de Compensación*]

y *Liquidación de Valores*] or with any book-entry registration authority replacing it; such registry shall inform the Bank of any transactions in or related to the shares; the Bank, in turn, shall keep its own Register of Registered Shares, where the identity of the shareholders shall be recorded.

**Article 9.** All shares shall be deemed to be domiciled in Sabadell, irrespective of their holder.

**Article 10.** Without prejudice to the provisions of Article 11, a share shall give its lawful holder the status of shareholder and, in addition to all rights granted in these Articles, the following rights:

- a) The right to share in any distribution of profits of the Company or of assets on liquidation.
- b) A pre-emptive subscription right in any new issue of shares or convertible bonds.
- c) The right to attend and vote at Shareholders' Meetings, subject to any restrictions contained in these Articles, and to contest any resolutions of the Company.
- d) The right to information.

**Article 11.** The Company may issue non-voting shares in accordance with any legislation applicable at any given time and subject to the provisions of this Article.

In the event of the Company's shares being listed on a stock exchange, the holders of non-voting shares, even where such shares were issued prior to the listing, shall have no pre-emptive subscription rights in capital increases involving the issuance of new shares except in the case of an issue of non-voting shares paid for out of reserves.

**Article 12.** The Bank may issue redeemable shares in accordance with the Capital Companies Act.

**Article 13.** The shares are indivisible. Joint owners of a share must appoint a single person to exercise the shareholders' rights and shall be jointly and severally liable to the Company in respect of all obligations arising from their share ownership.

The same rule shall apply to any other jointly held rights in respect of shares.

**Article 14.** Where shares are held under usufruct, the shareholder's rights shall vest in the bare owner, but the usufructuary shall be entitled to receive any dividends declared by the Company during the period of the usufruct. All other rights of the shareholder shall be vested in the bare owner.

The usufructuary shall be obliged to enable the bare owner to exercise those rights.

Relations between the usufructuary and the bare owner shall be governed by the terms of the instrument under which the usufruct was established or in the absence of such instrument, by the Spanish Capital Companies Act and, in all other respects, by the applicable civil law.

**Article 15.** On expiry of the usufruct, the usufructuary may demand payment from the bare owner of any increase in the value of the shares subject to the usufruct that relate to operating profit of the Company that was appropriated, during the term of the usufruct, to any specific reserve funds, of whatever nature or description, in the Company balance sheet.

If the Company is wound up during the term of the usufruct, the usufructuary may demand payment from the bare owner of that part of any amount payable on liquidation that is equivalent to the increase in the value of the shares subject to the usufruct as referred to in the previous paragraph. The usufruct shall extend to the remainder of any payment on liquidation.

If the parties fail to reach an agreement on the amount payable in the two cases above, the amount payable shall be set at the request of either party, and at the expense of both, by an independent auditor, other than the auditor of the Company, who shall be designated by the Mercantile Register for this purpose.

**Article 16.** Where a usufruct is held in respect of shares which are not fully paid up, the bare owner shall be liable to the Company for any capital calls on the shares. Once payment has been made, the bare owner shall be entitled to demand from the usufructuary the payment of the statutory interest on the amount of such payment in an amount not exceeding the income from the shares.

If this obligation has not been fulfilled within five days from the date on which payment became due, the usufructuary may pay the amount and shall be entitled to claim it from the bare owner on termination of the usufruct.

**Article 17.** In the event of an increase in the Company's share capital, if the bare owner has not exercised or sold his pre-emptive subscription rights ten days before the deadline by which such rights must be exercised, the usufructuary shall be entitled to sell the rights or to subscribe for the shares.

Where the subscription rights are sold, whether by the bare owner or by the usufructuary, the usufructuary shall be entitled to the proceeds of such sale.

Where new shares are subscribed for, whether by the bare owner or by the usufructuary, the usufruct shall extend to all shares for which payment could have been made with the total value of the rights exercised in subscribing for them. This value shall be calculated on a theoretical basis. Any remaining shares subscribed for shall be beneficially owned by the person who has paid for them.

The usufructuary shall have the same rights with respect to any issue of bonds which can be converted to shares in the Company.

If, during the usufruct, an increase in the share capital is effected out of profits or reserve funds appropriated during the usufruct, the new shares shall vest in the bare owner but shall be subject to the usufruct.

**Article 18.** All amounts payable under the preceding three articles shall be paid in cash or in shares of the same class as those which were subject to usufruct, the value of which shall be taken as being the amount based on the last audited balance sheet of the Company.

**Article 19.** All rights attaching to any shares subject to a security interest shall be exercisable by the owner of the shares.

The holder of the security interest shall be obliged to facilitate the exercise of these rights.

If the holder of any shares is in default in the payment of any calls thereon, the holder of the security interest may himself discharge the obligation or enforce the security interest.

**Article 20.** The provisions of the preceding article shall apply to any shares that are attached, to the extent that they are compatible with the specific terms of the attachment order.

**Article 21.** The heirs or creditors of a shareholder shall not, with respect to any property or rights of the Company, have any rights other than those vested in the holders of shares by these Articles and shall be subject to the same obligations.

This provision shall apply to the legal guardians and tutors of minors and incapacitated persons, insolvency trustees, representatives and any other persons collectively exercising the rights vested in shareholders under these Articles.

**Article 22.** An heir or successor of a shareholder shall not, by any title or under any pretext whatsoever, cause any intervention or seizure of the property of the Company or seek to have it divided up or disposed of by a court or interfere in the management thereof and, for the purpose of exercising any right, must confine themselves to the balance sheets and inventories of the Company and the resolutions of Shareholders' Meeting and of the Board of Directors.

**Article 23.** Shareholders must pay to the Company any calls on unpaid capital in such manner as the Directors may determine in each case.

**Article 24.** The holder of a share shall be in default on the expiry of the time for payment of an unpaid call, as determined in accordance with the previous article.

**Article 25.** A shareholder who is in default in the payment of any call may not exercise the right to vote. His shares shall be deducted from the share capital for the purposes of establishing the quorum.

A shareholder in default shall not be entitled to receive dividends or any preemptive right to subscribe for new shares or convertible bonds.

On the payment of any call and any interest payable thereon, a shareholder may apply to have any unexpired dividends paid to him but may not claim preemptive subscription rights if the period within which they were to be exercised has expired.

**Article 26.** Where a shareholder is in default, the Company may, having regard to the circumstances and nature of the unpaid amount, demand either that the call be paid together with any statutory interest payable and any damages caused by such default, or dispose of the shares at the defaulting shareholder's expense.

When it is necessary to sell the shares, the sale shall be effected in the following manner:

- a) Unlisted shares shall be sold via a registered commercial broker or notary public.
- b) Listed shares shall be sold via a member of the stock exchange.

If a sale cannot be made, the shares shall be cancelled and the share capital reduced accordingly, and all sums received by the Company until that time in respect of the shares shall stand to the credit of the Company.

**Article 27.** Where unpaid calls on shares are offset, partly or wholly, against dividends, the Company shall inform the Clearing and Settlement Service or any book-entry registration authority that has replaced it, so that this event can be entered in the book-entry system.

**Article 28.** The purchaser of a share which is not fully paid up shall be jointly and severally liable together with all previous owners, at the discretion of the Directors of the Company, for the payment of the unpaid amount.

Any transferor shall remain liable for three years from the date of transfer. Any arrangement to subvert this joint and several liability shall be null and void.

If the purchaser pays the sum due, he may claim the full amount from any subsequent purchasers.

**Article 29.** Any change in the characteristics of shares represented by book entries shall be published in the Official Bulletin of the Mercantile Register

[*Boletín Oficial del Registro Mercantil*] and in one of the daily newspapers with the largest circulation in the province where the Company's registered office is situated, once the change has been formally registered in accordance with the Spanish Capital Companies Act and the securities market regulations.

**Article 30.** The shares of the Company shall be freely transferable.

**Article 31.** Transfers of shares in the Company shall take place by book-entry transfer and shall be governed by the provisions of the Securities Market Act (Act 24/1998 of 28 July) and by Royal Decree 116/1992 of 14 February on the representation of securities by book entries and the clearing and settlement of stock market transactions, and by any legal and regulatory provisions that amend, replace or extend them.

**Article 32.** The company may acquire its own shares in accordance with the limits and requirements laid down by the legislation in force at any given time.

**Article 33.** The following rules shall apply to own shares held by the Company:

1. All voting and other political rights attaching to any shares of the Company and its parent company that are held by the Company shall be suspended.

All economic rights attaching to own shares, apart from the right to free allotments of new shares, shall be allocated among the remaining shares on a proportional basis.

2. The Company's own shares shall count as part of the share capital for the purposes of establishing whether the proportions required for proposing and adopting resolutions at Shareholders' Meetings have been met.
3. A restricted reserve shall be set up on the liabilities side of the balance sheet for the amount of own shares of the company or of the parent company held on the assets side. This reserve must be maintained until such time as the shares are disposed of or cancelled.
4. The directors' report must disclose:
  - a) The reasons for all acquisitions and disposals during the year.
  - b) The number and nominal value of all shares acquired and disposed of during the year, and the proportion of the share capital that they represent.
  - c) In the case of any acquisitions or disposals of shares for valuable consideration, the consideration paid for the shares.
  - d) The number and nominal value of all shares acquired and held by the Company directly or through nominees and the proportion of the share capital that they represent.

**Article 34.** The Company may advance funds, grant loans and provide guarantees and any other financial assistance for the acquisition of its shares

by a third party, provided that these operations are carried out in the ordinary course of the Company's business as expressed in its corporate object and that they are paid for out of available Company funds.

In the event of financial assistance being provided in accordance with the preceding paragraph, the Company must appropriate a reserve on the liabilities side of the balance sheet for an amount equal to that of the loans recorded under assets.

**Article 35.** The Company may accept its own shares by way of pledge or security only in the ordinary course of the Bank's business, and in compliance with the requirement set out in Article 146.3 of the Spanish Capital Companies Act.

### TITLE III

## GOVERNANCE AND ADMINISTRATION

**Article 36. The Company shall be governed by:**

- a) The Shareholders' Meeting
- b) The Board of Directors

### SECTION I

#### SHAREHOLDERS' MEETING

**Article 37.** The Shareholders' Meeting, if legally quorate, represents the Company and therefore exercises all rights and powers of the Bank; resolutions adopted at Meetings shall be binding on all shareholders, whether present or not, without prejudice to any right they may have under the law to contest resolutions and withdraw from the Company.

**Article 38.** In order to attend, speak and vote at a Shareholders' Meeting, a shareholder's shares must be on record in the register of shares five days before the day on which the Meeting is to be held and they must have obtained an attendance card, which shall be available from the Secretary's Office until five days before the date of the Meeting and shall show the number of votes to which the shareholder is entitled on the basis of one vote for every 100 euro of paid-up capital in shares of any class that he owns or represents.

The company's executives and advisers are entitled to attend Shareholders' Meetings and to speak but not to vote.

**Article 39.** Shareholders may attend the Shareholders' Meeting in person or appoint a proxy.

Holders of a general power of attorney for the shareholder in the form of a public instrument with the power to administer all of the shareholder's assets in Spanish territory are also entitled to represent the shareholder.

To grant proxy, the shareholder need only indicate, at the foot or on the back of the attendance card, the name of the shareholder so appointed and sign their name, provided that the signature has been legalised or is recognised by the Bank. Otherwise, the signature must be accompanied by a second signature that fulfils these requirements.

The proxy appointment must contain, or have attached to it, the agenda for the Meeting and the request for voting instructions with indications of how the proxy is to vote in the event of precise instructions not being provided.

Minors must be represented by their guardians or legal representatives, and corporations or companies by their legal representatives, in which case the identity of such person must be specified so that an attendance card can be issued in their name and enable them to appoint a proxy as provided in the first paragraph.

Proxies shall be granted and valid for a specific Shareholders' Meeting and may be revoked in any event. Attendance in person at the Meeting by the principal shall have the effect of revoking any proxies.

To attend and vote at a Shareholders' Meeting, shareholders must show evidence of holding or acting for the holders of paid-up shares in the Company to a value of not less than 100 euro. Shareholders holding shares that do not come up to that minimum amount may group together to constitute the minimum and grant proxy to any one of them or to another shareholder that is entitled to attend, as provided in this article.

**Article 40.** There is no limit to the number of votes that may be cast by a single shareholder or by companies belonging to the same group.

**Article 41.** A Shareholders' Meeting may be Ordinary or Extraordinary, and shall be called by the Board of Directors.

An Ordinary Shareholders' Meeting shall be held within the first six months of each financial year at such place, date and time as the Board of Directors shall determine, provided that it is held in the city of Sabadell; meetings may be adjourned for one or more consecutive days based on a proposal by the Board of Directors or at the petition of shareholders representing one-quarter of the capital present at the Meeting. Regardless of the number of sessions into which the Shareholders' Meeting is divided, it shall be treated as a single Meeting and only one set of minutes shall be drawn up.

The ordinary Shareholders' Meeting shall be asked to examine and approve the financial statements, directors' report, income statement, statement of changes in net equity, cash flow statement, and balance sheet for the previous year, the proposal for the allocation of income and any other proposals that the Board of Directors decides to submit.

The ordinary Shareholders' Meeting shall also hear and consider any reasoned proposals from shareholders that are duly signed and presented within five days following the publication of the notice of meeting; any such proposal must be signed by shareholders representing at least five per cent of the paid-up share capital and be directly related to the business already included or to be included in the agenda of the meeting.

Once the items on the agenda have been dealt with, shareholders may put forward any motions they see fit and, if they are accepted by the Board of Directors, those motions shall be submitted either to the next Ordinary Shareholders' Meeting or to an Extraordinary Shareholders' Meeting, at the Board's discretion.

**Article 42.** An Extraordinary Shareholders' Meeting shall be called whenever the Board considers it to be in the interests of the Company. An Extraordinary Shareholders' Meeting shall also be called when requested by a number of shareholders representing at least one-twentieth of the paid-up share capital, such shareholders having stated in their request the nature of the business to be transacted at the Meeting. In this case, the Meeting shall be called so as to take place within thirty days from the day on which a notarially certified request to hold a meeting is received by the Board of Directors.

The Agenda for the meeting must necessarily include all items of business stated in the request.

**Article 43.** Notice of Shareholders' Meetings shall be given by means of an announcement published in the Official Bulletin of the Mercantile Register [*Boletín Oficial del Registro Mercantil*] or in one of the daily newspapers with the largest circulation in Spain, on the Spanish National Securities Commission's website, and on the company's website, at least one month before the date on which the Meeting is scheduled.

The notice must state all items of business on the Agenda. It must also state whether the meeting is ordinary or extraordinary, the name of the company, the date of the first call and the place and time, the position of the person(s) responsible for the notice, and any other information required by the law in force.

The notice may also state a day, not less than twenty-four hours after the first call, on which, in the event of the Meeting not being quorate at first call, it may be held at second call.

Shareholders representing at least five per cent of the share capital may ask for a supplement to the notice of the Shareholders' Meeting to be published, adding one or more items to the Agenda, in accordance with the legislation in force.

The shareholders who wish to exercise that right must send certifiable notification to the company, to be received at the company's registered office within the five days following publication of the notice of meeting. The supplement must be published at least fifteen days prior to the scheduled meeting date.

As from the publication of the notice, an Electronic Shareholders' Forum must be created on the company's website, which may be accessed subject to the appropriate safeguards, with a view to facilitating communication prior to the Shareholders' Meetings.

The Shareholders' Meeting shall be quorate at first call if the attendees who are present or represented hold at least twenty-five per cent (25%) of the subscribed voting capital. The Meeting shall be quorate upon second call regardless of the amount of capital in attendance.

**Article 44.** In order for an Ordinary or Extraordinary Shareholders' Meeting to validly adopt a resolution to issue bonds, reduce or increase the share capital, change the legal form of the Company, merge or de-merge the Company or, generally, make any amendment to the Articles of Association, the Meeting, if at first call, must be attended by shareholders holding not less than 50 per cent of the subscribed voting shares, in person or by proxy.

If at second call, 25 per cent of capital shall suffice.

Where those present represent less than 50 per cent of the subscribed voting shares, any of the resolutions referred to in the preceding paragraph shall require a majority of two-thirds of the votes validly cast at the Meeting.

The Shareholders' Meeting may grant authorisation to the Board of Directors, for a period of not more than three years, to issue non-convertible bonds, to be denominated as such, treasury bonds, or similar securities, on one or more occasions, provided that the volume of bonds outstanding at any time does not exceed the limits specified by law.

If adopted by the special majorities provided in this article, such a resolution may empower the Board to freely determine the total amount, the yield and any other terms of each issue.

**Article 45.** Business shall be transacted at the Shareholders' Meeting in the following order:

Before proceeding to the items on the Agenda, a list of the persons in attendance shall be drawn up, showing the status or representative capacity of each person and the number of shares held or represented by them.

At the end of the list, the number of shares present or by proxy and the amount of paid-up share capital represented by those shares shall be determined, after which the Chairman shall declare the Shareholders' Meeting, whether Ordinary or Extraordinary, to be quorate or not, as the case may be, and, if it is quorate, the Chairman shall declare the Meeting to be in session.

**Article 46.** Shareholders' Meeting may not discuss or debate any business that is not on the Agenda.

Up to the seventh day prior to the scheduled meeting date, shareholders may request from the Board of Directors any information or clarification they require or submit questions in writing regarding the items on the agenda. Shareholders may also request information or explanations in writing about information accessible to the public which the company supplied to the Spanish National Securities Market Commission [*Comisión Nacional del Mercado de Valores*] since the last Shareholders' Meeting was held.

Any information requested under the preceding paragraph must be provided in writing by the directors up to the day prior to the Shareholders' Meeting.

During a Shareholders' Meeting, shareholders may make verbal requests for any information or explanations they see fit regarding the items on the agenda; if it is not possible to fulfil a shareholder's request at that time, the directors must supply the information requested, in writing, within seven days from the end of the Meeting.

The Directors must supply all the information requested in accordance with this article except when the Chairman considers that disclosure of the information would be harmful to the Company's interests.

If the request is supported by shareholders representing at least one-quarter of share capital, the information may not be withheld.

**Article 47.** The financial statements and any other documents to be submitted to an Ordinary Shareholders' Meeting for its approval, including the auditors' report, shall be available to any shareholder, immediately and free of charge, from publication of the notice of the meeting; this right must be stated in the notice of the meeting.

**Article 48.** The Shareholders' Meeting shall be chaired by a director designated by the Board of Directors; his function shall be to guide the debate and he shall have a casting vote in the event of a tie.

The Secretary of the Board of Directors shall act as secretary of the Shareholders' Meeting, with responsibility for drawing up the minutes and for issuing any certificates that may be required, which shall be countersigned by the Chairman.

**Article 49.** The resolutions and deliberations of the Shareholders' Meeting shall be recorded in a minutes book; the minutes shall be approved by any of the following methods:

1. By the Shareholders' Meeting itself, immediately after the close of the Meeting.
2. Within 15 days, by the Chairman and two representatives of shareholders, one acting on behalf of the majority and one on behalf of the minority, if they were not appointed unanimously.
3. By notarial instrument.

It shall be obligatory to engage a notary if requested not less than five days before the date of the Meeting by shareholders representing at least 1% of the share capital.

The Notary's fees shall be paid by the Company.

Once approved by any one of these methods, the minutes shall be legally enforceable from the time of their approval.

**Article 50.** The Shareholders' Meeting may, on a proposal from the Board of Directors, approve regulations to elaborate upon and extend the preceding articles in this Section as regards the notice of and preparations for Shareholders' Meetings, provision of information, attendance, transaction of business and exercise of voting rights, the manner in which the minutes are to be drawn up and other pertinent matters, subject always to the provisions of the law and these Articles.

The Shareholders' Meeting is the body competent to approve and amend any such regulations and also to determine the period for which they are to be in force. A resolution to approve or amend such regulations must be adopted in the manner established in article 44 hereof for the amendment of these articles.

## SECTION II

### **BOARD OF DIRECTORS**

**Article 51.** The Board of Directors shall consist of a maximum of 15 and a minimum of 11 members, who must be shareholders, appointed by the General Meeting for a term of five years, with the possibility of re-appointment, who shall not be required to provide guarantees other than as provided by article 54 of these Articles, and who shall faithfully perform their duties and represent the Company in a diligent and business-like way and shall not reveal any confidential information of which they become aware in the course thereof, even after they have ceased to hold office.

Any vacancies arising on the Board of Directors shall be filled by the General Meeting unless the Board decides, in the interests of the Company, to act in accordance Article 244 of the Spanish Capital Companies Act.

Shareholders acting collectively in the manner and in accordance with the requirements of article 243 of the Spanish Capital Companies Act shall be entitled to appoint the corresponding number of Directors.

A Director may be removed at any time by a resolution of the General Meeting.

The position of Director is compatible with any other office or executive role in the Company and with the remuneration which, based on a proposal from the Appointments and Remuneration Committee and a resolution by the Board of Directors, is deemed appropriate by the Company for the discharge of such other functions.

Directors carrying out executive functions may also, subject to a decision by the General Meeting as required by the Spanish Capital Companies Act, participate in incentive schemes approved for the Bank's executives in the form of shares, stock options, or remuneration linked to the share value.

**Article 52.** Directors who have stepped down for reason of age or because they do not wish to seek re-appointment may be proposed by the Board of Directors for appointment as Honorary Directors, which must be approved by the Shareholders' Meeting.

Honorary Directors may, when invited, attend meetings of the Board and may speak but not vote.

**Article 53.** An appointment as a director shall take effect as soon as it has been accepted.

**Article 54.** Members of the Board of Directors are required to hold shares in the company amounting to at least one thousand euro of paid-in capital; they may not transfer or otherwise dispose of those shares until the financial statements for the last year in which they held office have been approved.

Directors may be executive or non-executive.

Executive directors are directors who perform executive or managerial functions in the Bank or another company in its consolidated Group or who have entered into a contract of employment or a business or other contractual relationship with the Bank in addition to holding office as Director.

A majority of the total number of directors must be external or non-executive. There should be a significant proportion of independent directors among the external or non-executive directors.

External or non-executive directors shall be considered as independent if:

1. They do not own more than 3% of the company's voting stock and do not represent a shareholder in that situation.
2. They have not, in the previous three years, held any executive post, including that of executive director, in the Bank or its consolidated group and were not its auditor.
3. They do not have family or professional ties with any executive director.

Independent directors may be released from the requirements established in the first paragraph of this Article by a resolution of the Board of Directors, subject to a prior report from the Appointments and Remuneration Committee, when their appointment is proposed to the Shareholders' Meeting, or in the event of co-optation as provided in article 244 of the Spanish Capital Companies Act and article 51 hereof.

**Article 55.** The Board shall appoint one of its members as Chairman. The Board shall also select one or more Vice-Chairmen; if there is more than one, they shall be numbered sequentially. The distribution of their responsibilities may be changed when the Board sees fit.

The Board shall also appoint a Secretary and may appoint a Vice-Secretary, neither of whom need be a director. A Secretary who is not a director shall not have the right to vote.

The Chairman of the Board of Directors shall be responsible for representing the Bank and signing documents on its behalf, giving notice of and chairing Shareholders' Meetings and all meetings of the Board of Directors, signing agendas, directing the debate at meetings of the Board of Directors and the Shareholders' Meeting, and executing the resolutions of the Board of Directors and the Shareholders' Meetings without the need for express instructions in this connection.

If the Chairman is unable to discharge his duties for any reason, they shall be performed by the Vice-Chairman, or the first Vice-Chairman if there is more than one, or, if the first Vice-Chairman is unable to act, by the next Vice-Chairman in numerical order.

The Secretary shall be responsible for taking minutes at Shareholders' Meetings and at meetings of the Board of Directors and for signing them with the Chairman, and for keeping the minute books and for issuing, with the countersignature of the Chairman or his replacement, any certificates that may be required, whether in relation to such minutes or to any other documents or matters concerning the Company.

In the event of the Secretary being absent or incapacitated or in the event of the office being vacant, his duties shall be undertaken by the Vice-secretary or, if none has been appointed, by a director designated by the Board.

Any director so appointed to stand in for the Chairman or Secretary shall not be required to show proof of his appointment to third parties.

**Article 56.** The following shareholders may not hold office as members of the Board of Directors:

- a) Minors.
- b) Persons disqualified by law or undischarged bankrupts or insolvents, those serving convictions involving disqualification from holding public office, and those convicted of serious breaches of the Spanish Corporations Act or Company regulations, or who are prevented from engaging in trade by reason of their office.
- c) Government officials whose duties are related to, or have a bearing on, the business of the Bank.
- d) Those in default with respect to any obligation to the Bank.

Members of the Board of Directors who fall under any of the above prohibitions shall be removed from office immediately at the request of any shareholder and by a resolution of the Shareholders' Meeting.

**Article 57.** The Board of Directors shall meet once per month and as and when the Chairman shall see fit, or whenever a Director requests a Meeting. To be quorate, meetings shall require that a majority of the members are present in person or represented by another member; resolutions shall be adopted by an absolute majority of votes, with the Chairman having a casting vote in the event of a tie.

Resolutions of the Board shall be recorded in a Minute Book, which shall be signed by the Chairman and the Secretary; the Secretary shall be responsible for taking the Minutes and for issuing any certificates required, which shall be countersigned by the Chairman.

**Article 58.** With the exception of matters falling within the remit of the Shareholders' Meeting, the Board of Directors is the highest decision-making body in the Company and is responsible under the law and the Articles of Association for the management and representation of the Company.

Subject to the Articles of Association and the resolutions adopted by the Shareholders' Meeting, the Board of Directors shall act on behalf of the Company and the Company shall be bound by its decisions. The Board of Directors shall be responsible for taking such action as may be considered necessary in pursuit of the Company's object as described in these Articles of Association.

Without prejudice to the foregoing paragraphs, the Board of Directors acts mainly as an instrument of supervision and control, and delegates the management of ordinary business matters of the Company to the executive organs and senior management team.

Powers may not be delegated where they are required by law or the Articles of Association to be exercised directly by the Board of Directors or are necessary for the responsible performance of the general function of supervision.

Specifically, to ensure better and more efficient performance of its general supervisory duties, the Board shall be directly responsible for:

- a) approving the Company's general strategies;
- b) appointing and, as necessary, removing senior executives of the Company and the other entities in the consolidated Group;
- c) appointing and, as necessary, removing directors of the Company's subsidiaries;
- d) identifying the Company's main risks and implementing and monitoring suitable internal control and reporting systems;
- e) setting policy on the reporting and disclosure of information to shareholders, the markets and the general public;
- f) setting policy on treasury stock in accordance with any guidelines laid down by the Shareholders' Meeting;
- g) authorising transactions between the Company and directors or significant shareholders which may lead to conflicts of interest; and
- h) generally deciding on business or financial transactions that are of particular importance for the Company.

The Board of Directors must provide itself with rules of procedure to elaborate upon and extend the provisions of the Articles of Association with regard to the composition and functions of the Board and, especially, to the establishment of Board Committees and the responsibilities of directors in the performance of their duties.

The Board of Directors shall, on the basis of a report from the Audit and Control Committee, draw up an annual report on the structure and practice of corporate governance within the Company.

**Article 59.** The Board of Directors may, subject to a favourable vote by two-thirds of its members, permanently delegate, in whole or in part, such of its powers as may legally be delegated, as it may see fit, to members of the Board, to be exercised by them collectively, jointly or individually as "Executive Committees" or "Managing Directors". Such appointments or delegations shall not become effective until registered with the Mercantile Register.

Without prejudice to the delegation of powers under the preceding paragraph, the Board of Directors may also establish Board Committees and arrange their composition and powers as it sees fit.

**Article 59 bis.** In any event, an Audit and Control Committee shall be established consisting of not more than five non-executive directors appointed by the Board of Directors, which shall also appoint the committee's Chairman, subject to a favourable vote by two-thirds of its members.

The Chairman may hold office for at most four years, and may only be re-elected after a one-year interval.

The Audit and Control Committee must meet at least once every three months, and whenever convened by the Chairman at his own initiative or at the request of any Committee member, or at the request of the Chairman of the Board of Directors or of the external auditors.

The Audit and Control Committee may require the attendance at its meetings of such executives, including executive directors, as it sees fit, to which end it shall notify the General Manager(s) to schedule their attendance.

The Audit and Control Committee has the following functions:

1. Informing the Shareholders' Meeting on the questions raised by shareholders which fall within its scope of authority.
2. Supervising the effectiveness of the company's internal control system, internal audits, and any risk management systems, and discussing with the auditors the important weaknesses in the internal control system detected during the audit.
3. Overseeing the drafting and presentation of regulated financial information.
4. Proposing to the Board of Directors, for submission to the Shareholders' Meeting, the appointment of the external auditor, establishing the engagement conditions, the scope of the professional mandate, and revocation or non-renewal, if appropriate; reviewing compliance with the audit contract, striving to ensure that the opinion on the financial statements and the main content of the auditors' report are drafted clearly and accurately.
5. Advising on the annual, quarterly and half-yearly financial statements and the prospectuses that must be submitted to the regulatory or supervisory bodies, exercising vigilance to ensure compliance with the requirements of the law and the proper application of generally accepted accounting principles, and advising on proposals to amend those principles.
6. Establishing the appropriate relations with external auditors to receive information about any issues that could jeopardise their independence, to be reviewed by the Committee, and any others related to the process of performing the audit functions and in the audit rules.
7. Supervising the internal audit units, reviewing the appointment and removal of the head of internal audit.
8. Being apprised of the company's financial reporting process and internal control systems.
9. Liaising with the external auditors in order to receive information about matters that might jeopardise their independence and any other matters related to the audit process as well as other communications envisaged in the audit legislation and technical audit standards.
10. Advising on all matters within the scope of its functions that are referred to it by the Board of Directors.
11. All other functions attributed to it by law and by these Articles of Association and the regulations implementing them.

The Audit and Control Committee shall draft an annual report on its activities, which shall be included in the Directors' Report referred to in article 77 hereof.

**Article 59 ter.** An Appointments and Remuneration Committee shall also be established, comprised of non-executive directors appointed by the Board of Directors subject to a favourable vote by two-thirds of its members.

The number of members, its powers and the rules of procedure of that Committee shall be determined by the Board of Directors in accordance with the Board's own rules of procedure.

The Committee shall ensure that the composition of the Board of Directors complies with the provisions of article 54 hereof.

**Article 60.** Any derivative suit against the directors may be exercised in accordance with articles 236 to 241 of the Spanish Capital Companies Act.

**Article 61.** The Board of Directors shall appoint one or more General Managers who shall be responsible to the Board for carrying out the policies it adopts and for establishing and setting, with the help of suitable analysis and advice, the appropriate targets to ensure that policy aims are met. For this purpose, they shall direct all operations of the Bank to ensure that those targets are achieved, monitor performance and take all action necessary to correct deviations and improve managerial effectiveness.

**Article 62.** The Board of Directors may, on the recommendation of the General Manager(s), appoint Deputy General Managers, Assistant General Managers, authorised signatories and such other positions as may be required to fully discharge the managerial and service functions at each level of management.

## TITLE IV

### AMENDMENT OF THE ARTICLES OF ASSOCIATION

**Article 63.** Any amendment to the Articles of Association shall be by a Resolution of the Shareholders' Meeting, subject to the following conditions:

- a) The Directors or shareholders, as the case may be, proposing the amendment must provide a written report justifying the proposed amendment.
- b) The proposed amendments must be clearly set out in the notice of the General Meeting.
- c) The notice calling the General Meeting must state that all shareholders are entitled to inspect the full text of the proposed amendment and

accompanying explanations at the Company's registered office and to request that those documents be provided or sent to them free of charge.

- d) Resolutions to amend the Articles must be adopted by the Shareholders' Meeting in accordance with Articles 41 or 44 hereof.

**Article 64.** Any amendment to the Articles of Association imposing further obligations on the shareholders shall require the acquiescence of all those concerned.

**Article 65.** Share capital may be increased by issuing new shares or increasing the nominal value of the existing shares.

In either case, the cost of the increase in share capital may be met from further monetary or non-monetary contributions to the Company, including the offsetting of any debt claims on the Company, or by conversion of reserves or earnings already on the balance sheet.

**Article 66.** Increases to share capital shall require a resolution of the Shareholders' Meeting in the manner established for amendments to the Articles of Association.

Where an increase is to be effected by raising the nominal value of shares, the consent of all shareholders shall be required unless the increase is met entirely from reserves or profits of the Company.

Not less than 25 per cent of the value of each Company share after the increase in share capital must be paid-up.

**Article 67.** The Shareholders' Meeting may, in the manner specified for amendments to the Articles of Association, delegate the following powers to the Directors:

- a) The power to set a date on which a resolution for an increase in share capital which has been adopted shall be carried into effect for the specified amount and to decide the terms thereof to the extent that these are not specified in the resolution of the Shareholders' Meeting. The time within which this delegated power must be exercised shall not exceed one year, except in the case of a conversion of bonds to shares.
- b) The power to decide on an increase in share capital at one or more times up to a specified amount, at such times and for such amounts as they may see fit, without the need to refer to the Shareholders' Meeting. Such increases shall not, in any event, exceed one-half of the share capital of the Company at the time authorization is given, and shall be effected by means of monetary contributions within at most five years from the date of the Resolution by the Shareholders' Meeting.

Under the authority of such delegation, the Directors may amend the wording of the Article concerning the share capital in the Articles of Association once the increase has been decided upon and implemented.

**Article 68.** A condition for any increase in the share capital which is to be met from additional monetary contributions to Company equity is that all previously issued shares must already have been paid up in full.

The increase may, however, take place if the amount of share capital that is not paid up does not exceed three per cent of the total.

**Article 69.** Where the increase in the share capital is paid for out of reserves, any unrestricted reserves, including share premiums and such part of the statutory reserve as may exceed ten per cent of the share capital after the increase, may be used for the purpose.

Any such increase shall be based on an approved and audited balance sheet as of a date in the six months immediately preceding the resolution to increase the share capital.

**Article 70.** Without prejudice to the provisions of article 11 hereof, in the event of an increase in capital by the issuance of new shares, whether ordinary or preference, existing shareholders and any holders of convertible bonds may, within such time as shall be allowed by the Board, exercise their right to subscribe for a number of shares in proportion to the nominal value of the shares which they hold or of the shares to which the holders of convertible bonds would be entitled if they were to exercise their conversion rights at that time.

The period for the exercise of rights allowed by the Board under the preceding paragraph shall be not less than one month for unlisted shares and convertible bonds, and not less than fifteen days for listed shares and convertible bonds, counted (in both cases) from the date of publication in the Official Bulletin of the Mercantile Register of the announcement of the offering of new shares for subscription.

Instead of publishing an announcement, the Board may send a written notice to each shareholder and usufruct holder entered in the share register, in which case the period for exercising subscription rights shall run from the date on which the notice was sent.

Pre-emptive subscription rights shall be transferable on the same terms as the shares from which they derive. In the event of an increase drawn on reserves, the same rule shall be applicable to the rights to free allocation of the new shares.

**Article 71.** When deciding on an increase in share capital, the Shareholders' Meeting may, where it is in the Company's interests, partly or wholly override the pre-emptive subscription rights in accordance with the legislation in force.

**Article 72.** The decision to increase share capital and the execution of that decision must be registered simultaneously with the Mercantile Register.

A decision to increase share capital may be registered with the Mercantile Register before it is executed provided that the following two conditions are met:

- 1 The issue of the new shares has been authorised or vetted by the National Securities Market Commission.
- 2 The decision to increase capital expressly provides for the possibility of incomplete subscription.

Once the decision has been executed, the directors shall amend the Articles of Association so as to reflect the new amount of the share capital, and they shall be deemed to be empowered for that purpose by the capital increase decision.

Subscribers for shares are liable to pay for the shares from the time of subscription, but may request that their liability be cancelled and demand the return of their payments if the documents accrediting the increase in share capital have been not been filed with the Mercantile Register within six months from the date upon which subscription commenced.

If the failure to present documents for registration is attributable to the Company, they may also demand the payment of statutory interest.

Where the Company is listed on a stock exchange and the issue of new shares has been authorised and vetted by the National Securities Market Commission, if the instrument executing the decision has not been filed with the Mercantile Register within one year from the date of subscription and the registrar, on his own authority or at the request of an interested party, cancels the registration of the capital increase decision, the holders of the newly-issued shares shall be entitled to the remedies referred to in the preceding two paragraphs.

**Article 73.** Adoption by the Shareholders' Meeting of a decision to reduce share capital shall be subject to the same requirements as an amendment of the Articles of Association.

Any such decision by the Shareholders' Meeting shall indicate, at least, the amount by which the share capital is to be reduced, the purpose of the reduction, the procedure by which the Company shall carry it out, the time within which it shall be completed and any amount to be paid to shareholders.

Where the reduction results in cancellation of shares by reimbursement to shareholders and the reduction does not apply equally to all shares, the decision shall require a majority vote of the shareholders concerned, as provided by article 63 hereof and article 293 of the Spanish Capital Companies Act.

**Article 74.** Any decision to reduce share capital must be published in the Official Bulletin of the Mercantile and on the company's website or, if it does

not have a website, in one of the largest circulation newspapers in the province where the company is domiciled.

**Article 75.** Where a reduction in share capital is to be effected via a buyback and cancellation of shares by the Company, the offer must be made to all shareholders by registered letter, which shall include all information reasonably necessary to shareholders wishing to sell, indicating any consequences if the number of shares tendered for sale falls short of the number specified in the decision; any such offer shall remain open for one month after the date it is communicated.

If the number of shares tendered exceeds the number specified by the Company, the number tendered by each shareholder shall be reduced in proportion to the number of shares they own.

Save as otherwise provided in the Shareholders' Meeting's decision or in the tender offer, if the number of shares tendered for sale fails to reach the specified number, the share capital shall be deemed to have been reduced by the value of the shares actually purchased.

All shares purchased by the Company must be cancelled within one month from the deadline for tendering.

## TITLE V

### PROFITS AND DISTRIBUTION OF PROFITS

**Article 76.** The Company's financial year shall begin on 1 January and end on 31 December each year.

**Article 77.** Within not more than three months after the end of each financial year, the Company's directors shall draw up the financial statements, a directors' report and a proposed application of results, and, if appropriate, consolidated financial statements and a consolidated directors' report.

The financial statements and directors' must be signed by all Board members. If a signature is missing, this fact and the cause must be indicated in each of the documents where the signature is missing.

**Article 78.** The financial statements shall comprise the Balance sheet, Income statement, Statement of changes in net equity, Cash flow statement, and Notes to the financial statements.

These documents, which form a single unit, shall be written clearly and shall provide a true image of the Company's net worth, financial situation and

results in accordance with the provisions of the Spanish Capital Companies Act and of the Code of Commerce.

**Article 79.** The financial statements and the directors' report must be audited.

The persons responsible for auditing the accounts shall be appointed by the Shareholders' Meeting before the end of the year to be audited, for an initial period which shall not be less than three nor more than nine years from the date on which the first financial year to be audited began, without prejudice to the provisions of the audit regulations as regards extensions.

The Shareholders' Meeting may appoint one or more natural or legal persons, who shall act jointly. Where the appointees are natural persons, the Shareholders' Meeting must appoint both auditors and substitutes.

The Shareholders' Meeting may not, without just cause, terminate the auditors before the end of the period for which they were engaged or, once the initial period has concluded, before the completion of any work entrusted to them.

**Article 80.** The financial statements require approval by the Shareholders' Meeting.

Once notice has been given of a Shareholders' Meeting, any shareholder may obtain from the Company, immediately and free of charge, all documents to be submitted to the meeting for its approval, including the director's report and the auditor's report.

This right shall be clearly stated in the notice.

**Article 81.** From gross revenues there shall be deducted the general expenses, interest, bonuses, appropriations made by the Board for depreciation and amortisation, any provisions considered necessary and any other amount that results in a reduction in the Bank's assets.

In particular, the remuneration to which Directors shall be entitled for performing their functions as members of the Board of Directors, which shall consist of an amount whose annual cap will be set by the General Meeting, shall be deducted, and the Board shall be broadly empowered to establish its annual remuneration within that limit, which remuneration it may distribute freely among its members.

After making deductions for tax and provisions to reserves as required by law, the Shareholders' Meeting shall, based on a proposal from the Board of Directors, decide what part of any remaining profit is to be distributed to shareholders as dividends and how much is to be appropriated to voluntary reserves or otherwise appropriated or employed in such manner as it may determine.

**Article 82.** The Shareholders' Meeting shall resolve upon the application of the results for the year as shown in the approved balance sheet.

Once all appropriations required by law or the Articles of Association have been covered, dividends may only be paid out of the year's profits or unrestricted reserves if such distribution does not reduce the accounting net worth to below the amount of share capital.

If, as a result of previous years' losses, the accounting net worth is less than the share capital, profits must be assigned first to offset such losses.

**Article 82 bis.** The Shareholders' Meeting may approve a distribution in kind of dividends (charged either against the profits for the year or unrestricted reserves) or of any share premium provided that the assets or securities to be distributed are uniform and sufficiently liquid or are readily realizable; this shall be presumed always to be the case for securities that are listed or are to be listed on a regulated market.

The rule set out in the preceding paragraph shall also apply to the refunds of contributions in the event of a capital reduction.

**Article 83.** In any event, an amount equal to ten per cent of income for the year must be allocated to the statutory reserve until this reserve amounts to at least twenty per cent of share capital.

Until it exceeds that limit, the statutory reserve may only be allocated to offset losses, and only in the event that the other available reserves are insufficient for the purpose, without prejudice to the provisions of article 69 hereof.

**Article 84.** Dividends shall be distributed to shareholders in proportion to the paid-up share capital which they own.

When declaring dividends, the Shareholders' Meeting shall determine the time and manner of payment. Absent such determination, the dividend shall be payable at the Company's registered office from the day following the decision.

**Article 85.** An interim dividend may only be declared by the Shareholders' Meeting or by the Directors under the following conditions:

- a) The Directors shall draw up an accounting statement showing that there are sufficient liquid funds available for distribution. The statement shall subsequently be included in the notes to financial statements.
- b) The amount for distribution shall not exceed the profits obtained since the end of the last financial year after deducting prior years' losses and the appropriations to reserves that are obligatory under the law or the Articles of Association, and the estimated tax payable on such profits.

**Article 86.** Any dividend, whether out of profits or resulting from a refund of share capital, that is not claimed within five years from the day on which it became available for payment shall cease to be due and payable and shall stand to the credit of the Company, as shall any amount remaining after a sale of shares that have lapsed that would otherwise be payable to a shareholder who is in default in the payment of calls on shares and has not claimed such amount within one year from the day of such sale.

## TITLE VI

### WINDING UP AND LIQUIDATION

**Article 87.** The Company shall be wound up and liquidated when the law so requires or by a decision of an Extraordinary Shareholders' Meeting convened expressly for the purpose.

**Article 88.** The Extraordinary Shareholders' Meeting at which a resolution is adopted to wind up the Company shall also adopt resolutions for the appointment of liquidators, who shall act in accordance with the Spanish Capital Companies Act and any instructions from the Meeting.

**Article 89.** During the process of liquidation, the Shareholders' Meeting shall retain all its powers under these Articles for as long as the Company remains in existence.

**Article 90.** No amount may be distributed to shareholders unless and until all transactions of the Bank have been settled and sufficient funds are left to cover all outstanding obligations.

**Article 91.** Five years following a final liquidation, any shares and bonds of any type in respect of which claims have not been presented for the principal sum and any accrued earnings or interest shall be deemed null and void, and the amount thereof shall be distributed in full among the shareholders who made claims.

## TITLE VII

### **GENERAL PROVISIONS**

**Article 92.** For any dispute with the Company, shareholders submit to the jurisdiction of the courts in the place where the Company's registered office is located, regardless of any venue to which they might be entitled.

**Article 93.** For all matters not provided for in these Articles, the provisions of the Spanish Capital Companies Act shall apply.