

## Significant event

Regarding CaixaBank S.A.'s Ordinary Shareholders' Meeting, to be held in Valencia on 4 April 2019, at 11:00 a.m., on first call, and if it cannot be held on first call, to be held on 5 April 2019 on second call, the Board of Directors' reports relative to certain items on the agenda of the meeting and the reasoned proposal for the amendment of the Directors' Remuneration Policy are appended hereto.

**The General Meeting is expected to be held on second call, i.e. on 5 April 2019, at the aforementioned time and venue.**

The reports and reasoned proposal together with the remaining documentation relative to the 2019 General Ordinary Meeting, including the individual and consolidated financial statements for 2018, will also be available for shareholders and investors on the corporate webpage [www.CaixaBank.com](http://www.CaixaBank.com).

26 February 2019



**CAIXABANK, S.A. BOARD OF DIRECTORS' REPORT ON THE PROPOSAL FOR RE-ELECTION AND APPOINTMENT OF BOARD MEMBERS**

**Board of Directors – 21 February 2019**

## I. PURPOSE OF THE REPORT

This report is drawn up by the Board of Directors of CaixaBank, S.A. (hereinafter referred to as “**CaixaBank**” or the “**Company**”), in compliance with the provisions of Article 529. decies of the Spanish Corporation Law (Ley de Sociedades de Capital), which requires the Board to draw up a report justifying the competence, experience and merits of the persons whose re-election or appointment is submitted for approval at the Company's General Shareholders' Meeting, convened for 4 April 2019, at first call, and for the next day, 5 April, at second call, under item 5 of the agenda.

In accordance with section 1 of agenda item 5, it is also proposed to set the number of CaixaBank board members at 16.

In accordance with the provisions of the above-mentioned article, the re-election of Mr. Gonzalo Gortázar Rotaèche as executive Director for a period of 4 years is submitted to the General Shareholders' Meeting, following a favourable report from the Appointment Committee.

Secondly, the re-election of Ms. María Amparo Moraleda Martínez and Mr. John S. Reed, who fall into the category of independent Directors, for a period of four years, is submitted to the General Shareholders' Meeting on the proposal of the Appointment Committee.

In addition, the re-election of Ms. María Teresa Bassons Boncompte, who falls into the category of proprietary Director, is submitted to the General Shareholders' Meeting at the proposal of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, “la Caixa” (an indirect shareholder of the Company) and Criteria Caixa, S.A.U., for a period of 4 years, following a favourable report from the Appointment Committee, since she is not an independent Director.

Lastly, the appointment of Ms. Cristina Garmendia Mendizabal, who falls into the category of independent Director, is submitted to the General Shareholders' Meeting, at the proposal of the Appointment Committee, and that of Mr. Marcelino Armenter Vidal, who falls into the category of proprietary Director, is submitted to the General Shareholders' Meeting, at the proposal of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, “la Caixa” and Criteria Caixa S.A.U., following a favourable report from the Appointment Committee.

Both the reports and the proposals of the Appointment Committee are included as annexes to this report.

In addition, the non-renewal of the positions of the Directors Mr. Alain Minc, Mr. Juan Rosell Lastortras, Mr. Antonio Sáinz de Vicuña y Barroso and Mr. Javier Ibarz Alegría is also recorded. In addition, in accordance with Article 518. e) of the Spanish Corporation Law, this report contains information on the identity, curriculum and category of each of the Board members whose appointment or re-election is proposed and will be published, together with the proposals and reports attached from the Appointment Committee, on the Company's website as part of the documentation related to the General Meeting.

Lastly, in accordance with Article 540.4.c) of the Spanish Corporation Law it is informed that the proposals for appointments and re-elections submitted for approval by the General Meeting have taken into account and assessed the diversity targets established in the *Policy for the Selection, Diversity and Assessment of the Suitability of Directors and Members of the*

*Senior Management and Other Key Functions of CaixaBank and its Group* giving special consideration to the objective of favouring diversity of gender, knowledge, training and professional experience, age and geographical origin, avoiding discrimination for any reason.

In particular, the proposals for re-election and appointment have taken into account the target for the number of female Directors to represent at least 30% of the total members of the Board of Directors by 2020. Specifically, the proposals for appointments and re-elections that are submitted to the General Meeting, together with the proposal to set the number of Board members at sixteen, means that the percentage of female Directors would represent 37.5% of the Board of Directors.

## **II. RE-ELECTION OF MR. GONZALO GORTÁZAR ROTAECHE (AGENDA ITEM 5.2)**

### **Professional profile and biographical data**

Gonzalo Gortázar Rotaeché was born in Madrid in 1965. He is Chief Executive Officer of CaixaBank since June 2014.

He holds a degree in Law and in Business from Universidad Pontificia de Comillas (ICADE) and a Master in Business Administration and Management with distinction from the INSEAD Business School.

Gonzalo Gortázar is Chairman of VidaCaixa and a member of the Board of Directors of BPI.

Mr Gortázar served as CaixaBank's Chief Financial Officer prior to being appointed CEO in June 2014. Previously he was CEO of Criteria CaixaCorp between 2009 and June 2011. From 1993 to 2009, he worked at Morgan Stanley in London and in Madrid, where he held several positions in the Investment Banking division, heading up the Financial Institutions Group in Europe until mid 2009, when he joined Criteria

Prior to this he held several positions at the Bank of America in corporate and investment banking.

### **Directorship category**

With regard to his classification on the Board of Directors of CaixaBank, Gonzalo Gortázar Rotaeché has the status of Executive Director, as he performs senior management functions in the Company.

### **Assessment of experience, skill and merit**

The Appointment Committee has verified that Gonzalo Gortázar Rotaeché meets the suitability requirements referred to in Article 24 of Law 10/2014 of 26 June concerning the organisation, supervision and solvency of credit institutions and Articles 30, 31 and 32 of Royal Decree 84/2015 of 13 February implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the report issued by the Appointment Committee, and considers that Mr. Gonzalo Gortázar Rotaeché has the experience, competence and merits required to hold the post of Director. Of particular note is his in-depth financial knowledge, his extensive national and international professional experience in the banking sector and the management he carried out during his tenure as CEO of the Company.

### **Proposal**

To re-elect Mr. Gonzalo Gortázar Rotaeché as a member of the Board of Directors, in the capacity of Executive Director, for a period of 4 years, a favourable report having been issued by the Appointment Committee.

### **III. RE-ELECTION OF MS. MARÍA AMPARO MORALEDA MARTÍNEZ (AGENDA ITEM 5.3)**

#### **Professional profile and biographical data**

Ms. María Amparo Moraleda Martínez was born in Madrid in 1964. She has been a member of the CaixaBank Board of Directors since 2014.

She has a degree in Advanced Industrial Engineering from ICAI and in General Management from IESE.

She is an independent board member of various European companies: Solvay, S.A. (since 2013), Airbus Group, S.E. (since 2015) and Vodafone Group (since 2017).

She is also a member of the Governing Board of the Spanish Scientific Research Council (CSIC) (since 2011), a member of the advisory board of SAP Ibérica (since 2013) and of Spencer Stuart (since 2017).

Between 2012 and 2017 she was a member of the Board of Directors of Faurecia, S.A. and a member of the Advisory Board of KPMG Spain (since 2012).

She was Director of Operations for the International division of Iberdrola with responsibility for the United Kingdom and the United States, between January 2009 and February 2012. She also managed Iberdrola Engineering and Construction from January 2009 to January 2011.

She was Executive Chairperson of IBM for Spain and Portugal between July 2001 and January 2009, extending the area under her responsibility to Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001 she was a deputy executive to the Chairman of IBM Corporation. From 1998 to 2000 she was General Manager of INSA (a subsidiary of IBM Global Services). From 1995 to 1997, HR Director for EMEA at IBM Global Services and from 1988 to 1995 she held various professional and management positions at IBM Spain.

She is a member of various trusts and boards of different institutions and bodies, including the Andalusian Social and Environmental Sciences Academy, the Board of Trustees of the MD Anderson Cancer Center in Madrid and the International Advisory Board of the Business Institute.

In December 2015, she was appointed full member of the Royal Academy of Economic and Financial Sciences.

In 2005, she joined the Hall of Fame of Women in Technology International (WITI), a recognition that honours company and technology figures who have contributed the most worldwide to the inclusion and participation of women in technological development, and she has received several awards, namely: Leadership through Values Award (Fundación FIGEVA - 2008), Javier Benjumea Award (Association of Engineers ICAI - 2003) and the Excellence Award (Spanish Federation of Women Managers, Executives, Professionals and Businesswomen - Fedepe - 2002).

#### **Directorship category**

With regard to her classification on the CaixaBank Board of Directors, Ms. María Amparo Moraleda Martínez has the status of Independent Director, meeting the requirements established in section 4 of Article 529 duodecies of the Spanish Corporation Law.

#### **Assessment of experience, skill and merit**

The Appointment Committee has verified that Ms. María Amparo Moraleda Martínez meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good

governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the proposal of the Appointment Committee, and considers that Ms. María Amparo Moraleda Martínez has the experience, competence and merits required to hold the post of Director. Of particular note is her knowledge and experience in the business world, especially in technology companies, as well as her recognised career as an independent Director in a variety of national and international companies.

#### **Proposal**

To re-elect Ms. María Amparo Moraleda Martínez to the Board of Directors as an Independent Director for a period of four years, at the proposal of the Appointment Committee.

#### **IV. RE-ELECTION OF MR. JOHN S. REED (AGENDA ITEM 5.4)**

##### **Professional profile and biographical data**

Mr. John S. Reed was born in Chicago in 1939. He has been a member of the CaixaBank Board of Directors since 2011.

He holds a degree in Philosophy and Arts and Sciences from Washington and Jefferson College and the Massachusetts Institute of Technology (MIT) through a dual degree programme. He was a lieutenant in the U.S. Army Corps of Engineers from 1962 to 1964 and later re-enrolled at MIT to pursue a master's degree in Science. Mr. John S. Reed spent 35 years at Citibank/Citicorp and Citigroup, the last sixteen of them as Chairman, retiring in April 2000.

From September 2003 to April 2005 he returned to work as Chairman of the New York Stock Exchange and served as President of the Massachusetts Institute of Technology from 2010 to 2014.

He was appointed Chairman of the Board of American Cash Exchange in February 2016.

He is Chairman of the Boston Athenaeum. He is on the Board of the American Academy of Arts and Sciences and the American Philosophical Society.

##### **Directorship category**

With regard to his classification on the CaixaBank Board of Directors, Mr. John S. Reed has the status of Independent Director, meeting the requirements established in section 4 of Article 529 duodecies of the Spanish Corporation Law.

##### **Assessment of experience, skill and merit**

The Appointment Committee has verified that John S. Reed meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the proposal of the Appointment Committee, and considers that Mr. John S. Reed has the experience, competence and merits required to hold the post of Director. His experience in the financial sector, and in particular in the banking sector, is particularly valued, as is his long-standing managerial experience in banks and major stock market regulators at a worldwide level. His international profile is also highly valued.

**Proposal**

To re-elect Mr. John S. Reed to the Board of Directors as an Independent Director for a period of four years, at the proposal of the Appointment Committee.

**V. RE-ELECTION OF MS. MARÍA TERESA BASSONS BONCOMPTE (AGENDA ITEM 5.5)****Professional profile and biographical data**

Ms. Maria Teresa Bassons Boncomppte was born in Cervelló in 1957. He has been a member of the CaixaBank Board of Directors since June 2012.

She graduated with a Bachelor Degree in Pharmacy from the University of Barcelona (1980) and she is a Specialist in Hospital Pharmacy. She holds a pharmacy license. She has also been a member of the Executive Committee of the Chamber of Commerce of Barcelona, since 2002, and Chair of the Business Committee for the health care sector in the same institution. She has also been Deputy Chair of the Official College of Pharmacists in Barcelona (1997-2004) and General Secretary of the Catalan Pharmaceutical Association Council (2004-2008).

She is a member of the Board of Directors of Bassline, S.L. and Administrator of TERBAS XXI, S.L. and a member of the Board of Laboratorios Ordesa since January 2018, as well as a member of the Oncolliga Scientific Committee.

She was a member of the Board of Directors of Criteria CaixaHolding from July 2011 to May 2012, a board member of Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from April 2005 to June 2014, Trustee of the Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from June 2014 to June 2016 and a member of the Consultative Committee of Caixa Capital Risc until June 2016.

She has also been a member of the Advisory Council on Smoking of the Health Department of the Catalan Government (1997-2006) and of the Advisory Committee on Bioethics of the Catalan Government (2005-2008) and director of the INFARMA Conference and Exhibition at the Fira in Barcelona in the 1995 and 1997 events, and director of the publications "Circular Farmacèutica" and "l'Informatiu del COFB" for twelve years.

In 2008 she was awarded the Medal of Professional Merit by the General Council of Pharmacists in Spain. In June 2018 she was named Academician of the Catalan Royal Academy of Pharmacy.

**Directorship category**

With respect to her status on the Board of Directors of CaixaBank, Ms. María Teresa Bassons Boncomppte is a Proprietary Director, having been proposed for appointment by the Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" (an indirect shareholder of the Company) and Criteria Caixa, S.A.U.

**Assessment of experience, skill and merit**

The Appointment Committee has verified that Ms. María Teresa Bassons Boncomppte meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the report issued by the Appointment Committee, and considers that Ms. María Teresa Bassons Boncomppte has the experience, competence and merits required to hold the post of Director. Of particular note is her professional experience, especially in key positions in organisations such as the Barcelona Chamber of Commerce, as

well as her experience in corporate governance as a Director of various companies, especially in the financial field.

### **Proposal**

To re-elect Ms. María Teresa Bassons Boncompte as a member of the Board of Directors, with the status of Proprietary Director, at the proposal of the Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" (an indirect shareholder of the Company, through the wholly-owned investee Criteria Caixa, S.A.U.) and Criteria Caixa, S.A.U., for a period of 4 years, a favourable report having been issued by the Appointment Committee.

## **VI. APPOINTMENT OF MR. MARCELINO ARMENTER VIDAL (AGENDA ITEM 5.6)**

### **Professional profile and biographical data**

Mr. Marcelino Armenter Vidal was born in Las Palmas, Gran Canaria in 1957.

He holds a Bachelor's Degree and a Master's in Business Administration and Management from ESADE.

He began his professional career at Arthur Andersen, and later joined Hidroeléctrica de Cataluña. Since 1985 he has pursued his career in the "la Caixa" Group with various positions and responsibilities: director of Audit and Internal Control of the "la Caixa" group from 1985 to 1988; head of the investees area from 1988 to 1995; Chief Executive Officer of Banco Herrero from 1995 to 2001; general manager of Caixa Holding from 2001 to 2007 and deputy executive general manager of la Caixa, in charge of risks from 2007 to 2011 and Chief Risk Officer at CaixaBank from 2011 to 2013.

Since August 2013, he has been General Manager of Criteria Caixa and Chairman of the management company Caixa Capital Risc, S.G.E.I.C., S.A. since its creation in February 2002, of Mediterránea Beach & Golf Community, S.A.U. since February 2017, and a non-executive Director of Inmo Criteria Caixa, S.A. since October 2017 and a director of SABA since September 2018. All of which are subsidiaries of Criteria Caixa.

In addition, he has been a director of Naturgy Energy Group, S.A. since September 2016 and a director of Grupo Financiero Inbursa since January 2017. Both companies are investees of Criteria Caixa.

### **Directorship category**

With regard to his status on the Board of Directors of CaixaBank, Mr. Marcelino Armenter Vidal would be a Proprietary Director, his appointment having been proposed by the indirect shareholder Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" and by Criteria Caixa, S.A.U.

### **Assessment of experience, skill and merit**

The Appointment Committee has verified that Mr. Marcelino Armenter Vidal meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the report issued by the Appointment Committee, and considers that Mr. Marcelino Armenter Vidal has the experience, competence and merits required to hold the post of Director. His in-depth knowledge of the banking business acquired mainly through holding various positions of responsibility in the supervised entity and the previous entities is highly valued. Also appreciated, is his experience in matters of corporate governance through the positions of Director occupied in various companies.

It should be noted that, since January 2017, Mr. Marcelino Armenter Vidal has been a member of the Board of Directors of Grupo Financiero Inbursa, a Mexican company specialising in the provision of financial services mainly in Mexico. Mr. Marcelino Armenter Vidal is a non-executive proprietary Director of Grupo Financiero Inbursa, and was appointed on the proposal of Criteria Caixa, S.A.U. as the latter holds a significant stake in Grupo Financiero Inbursa. CaixaBank has signed partnership agreements with Grupo Financiero Inbursa, with both entities acting directly in geographical areas that do not overlap but instead complement each other.

In this regard, it cannot be considered that at present the exercise of duties and functions by Mr. Marcelino Armenter Vidal in Grupo Financiero Inbursa implies any effective competition with the Company. Nevertheless, given that Article 229 of the Spanish Corporation Law refers to "potential" competition and a broad interpretation of that term could be made, in order to avoid any risk of not complying with the terms of the Law and, to the extent that no harm can be expected for the Company and that his incorporation to the Board of Directors of CaixaBank will bring significant advantages derived from his high experience and qualification in the banking sector, for the purposes of the provisions of Article 230 of the revised text of the Spanish Corporation Law, and in the case of his becoming a Director of the Company and with effect from that time, at the next General Shareholders' Meeting, in addition to proposing his appointment as a Director the Board of Directors will also propose Mr. Armenter's exemption from the non-compete obligation established in Article 229.1.f) of the Spanish Corporation Law and, therefore, allow him to exercise any duties and functions in Grupo Financiero Inbursa.

As a result, the Board of Directors, on the basis of the Appointment Committee's proposal, considers that Mr. Marcelino Armenter Vidal has the appropriate experience, skill and merits to hold the post of Director.

### **Proposal**

To appoint Mr. Marcelino Armenter Vidal as a member of the Board of Directors, with the status of Proprietary Director, at the proposal of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" (an indirect shareholder of the Company through the wholly-owned investee Criteria Caixa, S.A.U.) and Criteria Caixa, S.A.U., for a period of 4 years, a favourable report having been issued by the Appointment Committee.

The appointment of Mr. Marcelino Armenter Vidal is subject to verification of his suitability as a Director by the competent banking supervisor and approval of the waiver of the non-compete obligation established in article 229.1 f) of the Spanish Corporation Law, which is submitted for approval at the General Shareholders' Meeting under agenda item 6. In the case of the above-mentioned verification not being obtained, it is envisaged that the existing vacancy on the Board will be filled either by co-opting another candidate by the Board of Directors itself after the Meeting has been held, or by appointing another candidate at a subsequent Meeting.

## **VII. APPOINTMENT OF MS. CRISTINA GARMENDIA MENDIZABAL (AGENDA ITEM 5.7)**

### **Professional profile and biographical data**

Ms. Cristina Garmendia Mendizábal was born in San Sebastián in 1962.

She has a degree in Biological Sciences, specialising in Genetics, an MBA from the IESE Business School of the University of Navarra and a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid.

In the past, she has been Executive Deputy Chair and Financial Director of the Amasua Group, President of the Association of Biotechnology Companies (ASEBIO) and member of the

Governing Board of the Spanish Confederation of Business Organisations (CEOE). She has also been a member of the governing bodies of, among other companies, Science & Innovation Link Office, S.L., Naturgy Energy Group, S.A. (formerly Gas Natural, S.A.) and Chair of Genetrix S.L. She is currently a director of, among others, Compañía de Distribución Integral Logista Holdings, S.A., Ysios Capital Partners and Mediaset España Comunicación, S.A.

She has been Minister of Science and Innovation in the Spanish Government during the entire IX Legislature from April 2008 to December 2011.

She is also President of the COTEC Foundation, a member of the España Constitucional, SEPI and Women for Africa Foundations, as well as a member of the Social Council of the University of Seville.

### **Directorship category**

With regard to her classification on the CaixaBank Board of Directors, Ms. Cristina Garmendia Mendizábal has the status of Independent Director, meeting the requirements established in section 4 of Article 529r of the Spanish Corporation Law.

### **Assessment of experience, skill and merit**

The Appointment Committee has verified that Ms. Cristina Garmendia Mendizábal meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Board of Directors endorses the proposal of the Appointment Committee, and considers that Ms. Cristina Garmendia Mendizábal has the experience, competence and merits required to hold the post of Director. In particular, the skills and responsibilities assumed in executive positions throughout her professional career have been taken into account, especially in the field of scientific research, as well as positions in governing bodies of various companies in different sectors, including in the financial sector and her experience in the public sector, especially in a position of great importance and responsibility, having been Minister of Science and Innovation for the Spanish Government.

As a result, the Board of Directors, based on the proposal of the Appointment Committee, considers that Ms. Cristina Garmendia Mendizábal has the experience, competence and merits required to hold the post of Director.

### **Proposal**

To appoint Ms. Cristina Garmendia Mendizábal as a member of the Board of Directors, with the status of Independent Director, at the proposal of the Appointment Committee, for a period of 4 years.

The appointment of Ms. Cristina Garmendia Mendizábal is subject to verification of her suitability as a Director by the competent banking supervisor. In the case of this verification not being obtained, it is envisaged that the existing vacancy on the Board will be filled either by co-opting another candidate by the Board of Directors itself after the Meeting has been held, or by appointing another candidate at a subsequent Meeting.

Valencia, 21 February 2019

### Annex 1

#### **Report submitted by the CaixaBank, S.A. Appointment Committee to the Board of Directors, in accordance with the provisions of Article 529. decies of the Spanish Corporation Law, in relation to the proposal to re-elect Mr. Gonzalo Gortázar Rotaeché as Executive Director of CaixaBank.**

Article 529. decies of the Spanish Corporation Law establishes that proposals to re-elect Members of the Board of Directors must be accompanied by a supporting report from the Board, which assesses the competence, experience and merits of the proposed candidate. In the case of non-independent Directors, such proposals are also subject to an additional report by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has agreed to submit this report to the Board of Directors regarding the re-election of Mr. Gonzalo Gortázar Rotaeché as member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Executive Director.

To this end, the Appointment Committee has analysed the current composition of the Board of Directors, assessing that the Board possesses, as a whole, sufficient knowledge, competence and experience for the management of a credit institution required to properly cover the activities of CaixaBank, including its main risks, and ensure its capability to take autonomous and independent decisions for the benefit of the Company.

In particular, the Committee values very positively Mr. Gortázar's performance of his duties as Chief Executive Officer of CaixaBank since his appointment in June 2014.

In accordance with this assessment and with the provisions set forth in Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions, (hereinafter referred to as "Law 10/2014"), in Royal Decree 84/2014, of 13 February, implementing Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of Mr. Gonzalo Gortázar Rotaeché to hold the post of Director.

#### **Training and professional experience**

Mr. Gortázar holds a degree in Law and Business from Universidad Pontificia de Comillas (ICADE) and a Master in Business Administration with distinction from the INSEAD Business School..

He is CEO of CaixaBank since June 2014.

He is Chairman of VidaCaixa and a member of the Board of Directors of BPI.

Mr Gortázar served as CaixaBank's Chief Financial Officer prior to being appointed CEO in June 2014. Previously he was CEO of Criteria between 2009 and June 2011. From 1993 to 2009, he worked at Morgan Stanley in London and in Madrid, where he held several positions in the Investment Banking division, heading up the Financial Institutions Group in Europe until mid 2009, when he joined Criteria.

Prior to this he held several positions at the Bank of America in corporate and investment banking.

#### **Suitability assessment**

The Appointment Committee has assessed the content and validity of the CaixaBank Repute and Good Governance Questionnaire, completed by Mr. Gortázar on his appointment as Director on 30 June 2014 and subsequently on 27 June 2015, 15 October 2015, 9 November

2016 and 26 November 2018. This questionnaire is used to gather information on the three areas taken into account on evaluating Board members' suitability: business and professional repute, suitable knowledge and experience and aptitude for carrying out good corporate governance.

The Appointment Committee has also taken into account the suitability Assessment Report issued by the Board of Directors at its meeting held on 30 June 2014, prior to his appointment by co-option as a Director, together with the Assessment Report confirming the suitability of Mr. Gortázar to continue to hold the post of Director, issued by the Board of Directors at its meeting held on 12 March 2015, on the submission to that year's General Shareholders' Meeting of the ratification of Mr. Gortázar's appointment by co-option and his appointment by the General Shareholders' Meeting as a member of the Board. In addition, account has been taken of the Periodic Assessment Reports issued by the Appointment Committee at meetings held on 10 December 2015, 14 December 2016, 19 December 2017 and 19 December 2018, in which it was concluded that Mr. Gortázar met the conditions of suitability necessary to continue being CEO of the Board of Directors of CaixaBank.

The conclusion is that Mr. Gonzalo Gortázar Rotaeché met and continues to meet the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

Furthermore, Mr. Gortázar complies with the maximum limit of posts established in Article 26 of Law 10/2014, there are no notable conflicts of interest that may generate undue influence by third parties and he has stated that he has sufficient time to perform the functions of the position of member of the Board of Directors of CaixaBank.

#### **Directorship category**

With regard to his classification on the Board of Directors of CaixaBank, Mr. Gonzalo Gortázar Rotaeché also performs senior management functions at the Company, and this Committee therefore considers that in accordance with the provisions set forth in section 1 of Article 529. duodecies of the Spanish Corporation Law, the category that should be ascribed to Mr. Gortázar is that of Executive Director.

#### **Conclusion**

As a result of the foregoing, and in accordance with the current requirements of the CaixaBank Board of Directors, the Appointment Committee considers that Mr. Gonzalo Gortázar Rotaeché has the appropriate knowledge, experience and merits to perform his functions on the CaixaBank Board of Directors, and meets the suitability requirements for such a position, and it has therefore agreed to report favourably to the Board of Directors on the proposal to the General Meeting of CaixaBank to re-elect him as a Director for a period of four years, with the category of Executive Director.

Barcelona, 15 February 2019

## Annex 2

### **Proposal to re-elect Ms. María Amparo Moraleda Martínez as an Independent Director of CaixaBank, S.A. submitted by the Appointment Committee of CaixaBank, S.A., in accordance with the provisions of Article 529. decies of the Spanish Corporation Law.**

Section 4 of Article 529. decies of the Spanish Corporation Law establishes that proposals to re-elect independent Directors should be made by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has drafted this proposal to re-elect Ms. María Amparo Moraleda Martínez as a member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Independent Director.

To this end, the Appointment Committee has analysed the current composition of the Board of Directors, assessing that the Board possesses, as a whole, sufficient knowledge, competence and experience for the management of a credit institution required to properly cover the activities of CaixaBank, including its main risks, and ensure its capability to take autonomous and independent decisions for the benefit of the Company.

In particular, the Committee greatly values Ms. Moraleda's performance of her duties as a Director since her appointment on 24 April 2014, especially her previous participation on the Risk Committee and the Appointment and Remuneration Committee, as well as her current performance as Chairwoman of the Remuneration Committee and a member of the Executive Committee.

In accordance with this assessment and with the provisions set forth in Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as "Law 10/2014"), in Royal Decree 84/2014, of 13 February, implementing Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of Ms. María Amparo Moraleda Martínez to hold the post of Director.

#### **Training and professional experience**

Ms. Moraleda has been a member of the CaixaBank Board of Directors since 2014.

She has a degree in Advanced Industrial Engineering from ICAI and in General Management from IESE.

She holds the position of Independent Director in several companies: Solvay, S.A. (since 2013), Airbus Group, S.E. (since 2015) and Vodafone Group (since 2017).

She is also a member of the Governing Board of the Spanish Scientific Research Council (CSIC) (since 2011), a member of the advisory board of SAP Ibérica (since 2013) and of Spencer Stuart (since 2017).

Between 2012 and 2017 she was a member of the board of Directors of Faurecia, S.A. and a member of the Advisory Board of KPMG Spain (since 2012).

She was Director of Operations for the International division of Iberdrola with responsibility for the United Kingdom and the United States, between January 2009 and February 2012. She also managed Iberdrola Engineering and Construction from January 2009 to January 2011.

She was Executive Chairperson of IBM for Spain and Portugal between July 2001 and January 2009, extending the area under her responsibility to Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001 she was a deputy executive to the Chairman of IBM Corporation. From 1998 to 2000 she was General Manager of INSA (a subsidiary of

IBM Global Services). From 1995 to 1997, HR Director for EMEA at IBM Global Services and from 1988 to 1995 she held various professional and management positions at IBM Spain.

She is a member of various trusts and boards of different institutions and bodies, including the Andalusian Social and Environmental Sciences Academy, the Board of Trustees of the MD Anderson Cancer Center in Madrid and the International Advisory Board of the Business Institute.

In December 2015, she was appointed full member of the Royal Academy of Economic and Financial Sciences.

In 2005, she joined the Hall of Fame of Women in Technology International (WITI), a recognition that honours company and technology figures who have contributed the most worldwide to the inclusion and participation of women in technological development, and she has received several awards, namely: Leadership through Values Award (Fundación FIGEVA - 2008), Javier Benjumea Award (Association of Engineers ICAI - 2003) and the Excellence Award (Spanish Federation of Women Managers, Executives, Professionals and Businesswomen - Fedepe - 2002).

### **Suitability assessment**

The Appointment Committee has assessed the content and validity of the CaixaBank Repute and Good Governance Questionnaire completed by Ms. Moraleda on 8 March 2014 and 27 November 2015.

This questionnaire is used to gather information on the three areas taken into account on evaluating Board members' suitability: business and professional repute, suitable knowledge and experience and aptitude for carrying out good corporate governance.

The Appointment Committee has also taken into account the Suitability Assessment Report issued by the Board of Directors at its meeting held on 13 March 2014, prior to her appointment as a Director by that year's General Shareholders' Meeting. In addition, account has been taken of the Periodic Assessment Reports issued by the Appointment Committee at meetings held on 10 December 2015, 14 December 2016, 19 December 2017 and 19 December 2018, in which it was concluded that Ms. Moraleda met the conditions of suitability necessary to continue being a member of the Board of Directors of CaixaBank.

The conclusion is that Ms. María Amparo Moraleda Martínez met and continues to meet the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

Furthermore, the re-election of Ms. Moraleda is in line with the established gender diversity target, in particular, with the target for the number of female Directors representing at least 30% of the total members of the Board by 2020. Specifically, the percentage of female Directors would be 37.5% of the Board of Directors.

Ms. Moraleda also complies with the limit on the number of posts established in Article 26 of Law 10/2014, there are no notable conflicts of interest that may generate undue influence by third parties and she has stated that she has sufficient time to perform the functions of the position of member of the Board of Directors of CaixaBank.

### **Directorship category**

Regarding categorisation of her post on the CaixaBank Board of Directors, this Committee considers that according to the personal and professional characteristics of Ms. María

Amparo Moraleda Martínez which enable her to perform her functions without being affected by relationships with the Company or its Group, its significant shareholders or its Directors, and in accordance with the terms of section 4 of Article 529. duodecies of the Spanish Corporation Law, the category to be assigned to Ms. Moraleda is that of Independent Director.

**Proposal**

Consequently, and in view of the CaixaBank Board of Directors' current requirements, the Appointment Committee hereby presents the following proposal for submission to the General Shareholders' Meeting:

To re-elect Ms. María Amparo Moraleda Martínez to the Board of Directors as an Independent Director for a period of 4 years.

Barcelona, 15 February 2019

### Annex 3

#### **Proposal to re-elect Mr. John S. Reed as Independent Director of CaixaBank, S.A. presented by the Appointment Committee of CaixaBank, S.A., in accordance with the provisions of Article 529. decies of the Spanish Corporation Law.**

Section 4 of Article 529. decies of the Spanish Corporation Law establishes that proposals to re-elect independent Directors should be made by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has drafted this proposal to re-elect Mr. John S. Reed as member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Independent Director.

To this end, the Appointment Committee has analysed the current composition of the Board of Directors, assessing that the Board possesses, as a whole, sufficient knowledge, competence and experience for the management of a credit institution required to properly cover the activities of CaixaBank, including its main risks, and ensure its capability to take autonomous and independent decisions for the benefit of the Company.

In particular, the Committee highly commends Mr. Reed's performance of his duties as a Director since his appointment on 3 November 2011, including the current performance of his duties as Chairman of the Appointment Committee.

In accordance with this assessment and with the provisions set forth in Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as "Law 10/2014"), in Royal Decree 84/2014, of 13 February, implementing Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of John S. Reed to hold the post of Director.

#### **Training and professional experience**

Mr. John S. Reed has been a member of the CaixaBank Board of Directors since 2011.

He holds a degree in Philosophy and Arts and Sciences from Washington and Jefferson College and the Massachusetts Institute of Technology through a dual degree programme. He was a lieutenant in the U.S. Army Corps of Engineers from 1962 to 1964 and later re-enrolled at MIT to pursue a master's degree in Science. John S. Reed spent 35 years at Citibank/Citicorp and Citigroup, the last sixteen of them as Chairman, retiring in April 2000.

From September 2003 to April 2005 he returned to work as Chairman of the New York Stock Exchange and served as President of the Massachusetts Institute of Technology from 2010 to 2014.

He was appointed Chairman of the Board of American Cash Exchange in February 2016.

He is Chairman of the Boston Athenaeum and is on the Board of the American Academy of Arts and Sciences and the American Philosophical Society.

#### **Suitability assessment**

The Appointment Committee has assessed the content and validity of the CaixaBank Repute and Good Governance Questionnaire completed by Mr. Reed on 16 September 2013, 19 October 2015 and 8 November 2016.

This questionnaire is used to gather information on the three areas taken into account on evaluating Board members' suitability: business and professional repute, suitable knowledge and experience and aptitude for carrying out good corporate governance.

The Appointment Committee has also taken into account the Suitability Assessment Report issued by the Board of Directors at its meeting held on 26 September 2013, prior to his appointment as a Director. In addition, account has been taken of the Periodic Assessment Reports issued by the Appointment Committee at meetings held on 10 December 2015, 14 December 2016, 19 December 2017 and 19 December 2018, in which it was concluded that Mr. Reed met the conditions of suitability necessary to continue being a member of the Board of Directors of CaixaBank.

The conclusion is that Mr. John S. Reed met and continues to meet the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

Furthermore, Mr. Reed complies with the maximum limit of posts established in Article 26 of Law 10/2014, there are no notable conflicts of interest that may generate undue influence by third parties and he has stated that he has sufficient time to perform the functions of the position of member of the Board of Directors of CaixaBank.

#### **Directorship category**

Regarding categorisation of his post on the CaixaBank Board of Directors, this Committee considers that according to the personal and professional circumstances of Mr. John S. Reed which enable him to perform his functions without being affected by relationships with the Company or its Group, its significant shareholders or its Directors, and in accordance with the terms of section 4 of Article 529. duodecies of the Spanish Corporation Law, the category to be assigned to Mr. Reed is that of Independent Director.

#### **Proposal**

Consequently, and in view of the CaixaBank Board of Directors' current requirements, the Appointment Committee hereby presents the following proposal for submission to the General Shareholders' Meeting:

To re-elect Mr. John S. Reed to the Board of Directors as an Independent Director for a period of 4 years.

Barcelona, 15 February 2019

#### Annex 4

**Report presented by the CaixaBank, S.A. Appointment Committee to the Board of Directors, in accordance with the provisions of Article 529. decies of the Spanish Corporation Law, in relation to the proposal to re-elect Ms. María Teresa Bassons Boncompte as a Proprietary Director of CaixaBank,S.A.**

Article 529. decies of the Spanish Corporation Law establishes that proposals to re-elect Members of the Board of Directors must be accompanied by a supporting report from the Board, which assesses the competence, experience and merits of the proposed candidate. In the case of non-independent Directors, such proposals are also subject to an additional report by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has agreed to submit this report to the Board of Directors regarding the re-election of Ms. María Teresa Bassons Boncompte as member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Proprietary Director.

To this end, the Appointment Committee has analysed the current composition of the Board of Directors, assessing that the Board possesses, as a whole, sufficient knowledge, competence and experience for the management of a credit institution required to properly cover the activities of CaixaBank, including its main risks, and ensure its capability to take autonomous and independent decisions for the benefit of the Company.

In particular, the Committee greatly values Ms. Bassons' performance of her duties as a Director since her appointment in June 2014, especially her previous participation on the Appointments and Remuneration Committee, as well as her current performance as a member of the Appointment Committee.

In accordance with this assessment and with the provisions set forth in Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as "Law 10/2014"), in Royal Decree 84/2014, of 13 February, implementing Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of Ms. María Teresa Bassons Boncompte to hold the post of Director.

#### **Training and professional experience**

She has been a member of the CaixaBank Board of Directors since June 2012.

She graduated with a Bachelor Degree in Pharmacy from the University of Barcelona (1980) and she is a Specialist in Hospital Pharmacy. She holds a pharmacy license. She has also been a member of the Executive Committee of the Chamber of Commerce of Barcelona, since 2002, and Chair of the Business Committee for the health care sector in the same institution. She has also been Deputy Chair of the Official College of Pharmacists in Barcelona (1997-2004) and General Secretary of the Catalan Pharmaceutical Association Council (2004-2008).

She is a member of the Board of Directors of Bassline, S.L. and Administrator of TERBAS XXI, S.L. and a member of the Board of Laboratorios Ordesa since January 2018, as well as a member of the Oncolliga Scientific Committee.

She was a member of the Board of Directors of Criteria CaixaHolding from July 2011 to May 2012, a board member of Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from April 2005 to June 2014, Trustee of the Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona "la Caixa" from June 2014 to June 2016 and a member of the Consultative Committee of Caixa Capital Risc, S.G.E.I.C., S.A. until June 2018.

She has also been a member of the Advisory Council on Smoking of the Health Department of the Catalan Government (1997-2006) and of the Advisory Committee on Bioethics of the Catalan Government (2005-2008) and director of the INFARMA Conference and Exhibition at the Fira in Barcelona in the 1995 and 1997 events, and director of the publications "Circular Farmacéutica" and "l'Informatiu del COFB" for twelve years.

In 2008 she was awarded the Medal of Professional Merit by the General Council of Pharmacists in Spain. In June 2018 she was named Academician of the Catalan Royal Academy of Pharmacy.

### **Suitability assessment**

The Appointment Committee has assessed the content and validity of the CaixaBank Repute and Good Governance Questionnaire completed by Ms. Bassons on 8 September 2013, 4 November 2015, 18 November 2016 and 14 December 2018.

This questionnaire is used to gather information on the three areas taken into account on evaluating Board members' suitability: business and professional repute, suitable knowledge and experience and aptitude for carrying out good corporate governance.

The Appointment Committee has also taken into account the Suitability Assessment Report issued by the Board of Directors at its meeting held on 26 September 2013, prior to her appointment as a Director. In addition, account has been taken of the Periodic Assessment Reports issued by the Appointment Committee at meetings held on 10 December 2015, 14 December 2016, 19 December 2017 and 19 December 2018, in which it was concluded that Ms. Bassons met the conditions of suitability necessary to continue being a Director on the Board of Directors of CaixaBank.

The conclusion is that Ms. María Teresa Bassons Boncompte met and continues to meet the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

Furthermore, the re-election of Ms. Bassons is in line with the established gender diversity targets, particularly the target for the number of female Directors representing at least 30% of the total members of the Board of Directors by 2020. Specifically, the percentage of female Directors would be 37.5% of the Board of Directors.

Ms. Bassons also complies with the maximum limit for posts established in Article 26 of Law 10/2014, there are no notable conflicts of interest that may generate undue influence by third parties and she has stated that she has sufficient time to perform the functions of the post of member of the Board of Directors of CaixaBank.

### **Directorship category**

With regard to her classification on the Board of Directors of CaixaBank, the indirect shareholder of the Company Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", and Criteria Caixa, S.A.U. proposed that Ms. María Teresa Bassons Boncompte should represent it on the Board of Directors of CaixaBank, for which reason this Committee considers that in accordance with section 3 of Article 529. duodecies of the Spanish Corporation Law, the category to be assigned to Ms. Bassons is that of Proprietary Director.

### **Conclusion**

As a result of the foregoing, and in accordance with the current requirements of the CaixaBank Board of Directors, the Appointment Committee considers that Ms. Teresa

Bassons Boncompte has the appropriate knowledge, experience and merits to perform her duties on the CaixaBank Board of Directors, and meets the suitability requirements for such a position, and it has therefore agreed to submit its favourable report to the Board of Directors on the proposal to the General Meeting of CaixaBank to re-elect her as Director for a period of four years, within the category of Proprietary Director.

Barcelona, 15 February 2019

## Annex 5

### **Report submitted by the CaixaBank, S.A. Appointment Committee to the Board of Directors, in accordance with the provisions of Article 529. decies of the Spanish Corporation Law, in relation to the proposal to appoint Mr. Marcelino Armenter Vidal as a Proprietary Director of CaixaBank, S.A.**

Article 529. decies of the Spanish Corporation Law establishes that proposals to appoint members of the Board of Directors must be accompanied by a supporting report from the Board, which assesses the competence, experience and merits of the proposed candidate. In the case of non-independent Directors, such proposals are also subject to an additional report by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has agreed to submit this report to the Board of Directors regarding the appointment of Mr. Marcelino Armenter Vidal as member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Proprietary Director.

For this purpose, the Appointment Committee has studied the current composition of the Board of Directors and has determined that the Board in general has the sufficient knowledge, skill and experience in the governance of credit institutions to adequately understand the activities of CaixaBank with regard to which decisions must be made and its main risks, and to ensure the capacity for autonomous, independent decision-making in the interests of the Company.

In particular, the Committee very much values Mr. Armenter's in-depth knowledge of the banking business acquired mainly through holding various positions of responsibility in the supervised entity and previous entities. It also appreciates his experience in matters of corporate governance through the directorships held at various companies.

In accordance with this assessment and with the provisions set forth in Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as "Law 10/2014"), in Royal Decree 84/2014, of 13 February, implementing Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as "RD 84/2015") and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of Mr. Armenter to hold the post of Director.

#### **Training and professional experience**

Mr. Marcelino Armenter Vidal holds a Bachelor's Degree and a Master's in Business Administration and Management from ESADE.

He began his professional career at Arthur Andersen, and later joined Hidroeléctrica de Cataluña. Since 1985 he has pursued his career in the "la Caixa" Group with various positions and responsibilities: Director of Audit and Internal Control of the "la Caixa" group from 1985 to 1988; head of the investees area from 1988 to 1995; Chief Executive Officer of Banco Herrero from 1995 to 2001; general manager of Caixa Holding from 2001 to 2007 and deputy executive general manager of la Caixa, in charge of risk from 2007 to 2011 and Chief Risk Officer at CaixaBank from 2011 to 2013.

Since August 2013, he has been General Manager of Criteria Caixa and Chairman of the management company Caixa Capital Risc, S.G.E.I.C., S.A. since its creation in February 2002, of Mediterránea Beach & Golf Community, S.A.U. since February 2017, and a non-executive

Director of Inmo Criteria Caixa, S.A. since October 2017 and a director of SABA since September 2018. All of which are subsidiaries of Criteria Caixa.

In addition, he has been a director of Naturgy Energy Group, S.A. since September 2016 and a director of Grupo Financiero Inbursa since January 2017. Both companies are investees of Criteria Caixa.

### **Suitability assessment**

The Appointment Committee has assessed the content of the Suitability Assessment Questionnaire completed by Mr. Armenter assessing his suitability to be appointed as a Director, verifying that he meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The conclusion is that Mr. Armenter meets the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

Furthermore, it should be noted that since January 2017, Mr. Marcelino Armenter Vidal has been a member of the Board of Directors of Grupo Financiero Inbursa, a Mexican company specialising in the provision of financial services, mainly in Mexico. Mr. Marcelino Armenter Vidal is a non-executive proprietary Director of Grupo Financiero Inbursa, and was appointed on the proposal of Criteria Caixa, S.A.U. as the latter holds a significant stake in Grupo Financiero Inbursa. CaixaBank has signed partnership agreements with Grupo Financiero Inbursa, with both entities acting directly in geographical areas that do not overlap but instead complement each other.

In this respect, it cannot be considered that at present the exercise of duties and functions by Mr. Marcelino Armenter Vidal at Grupo Financiero Inbursa implies any effective competition with the Company. Nevertheless, given that Article 229 of the Spanish Corporation Law refers to "potential" competition and a broad interpretation of that term could be made, in order to avoid any risk of not complying with the terms of the Law and, to the extent that no detriment can be expected for the Company and that his incorporation to the Board of Directors of CaixaBank will bring significant advantages deriving from his long-standing experience and qualification in the banking sector, for purposes of the provisions of Article 230 of the revised text of the Spanish Corporation Law, and in the case of his becoming a Director of the Company and with effect from that time, at the next General Shareholders' Meeting, in addition to his appointment as a Director the Board of Directors will propose that Mr. Armenter be exempted from the non-compete obligation established in Article 229.1.f) of the Spanish Corporation Law and therefore allow him to exercise any duties and functions at Grupo Financiero Inbursa.

### **Directorship category**

With regard to his classification on the Board of Directors of CaixaBank, the indirect shareholder of the Company Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" and Criteria Caixa, S.A.U. proposed that Mr. Marcelino Armenter Vida represent them on the Board of Directors of CaixaBank, and this Committee therefore considers that in accordance with the provisions of section 3 of Article 529. duodecies of the Spanish Corporation Law the category to be assigned to Mr. Armenter is that of Proprietary Director.

**Conclusion**

As a result of the foregoing, the Appointment Committee considers that Mr. Marcelino Armenter Vidal has the appropriate knowledge, experience and merits to perform his duties on the CaixaBank Board of Directors and meets the suitability requirements for such a position, and it has therefore agreed to submit a favourable report to the Board of Directors on the proposal to the CaixaBank General Shareholders' Meeting to appoint him as a Director for a period of four years, with the category of Proprietary Director.

Barcelona, 15 February 2019

## Annex 6

### **Proposal to appoint Ms. Cristina Garmendia Mendizábal as an Independent Director of CaixaBank, S.A., submitted by the Appointment Committee of CaixaBank, S.A., in accordance with the provisions of Article 529. decies of the Spanish Corporation Law.**

Section 4 of Article 529. decies of the Spanish Corporation Law establishes that proposals to appoint independent Directors should be made by the Appointment Committee.

In compliance with the aforementioned requirement, the Appointment Committee has drafted this proposal to appoint Ms. Cristina Garmendia Mendizábal as a member of the Board of Directors of CaixaBank, S.A. (hereinafter referred to as "CaixaBank" or the "Company"), with the category of Independent Director.

For this purpose, the Appointment Committee has studied the current composition of the Board of Directors and has determined that the Board in general has the sufficient knowledge, skill and experience in the governance of credit institutions to adequately understand the activities of CaixaBank with regard to which decisions must be made and its main risks, and to ensure the capacity for autonomous, independent decision-making in the interests of the Company.

In particular, the Committee highly values the skills and responsibilities assumed by Ms. Garmendia in executive positions throughout her professional career, especially in the field of scientific research, as well as posts on the governing bodies of various companies in different sectors, including the financial sector, and her experience in the public sector, especially in a position of great importance and responsibility, having been Minister of Science and Innovation for the Spanish Government.

Furthermore, the appointment of Ms. Garmendia to the Board of Directors is in line with the established gender diversity targets and, in particular, with the target for the number of female Directors representing at least 30% of the total members of the Board of Directors by 2020. Specifically, the percentage of female Directors would be 37.5% of the Board of Directors.

In accordance with this assessment and with the provisions set forth in *Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions* (hereinafter referred to as "**Law 10/2014**"), in Royal Decree 84/2014, of 13 February, *implementing Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions* (hereinafter referred to as "**RD 84/2015**") and in the *Protocol on procedures for suitability assessment and appointment of Directors and senior management members and other key function holders at CaixaBank*, the Appointment Committee also assessed the suitability of Ms. Garmendia to hold the post of Director.

#### **Training and professional experience**

Ms. Cristina Garmendia Mendizábal has a degree in Biological Sciences, specialising in Genetics, an MBA from the IESE Business School of the University of Navarra and a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid.

In the past, she has been Executive Deputy Chair and Financial Director of the Amasua Group, President of the Association of Biotechnology Companies (ASEBIO) and member of the Governing Board of the Spanish Confederation of Business Organisations (CEOE). She has also been a member of the governing bodies of, among other companies, Science & Innovation Link Office, S.L., Naturgy Energy Group, S.A. (formerly Gas Natural, S.A.) and Chair of Genetrix S.L. She is currently a director of, among others, Compañía de Distribución Integral Logista Holdings, S.A., Ysios Capital Partners and Mediaset.

She has been Minister of Science and Innovation in the Spanish Government during the entire IX Legislature from April 2008 to December 2011.

She is also President of the COTEC Foundation, a member of the España Constitucional, SEPI and Women for Africa Foundations, as well as a member of the Social Council of the University of Seville.

#### **Suitability assessment**

The Appointment Committee has assessed the contents of the Suitability Assessment Questionnaire completed by Ms. Garmendia, assessing her suitability to be appointed as a Board member, verifying that she meets the suitability requirements referred to in Article 24 of Law 10/2014 and Articles 30, 31 and 32 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014: business and professional integrity, appropriate knowledge and experience and readiness to exercise good governance of the Company, as well as not being involved in any source of incompatibility, prohibition or conflict of interest.

The Appointment Committee has also taken into account the Suitability Assessment Report issued in accordance with the provisions of Law 10/2014 and RD 84/2015 and has verified the content and validity of the declarations made by Ms. Garmendia.

The conclusion is that Ms. Garmendia meets the conditions of suitability required to hold the post of member of the Board of Directors of CaixaBank, complying with the legal requirements under the applicable national legislation and the criteria established by the *European Banking Authority Guidelines on the assessment of suitability of members of the management body and key function holders (EBA/GL/2017/12)* dated 26 September 2017.

#### **Directorship category**

Regarding categorisation of her post on the CaixaBank Board of Directors, this Committee considers that according to the personal and professional characteristics of Ms. Cristina Garmendia Mendizábal which enable her to perform her functions without being affected by relationships with the Company or its Group, its significant shareholders or its Directors, and in accordance with the terms of section 4 of Article 529. duodecies of the Spanish Corporation Law, the category to be assigned to Ms. Garmendia is that of Independent Director.

#### **Proposal**

Consequently, and in view of the CaixaBank Board of Directors' current requirements, the Appointment Committee hereby presents the following proposal for submission to the General Shareholders' Meeting:

To appoint Ms. Cristina Garmenia Mendizábal to the Board of Directors as an Independent Director for a period of four years, at the proposal of the Appointment Committee.

Barcelona, 15 February 2019



**REASONED PROPOSAL ON THE AMENDMENT OF THE  
REMUNERATION POLICY FOR THE BOARD OF DIRECTORS  
(ARTICLE 529 NOVODECIAS OF THE SPANISH  
CORPORATION LAW)**

**Board of Directors – 21 February 2019**

Article 529 novodecies of the current Spanish Corporation Law (Ley de Sociedades de Capital) stipulates the obligation for listed companies to prepare and submit for approval of the General Shareholders' Meeting the remuneration policy of its Board of Directors ("**Remuneration Policy**").

With regard to the members of the Board of Directors in their capacity as such (i.e. without taking into account their remuneration for executive functions of Non-executive Directors) the Remuneration Policy must determine their remuneration within the system established by the Company bylaws, necessarily including the maximum amount of annual remuneration to be paid to them as a group for their sole capacity as Directors.

With regard to Directors performing executive functions (Executive Directors), the Remuneration Policy must also contemplate the amount of fixed annual remuneration and its variation in the period referred to in the policy, the different parameters for establishing the variable components and the main terms and conditions of their contracts, particularly including the duration, indemnity payments for early termination or termination of the contractual relationship and any exclusivity, post-contractual non-competition and minimum contract commitment or loyalty agreements.

Any remuneration received by the Directors for occupying or terminating their posts and for performing executive functions must be in accordance with the current Remuneration Policy at each given time, except in the case of remunerations expressly approved by the General Meeting.

The Remuneration Policy must be in accordance with the system established by the Company bylaws and must be approved by the General Meeting at least every three years, as a separate item on the agenda. After its approval, the Remuneration Policy will remain in force for the three financial years following the year in which it was approved by the General Meeting, and any amendment thereof during this period will require a new prior approval of the General Meeting again and must be reasoned and accompanied by a specific report drawn up by the Remuneration Committee. Both documents must be made available to the shareholders on the company website from the date on which the General Meeting is called; the shareholders may also request that they be delivered or sent to them free of charge, and this right must be mentioned in the call announcement.

The Ordinary General Shareholders' Meeting held on 6 April 2018 approved the modification of the Remuneration Policy for the years 2017 to 2020, both inclusive, being this Policy currently valid. However, the Board of Directors considers it necessary to proceed with a further amendment, for the following reasons:

- (i) On 22 November 2018, Mr. Tomás Muniesa Arantegui ceased to be a director with executive duties, and since that date he has been classified as a Proprietary Director. It is

therefore necessary to amend the Remuneration Policy, removing the references to Mr. Muniesa as Executive Director of the Company.

- (ii) The Board of Directors has updated the remuneration of Mr. Gonzalo Gortázar Rotaache for the 2019 financial year, and it is therefore necessary to include the new remunerations in the Remuneration Policy for their corresponding approval by the General Shareholders' Meeting.
- (iii) Lastly, and as a result of the completion of the 2015 - 2018 Incentive Plan, the Board of Directors has proposed to the General Shareholders' Meeting the approval of a new Incentive Plan, linked to the 2019 - 2021 Strategic Plan, aimed at the Executive Directors, the members of the Management Committee and the rest of the management team and key employees of the CaixaBank Group, thus continuing the incentive plan that ended in 2018. It is therefore necessary to amend the Remuneration Policy in order to incorporate the existence of the new Incentive Plan, subject of course to its approval by the General Shareholders' Meeting.

As a consequence of the above, at its meeting of 21 February 2019 the Board of Directors of CaixaBank, S.A. resolved to approve the proposal for amendment of the Remuneration Policy for the financial years 2017 - 2020, both inclusive, the amended text of which will replace, in its entirety, the text approved by CaixaBank's Ordinary General Meeting on 6 April 2018, without prejudice to the effects produced and consolidated during its validity period and to the fact that it is subject to approval by the General Shareholders' Meeting, as a separate item in the agenda.

Likewise, at the same meeting, the Board of Directors of CaixaBank resolved to acknowledge the Remuneration Committee's mandatory report regarding amendment of the Remuneration Policy, the content and reasoning of which are acknowledged by the Board and form an integral part of its proposal.

- Annex 1 Amended Board of Directors' Remuneration Policy submitted for approval by the General Meeting
- Annex 2 Remuneration Committee's Report on the proposal for amendment of the Board of Directors' Remuneration Policy

**Annex 1**

**Board of Directors' Remuneration Policy**

**Article 529 *novodecies* of the Spanish Corporation Law**

Valencia, 21 February 2019

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## I. INTRODUCTION

Article 529 *novodecies* of the current Spanish Companies Act<sup>1</sup> (hereinafter referred to as **LSC**) stipulates the obligation for listed companies to prepare the remuneration policy of its Board of Directors and submit it for the approval of the General Shareholders' Meeting.

The remuneration policy of the CaixaBank, S.A. Board of Directors (hereinafter referred to as **CaixaBank**) for the years 2017 to 2020, both included (hereinafter referred to as the **Remuneration Policy**) is detailed below.

This Remuneration Policy<sup>2</sup> includes certain amendments with regard to the Policy approved by CaixaBank's Ordinary General Meeting on 6 April 2018, detailed in the mandatory report drawn up by the CaixaBank Remuneration Committee on 18 February 2019 and in the reasoned proposal drawn up by the CaixaBank Board of Directors on 21 February 2019; if it is approved by CaixaBank's 2019 Ordinary General Meeting, the text of this Remuneration Policy will replace the entire Policy approved at the aforementioned 2018 Ordinary General Meeting, without prejudice to the effects produced and consolidated during its validity period.

## II. PRINCIPLES OF THE REMUNERATION POLICY

The main principles of CaixaBank's remuneration are as follows:

- I. The total compensation policy is geared to encouraging conduct that will ensure long-term value generation and sustainability of results over time. The variable remuneration thus takes into consideration not only target achievement, but also the way in which these targets are met.
- II. The professionals' individual targets are defined on the basis of the commitment the professionals assume and establish with their managers.
- III. The remuneration policy's strategy for attracting and retaining talent is based on the professionals becoming involved in a distinctive social and business endeavour and to develop professionally with competitive overall compensation conditions.
- IV. As part of these overall compensation conditions, the remuneration policy aims for the amount of the fixed remuneration plus social benefits to be highly competitive, with these two remuneration components being the main basis for its capacity to attract and retain talent.

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<sup>1</sup> Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Spanish Companies Act.

<sup>2</sup> The Remuneration Policy approved by the General Shareholders' Meeting on 6 April 2018 modified some points of the Remuneration Policy that the General Shareholders' Meeting had approved on 6 April 2017.

- V. The main component of the benefits provided is the corporate pension scheme offered to its professionals, which stands out in comparison to other Spanish financial institutions and is a key feature of their remuneration.
- VI. Fixed remuneration and social benefits constitute most of the overall remuneration, having the variable remuneration a conservative nature, as it could generate risk.
- VII. The promotion system is based on the evaluation of skills, performance, commitment, and professional merits of the professionals in a sustained manner over time.
- VIII. The Senior Management's remuneration, established within the general framework defined in this remuneration policy, is approved by the CaixaBank competent governing bodies.

In addition to the above, certain general principles of the remuneration policy established in Article 33 of Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as the **LOSS**) and in its implementing regulations, applicable to persons whose activities significantly affect the risk profile of the entity and its group (hereinafter referred to as the **Identified Group**), apply to the members of the Board of Directors.

### III. **NON-EXECUTIVE DIRECTORS' REMUNERATION**

#### 1. **REMUNERATION COMPONENTS**

In accordance with the Company By-laws, the current remuneration of the members of the CaixaBank Board of Directors in their condition as such (hereinafter referred to as **Non-executive Directors**) only consists of fixed components. Non-executive Directors have a purely organisational relationship with CaixaBank and, accordingly, do not have any contracts with the Company for the exercise of their duties nor do they have any type of payment recognised on the termination of their directorships.

The system provided for in the Company By-laws thus establishes that the remuneration of CaixaBank directorships should consist of a fixed annual amount to be determined by the General Meeting, which remains in force until the General Meeting agrees to modify it.

The amount established by the General Shareholders' Meeting is intended to remunerate the Board of Directors and its Committees and it is distributed as the Board deems appropriate, on proposal by the Remuneration Committee, both as regards distribution among the members, particularly the Chairman, in accordance with the duties and dedication of each one and whether they belong to the different Committees and with the frequency and form of payment via statutory or other types of remuneration.

Consequently, the distribution may give rise to different remunerations for each of the Directors.

Any future proposal for share-based remuneration must be approved by the CaixaBank General Meeting, in accordance with the precepts of the LSC and the Company By-laws.

Finally, the Non-executive Directors are insured parties in the third-party liability insurance policy for CaixaBank Group directors and managers, covering any liabilities in which they may incur as a result of performing their duties.

## **2. ADDITIONAL REMUNERATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the CaixaBank Board of Directors receives an additional fixed remuneration, established for holding this position. This additional remuneration is justified by the special dedication required for performing the duties inherent to his post as Chairman, as established in the LSC and, particularly, in the Company By-laws, at a group with the size and complexity of CaixaBank.

Firstly, the LSC vests the Chairman with the ultimate responsibility for the efficient functioning of the Board of Directors and for calling and presiding the Board meetings, establishing the agenda and directing the discussions and debates; the Chairman must also ensure that the Directors receive the sufficient information beforehand to be able to discuss the agenda and encourage debate by the Directors and their active involvement at the meetings, ensuring their freedom to express their opinions. The Chairman of the CaixaBank Board of Directors also chairs the Company's General Shareholders' Meetings.

Secondly, as established in the Company By-laws and notwithstanding the powers of the Chief Executive Officer and any powers and delegations that may have been established, the Chairman is also responsible for the institutional representation of CaixaBank and its subsidiary companies (without prejudice to the functions attributed to the Board of Directors in this regard), for representing the Company before the sector's corporate bodies and representatives, as established in their By-laws, for affixing the Company's official signature and thus for signing on the Company's behalf all legally or statutorily required agreements, contracts, labour agreements or other legal instruments with local authorities and other entities, and for formally representing the Company with regard to authorities, entities and external bodies, either Spanish or foreign.

Despite the fact that the aforementioned duties cannot be considered executive functions due to their organisational or representative nature, from a quantitative viewpoint they require great dedication and are much more intensive than those of the other members of the Board of Directors (except those that are also responsible for executive functions).

### **3. EXPECTED REMUNERATION IN 2017 AND SUBSEQUENT YEARS**

#### **a) Remuneration envisaged for 2017, 2018 and 2019**

The maximum annual amount of Directors' remuneration for their directorships only, without taking into consideration their executive functions, was €3,925,000 in 2017 and 2018 and is maintained on the same terms for 2019. This amount was approved by the Ordinary General Shareholders' Meeting in 2017. The maximum amount mentioned above will remain invariable in future years, until the General Shareholders Meeting agrees on a new figure.

Likewise, the criteria for distributing the maximum remuneration among the Directors shall remain unchanged until the Board of Directors approves a different distribution, which it may do, in accordance with the powers attributed by the LSC and the Company By-laws.

The current distribution among the members, agreed by the Board of Directors, is as follows:

- I. €90,000 annually for each member of the Board of Directors.
- II. An additional €30,000 per year for each member of the Appointment Committee or Remuneration Committee.
- III. An additional €50,000 per year for each member of the Executive Committee, the Audit and Control Committee or the Risk Committee, due to the responsibility and dedication required.
- IV. An additional €1,000,000 per year for the Chairman of the Board of Directors.
- V. The remuneration of the Chairpersons of the Board of Directors' Committees will always be 20% higher than that of the other members.
- VI. The Lead Independent Director will receive a remuneration of €38,000 per year. The Lead Independent Director's remuneration was approved by the Board of Directors on 23 November 2017, within the overall limit approved by the General Meeting.

The remuneration of the Directors, in their capacity as such, maintains CaixaBank as the credit institution, amongst the most important in Spain, as the one with the lowest remuneration paid to its non-executive Directors.

#### **b) Remuneration envisaged in subsequent financial years**

For Directors in their capacity as such (i.e. without taking into account the remuneration the executive functions of the Executive Directors), their remuneration in subsequent years will be adapted to the statutory system defined at any given time and to the maximum amount of remuneration established by the General Meeting. Consequently,

this remuneration policy will be deemed modified as regards the maximum amount of remuneration for the Directors in their capacity as such if the General Meeting should agree on a maximum amount other than that established in section III.3.a).

Any future proposal for remuneration based on the statutory systems must be approved in accordance with the provisions of the LSC and the Company By-laws, and in the case of share-based systems it will require approval by CaixaBank's General Meeting.

#### **IV. EXECUTIVE DIRECTORS' REMUNERATION**

##### **1. GENERAL DESCRIPTION AND RELATIVE IMPORTANCE OF THE FIXED AND VARIABLE COMPONENTS**

The LSC and CaixaBank's Company By-laws acknowledge that the Executive Directors should receive remuneration for their executive functions in addition to that received for their directorships.

In 2019, Mr. Gonzalo Gortázar Rotaeché is the only member of the Board of Directors who performs executive duties at CaixaBank, in his capacity as Chief Executive Officer (hereinafter referred to as the **CEO**).

The remuneration components of the members of the Board of Directors with executive functions (hereinafter referred to as the **Executive Directors**) are structured to take into account both the economic environment and results, and include mainly:

- I. Fixed remuneration according to the level of responsibility and professional experience, constituting a significant part of the total compensation.
- II. Variable remuneration, mainly in the form of a bonus, linked to the achievement of previously established targets and prudent risk management.
- III. Social insurance and other social benefits.

In addition to the above, a long-term incentive based on CaixaBank instruments or related to their value (hereinafter referred to as the **LTI**) may be established for all or some of the Executive Directors as a variable component of their remuneration, as established in section IV.4.

In accordance with the objective of reasonable and prudential balance between fixed and variable components of the remuneration, the amounts of the fixed remuneration of Executive Directors must be sufficient, and the percentage representing the variable remuneration in the form of fixed annual incentives is, generally speaking, relatively low, not generally exceeding 40%, without taking into account other possible variable components like the LTI.

The variable component of the remuneration of the Directors must not exceed 100% percent of the fixed component of the total remuneration for each executive Director, except in the case of CaixaBank's General Meeting approving a higher level, not exceeding 200% of the fixed component, in accordance with the form, requirements and procedures envisaged in the LOSS itself.

The classification as fixed or variable of a remuneration component will be made following the applicable standards in relation to remuneration at credit institutions.

## **2. FIXED COMPONENTS OF THE REMUNERATION**

### **a) Fixed remuneration**

The fixed remuneration of the Executive Directors and its update is mainly based on the level of responsibility and professional background, combined with a market focus in function of the salary surveys and specific *ad hoc* studies. The salary surveys and specific *ad hoc* studies in which CaixaBank participates are performed by top level specialized companies, with the sample being comparable to that of the market financial sector where CaixaBank operates and that of comparable IBEX 35 companies.

By way of illustration, CaixaBank has been using as a sample of the financial sector the publicly available information on the executive Directors of the financial institutions belonging to the IBEX 35 (Santander, BBVA, Bankia, Banco Sabadell and Bankinter) and from 2018 also a sample of banks at European level such as ABN Amro, Commerzbank, Crédit Agricole, Deutsche Bank, Erste Group, KBC Groep, Lloyds Banking Group, Natixis, Raiffeisen, Royal Bank of Scotland and SwedBank; as a multisectorial sample it has been using the publicly available information regarding the executive Directors of a representative number of companies that, by size data (market capitalisation, assets, turnover and number of employees), are comparable to CaixaBank.

### **b) Remuneration for holding posts at investee companies**

The Executive Directors' fixed remuneration includes the remuneration they may receive for holding managerial posts at CaixaBank Group companies or at other companies in CaixaBank's interests, this remuneration being deducted from the liquid amount to be paid by CaixaBank as fixed remuneration.

### **c) Other fixed remuneration components**

The Executive Directors have agreed in their respective contracts to pre-established contributions to benefit and savings plans as fixed components of their remuneration, which are explained in more detail in section IV.7.

CaixaBank may also make the Executive Directors beneficiaries of medical insurance for themselves and their close family and of other types of non-cash remuneration common in the sector (use of a car or home or similar advantages), in accordance with their

professional status and with the standards set by CaixaBank at any given time for the segment of professionals to which they belong.

### **3. VARIABLE REMUNERATION IN THE FORM OF BONUSES**

#### **a) General aspects**

The Executive Directors may be granted variable remuneration in the form of a risk-adjusted bonus, based on measurement of their performance. The performance is measured by ex-ante and ex-post adjustment of the remuneration, as a form of applying risk control.

#### **b) Performance measurement**

Quantitative (financial) and qualitative (non-financial) criteria, which must be specified and clearly documented, are used for performance measurement and assessment of individual results.

The variable remuneration applicable to Executive Directors is determined on the basis of an objective bonus established for each of them by the Board of Directors on proposal by the Remuneration Committee, and a maximum achievement percentage of 120 per cent. The level of achievement is set according to the following parameters measured:

- 50% for individual targets
- 50% for corporate targets

The 50 per cent corresponding to corporate targets is set for each financial year by the CaixaBank Board of Directors, on proposal by the Remuneration Committee, and its weighting is distributed among the measurable items according to the Entity's main goals. These components may consist of all or some of the following, for example, among other possible items:

- ROTE
- Core efficiency ratio
- Changes in troubled assets
- Risk appetite framework
- Regulatory compliance
- Quality

In any case, the proposal for the composition and weighting of the corporate targets is established as set forth in the LOSS and its implementing regulations and may vary depending on the Executive Director in question.

The part consisting of individual targets (50 per cent) must be globally distributed over the targets linked to CaixaBank's strategy. The final assessment to be made by the Remuneration Committee, after consultation with the Chairman, may vary by +/- 25% depending on the objective assessment of the individual targets, in order to include the

qualitative assessment of the Executive Director's performance and take into account any exceptional targets that may arise during the year and were not established at the start.

The final determination of the achievement of the variable remuneration earned will be approved by the Board of Directors on proposal by the Remuneration Committee.

**c) Special restrictions**

The variable remuneration will be subject to reduction if at the time of the performance assessment there is a requirement or recommendation in force by the competent authority for CaixaBank to restrict its dividend distribution policy, or if required by the competent authority in virtue of the faculties attributed to the same by the regulations, all in accordance with the provisions of RD 84/2015<sup>3</sup> and Circular 2/2016<sup>4</sup>.

**d) Deferral percentage**

The deferral percentage applicable to the Executive Directors' variable remuneration will be 60%.

This percentage of deferral may be subject to change to the extent to which the competent authorities set absolute or relative thresholds for the determination of the "particularly high variable amount of remuneration", in accordance with the EBA Guidelines.<sup>5</sup>

**e) Deferral period**

On the date of payment of the bonus, the non-deferred part of the variable remuneration accrued must be paid (hereinafter, **Initial Payment Date**).

50% of the amount to be made as the initial payment is to be paid in cash, and the remaining 50% in instruments.

Except in the cases for reduction described in section IV.5, the deferred part of the risk-adjusted variable remuneration must be paid in five instalments, the dates and amounts for which are established below<sup>6</sup>:

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<sup>3</sup> Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, regarding regulation, supervision and solvency of credit institutions.

<sup>4</sup> Bank of Spain Circular 2/2016, of 2 February, regarding supervision and solvency and addressed to credit institutions, completing the Spanish legal system's adaptation to Directive 22013/36/EU and Regulation (EU) No. 575/2013.

<sup>5</sup> Guidelines on adequate remuneration policies in accordance with Articles 74, section 3, and 75, section 2, of Directive 2013/36/EU and reporting in accordance with Article 450 of Regulation (EU) No. 575/2013 (EBA/GL/2015/22).

<sup>6</sup> With regard to the variable remuneration earned in the financial year 2016, the three-year deferral period established in the Board of Directors' Remuneration Policy approved by the CaixaBank General Meeting on 23 April 2015 will continue to be temporarily applicable; consequently, this five-year deferral period will only be applicable to variable remuneration earned in 2017 and subsequent years.

- 1/5 12 months after the Initial Payment Date
- 1/5 24 months after the Initial Payment Date
- 1/5 36 months after the Initial Payment Date
- 1/5 48 months after the Initial Payment Date
- 1/5 60 months after the Initial Payment Date

**f) Payment in cash and instruments**

50% of the amount to be paid on each of the dates indicated in the section above will be paid in cash and the remaining 50% will be paid in non-cash instruments, once the applicable taxes (withheld or on account) have been paid.

Whenever payment in instruments is appropriate, this will preferably be made in CaixaBank shares. However, CaixaBank may award other instruments accepted for the payment of variable remuneration, under the conditions and with the requirements set out in section 1.1) of Article 34 of the LOSS, in Delegated Regulation (EU) No. 527/2014<sup>7</sup> (hereinafter referred to as **Regulation 527/2014**) and in the EBA Guidelines.

**g) Withholding Policy**

All non-cash instruments delivered are subject to a withholding period of one year from their delivery, during which they will not be available to the employee who has earned them.

During the withholding period, the employee may exercise all the rights conferred by the instruments as the holder of the same.

**h) Payment of returns on cash and deferred non-cash instruments**

During the deferral period, the ownership of both the instruments and the cash whose delivery has been deferred will correspond to CaixaBank.

On application of the principles of contractual law applicable in Spain, and particularly of the bilateral nature of the contracts and the balanced accrual of the reciprocal benefits, the deferred cash will earn interest for the employee, calculated by applying the interest rate corresponding to the first tranche of the employee's holding account. The interest will only be paid at the end of each payment date, and will be applied to the cash amount of the variable remuneration to effectively be received, net of any reduction that may apply in accordance with the provisions of section IV.5.

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<sup>7</sup> Commission Delegated Regulation (EU) No. 527/2014 of 12 March 2014, supplementing European Parliament and Council Directive 2013/36/EU with regard to the regulatory technical standards specifying the types of instruments that adequately reflect the entity's credit quality from a business continuity perspective and are adequate for purposes of variable remuneration.

With regard to the return on the instruments, in compliance with the EBA Guidelines, the Entity will not pay any interest or dividends for deferred instruments either during or after the deferral period that are earned from 1 January 2017.

**i) Termination or suspension of the professional relationship**

Neither the termination or suspension of the professional relationship nor cases of termination due to disability, early retirement, retirement or partial retirement will be grounds for interrupting the variable remuneration payment cycle, without prejudice to the provisions concerning reduction and recovery of variable remuneration established in section IV.5.

In the case of death, the Human Resources Department (hereinafter referred to as the **HR**), together with the Risk Department, will determine and, where applicable, propose the process of settlement of outstanding payment cycles under criteria compatible with the general principles of the LOSS, its implementing regulations and the Remuneration Policy.

**j) Special situations**

In unexpected special situations (i.e. corporate transactions affecting the ownership of the instruments deferred or delivered), specific solutions must be applied in accordance with the LOSS, its implementing regulations and the principles of the Remuneration Policy, so as not to artificially dilute or alter the value of the considerations in question.

**k) Commitment period**

In order to receive the variable remuneration bonus, the Executive Director must maintain his/her service relationship with CaixaBank at 31 December of the year in which he/she has earned this variable remuneration.

**l) Incompatibility with personal coverage or avoidance strategies**

In accordance with the provisions of section 1.o) of Article 34 of the LOSS and the EBA Guidelines, the Executive Directors undertake not to use personal coverage or insurance strategies related to the remuneration that undermine the effects of alignment with the sound management of the risks giving rise to their remuneration systems.

Likewise, CaixaBank will not pay the variable remuneration through instruments or methods designed to infringe, or resulting in the infringement of, the remuneration requirements applicable to the Executive Directors as members of CaixaBank's Identified Group.

#### **4. INSTRUMENT-BASED LONG-TERM INCENTIVES**

All or some of the Executive Directors may receive additional remuneration through a long-term incentive plan based on non-cash instruments, as a multi-year type of variable remuneration.

The LTI may be structured as a variable remuneration scheme enabling the participants to receive an amount in shares or other instruments, stock options or cash, after a certain period of time, providing they comply with certain conditions established in the LTI itself.

The specific terms of the LTI (including those concerning the payment cycle and reduction and recovery clauses) will be as established by the CaixaBank Board of Directors, on proposal by the Remuneration Committee, in the corresponding agreements and implementing documents regulating them, which must adapt to and be compatible with the principles of the Remuneration Policy and be subject to approval by the CaixaBank General Meeting whenever mandatory.

#### **5. REDUCTION AND RECOVERY OF VARIABLE REMUNERATION**

##### **a) Cases for reduction**

In accordance with the LOSS, the Executive Directors' right to receive the variable remuneration payments, including payments pending, in either cash or instruments, will be totally or partially reduced in cases of the poor financial performance of CaixaBank as a whole or that of a particular division or area of the same or of the exposures generated. For these purposes, CaixaBank must compare the assessment of the performance with the subsequent performance of the variables that contributed to achieving the objectives.

Cases for reduction in the variable remuneration are as follows:

- I. Significant defects in the risk management undertaken by CaixaBank, or by a business unit or risk control unit, including reservations in the external auditor's audit report or circumstances undermining the financial parameters serving as a basis for calculation of the variable remuneration.
- II. An increase in capital requirements for CaixaBank or one of its business units, not anticipated when generating the exposures.
- III. Regulatory sanctions or legal convictions for acts that could be attributable to the unit or employee liable for the same and to the Executive Director.
- IV. Non-compliance with the entity's internal regulations or codes of conduct, particularly including the following:
  - a. Regulatory non-compliances that are attributable to employees and are classified as serious or very serious infractions.

- b. Non-compliance of internal regulations classified as serious or very serious.
  - c. Non-compliance with the suitability and rigour requirements they must comply with.
  - d. Regulatory non-compliance attributable to them which, whether or not it entails losses, could put the solvency of a business line at risk and, in general, involvement in or responsibility for any conduct generating major losses.
- V. Irregular conduct, whether individual or as a group, particularly taking into account the negative effects deriving from the marketing of unsuitable products and the Executive Directors' responsibility for making such decisions.
  - VI. Fair disciplinary dismissal or, in the case of commercial contracts, for justifiable causes<sup>8</sup> at the request of the company (in this case the reduction will be total).
  - VII. Whenever the payment or consolidation are not sustainable in accordance with CaixaBank's financial situation overall, or are not justified on the basis of CaixaBank's overall results, those of the business unit and those of the Executive Director in question.
  - VIII. Any other additional cases expressly provided for in the corresponding contracts.
  - IX. Any other cases established in the applicable legislation or by the regulatory authorities on exercising their powers of regulatory development, executive powers or for interpretation of regulations.

**b) Cases for recovery**

In cases in which the causes giving rise to the situations described in section a) above, occurred at a time prior to the payment already made of any amount of variable remuneration, such that if such a situation had been taken into account this payment would not have been made, either in full or in part, the Executive Director must reimburse the relevant CaixaBank Group company for the part of the variable remuneration wrongfully received, together with any income paid by virtue of section IV.3.h). These amounts are to be returned in either cash or instruments, as applicable.

In particular, situations where the Executive Director has significantly contributed to the deficient or negative financial results being achieved will be considered especially serious, as will cases of wilful misconduct or serious negligence leading to significant losses.

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<sup>8</sup> A justified cause is taken to be any serious and culpable breach of the duties of loyalty, diligence and good faith governing the employee's performance of his/her duties at the CaixaBank Group, and any other serious and culpable breach of the obligations assumed by virtue of his/her contract or any other organic relationships or services that may be established between the employee and the CaixaBank Group..

**c) Common standards**

The Remuneration Committee is responsible for proposing to the Board of Directors that the right to receive the deferred amounts should be reduced or forfeited, or totally or partially recovered, in accordance with the characteristics and circumstances of each specific case.

In application of the EBA Guidelines, the cases for reduction of the variable remuneration will be applicable during the entire deferral period for the remuneration in question. The cases for recovery of the variable remuneration will be applicable for a period of one year, counting from the date of payment of the variable remuneration, except for cases of fraud or serious negligence, in which case the general provisions of the civil or labour legislation regarding expiry will apply.

The implementing regulations of the LTI must establish specific rules regarding the reduction or recovery of benefits by the Executive Directors, adapting the cases for reduction and recovery established in the Remuneration Policy to the nature and purposes of the LTI, to the necessary extent.

**d) Main principles of labour law or contractual law**

In accordance with the LOSS, proposals for reduction or recovery of variable remuneration must take into account the main principles of contractual or labour law.

**6. GUARANTEED VARIABLE REMUNERATION**

The Executive Directors will not receive guaranteed variable remuneration of any kind. Nevertheless, the entity may exceptionally consider paying it in the case of new appointments or recruitments, providing the entity has a sound capital base and it applies to the first year of validity of the contract only.

**7. SOCIAL INSURANCE SCHEMES AND LONG-TERM SAVINGS PLANS**

**a) General description**

Executive Directors with an employment contract may be entitled to a social insurance scheme complementing the ordinary system for all CaixaBank employees. If they have signed a commercial contract, they may be entitled to specific social insurance plans with effects equivalent to the complementary social insurance scheme.

The commitments assumed with regard to the Executive Directors may consist of specific contributions for retirement, disability and death contingencies, and entitlement to coverage for specific benefits for disability and death contingencies may also be granted. These commitments will be implemented through an insurance contract.

**b) Non-discretionary nature**

Except as provided in section e) below, the benefit or contribution scheme for the social insurance system applicable to Executive Directors may not be configured as a discretionary benefit: it must be objectively applied in accordance with employee's executive directorship or similar circumstances determining the restatement of the terms of remuneration, in the form of a lump sum or by reference to fixed remuneration, as established in their respective contracts.

Thus, the amount of the contributions or the degree of coverage (i) must be pre-established at the start of the financial year and suitably reflected in the corresponding contracts, (ii) may not derive from variable parameters (such as achieving targets, milestones, etc.), (iii) must not result from extraordinary contributions (in the form of bonuses, prizes or extraordinary contributions made in the years immediately prior to retirement or termination), and (iv) must not be related to substantial changes in retirement conditions, including changes deriving from merger processes or business combinations.

**c) Avoiding duplication**

The amount of the contributions to be made by CaixaBank to social insurance systems must be reduced by the amount of any contributions made to any equivalent instruments or policies that may be established for posts held at group companies or other companies in CaixaBank's interests. The same applies to benefits, which must be adjusted to avoid any duplicated cover.

**d) Rights consolidation system**

The social insurance system for Executive Directors acknowledges the consolidation of financial rights in the case of cessation or termination of the employment relationship before the occurrence of the contingencies covered, unless the cessation or termination results from disciplinary dismissal declared fair in the case of employment contracts or grounded in the case of commercial contracts, according to the definition of this term in section IV.5, or from other specific causes that the contracts may expressly contain.

**e) Variable-based mandatory contributions**

Notwithstanding the provisions of section b) above, in compliance with Circular 2/2016, 15% of the agreed contributions to complementary social insurance plans will be considered the target amount (and the remaining 85% will be considered a fixed component of the remuneration).

This amount will be determined on the basis of the same principles and procedures as those established for variable remuneration in the form of a bonus in section IV.3, on the sole basis of the individual assessment parameters, and it will be contributed to a Discretionary Pension Benefit Policy.

The contribution will be considered deferred variable remuneration for all purposes established in Circular 2/2016, and the Discretionary Pension Benefit Policy will thus contain the necessary clauses for it to be explicitly subject to the cases for reduction established in section IV.5 for variable remuneration in bonus form. It will also form part of the total amount of variable remuneration for purposes of limits or any others that may be established.

In accordance with section 1.ñ) of Article 34 of the LOSS, if the Executive Director leaves the entity due to retirement or for any other reason, the discretionary pension benefits will be subject to a withholding period of five years. The five-year withholding period referred to in the previous paragraph will be counted from the date on which the employee no longer provides services to the entity for whatever reason. During the withholding period, the entity will apply the same requirements as in the clauses for reduction and recovery clauses of remuneration already paid, as established in section IV.5.

#### **8. PAYMENT FOR ABANDONMENT OF PRIOR CONTRACTS**

If remuneration packages should be agreed on in connection with contracting premiums or other forms of compensation or payments for abandonment of previous contracts, these packages must be adapted to the entity's long-term interests by establishing withholding, deferral, reduction, return and recovery provisions equal to those established in the Remuneration Policy, in line with the LOSS.

#### **9. WITHHOLDING PREMIUMS**

Any withholding premiums that may exceptionally be agreed on between the entity and an Executive Director will be subject to the terms and requirements established in the EBA Guidelines and similar principles to those applicable to variable remuneration in the Remuneration Policy.

#### **10. OTHER BENEFITS**

The Executive Directors are eligible for the generally established benefits policy for CaixaBank Group employees, which is geared to providing competitive company benefits based on use of group synergies (i.e. preferential financial conditions or healthcare).

The Executive Directors will be insured parties on the third-party liability policy for administrators and managers of the CaixaBank Group companies, to cover any liabilities in which they may incur while performing their duties, all in accordance with the subjective scope defined in the corresponding policies subscribed.

## **11. EARLY TERMINATION PAYMENTS**

### **a) Amount and limits of indemnity payments for contract termination**

The amount of the indemnity payments to be made for termination of the Executive Directors' contracts will be established at each given moment and must not exceed the legally established limits for the maximum ratio of variable remuneration, taking into account the criteria established by the EBA Guidelines.

Ordinary payments associated with the duration of the applicable prior notice periods will not be considered severance payments.

### **b) Post-contractual non-compete clauses**

The Executive Directors' contracts may contain post-contractual non-compete clauses, the indemnity payments for which may consist of amounts that in general may not exceed the sum of the fixed components of the remuneration the Executive Director would have received if he/she had remained at the entity; the amount of compensation will be divided into future periodic instalments, payable during the period of duration of the non-compete clause.

### **c) Deferral and payment**

The payment of the amounts payable in case of early termination that are considered variable remuneration in accordance with the applicable regulations and the EBA Guidelines will be subject to deferral and payment as stated in the Remuneration Policy for variable remuneration in bonus form in section IV.3.

### **d) Cases for reduction and recovery**

The payment of the amounts payable in case of early termination that are considered variable remuneration in accordance with the applicable regulations and the EBA Guidelines will be subject to the same cases for reduction and recovery as established for variable remuneration in section IV.5, with the effects and procedure described therein, including application to the deferred payments pending receipt.

### **e) Absolute limit on early termination payments**

Early termination payments must not give rise to any infringement by the CaixaBank Group of the limits on variable remuneration established by the applicable legislation in relation to fixed remuneration; the early termination payments will be reduced as necessary in order to comply with these obligatory limits.

### **f) Main principles of contractual or labour law**

In accordance with the LOSS, any proposals for reduction or recovery of early termination payments must take into account the main legal principles with regard to contractual or employment matters.

## **12. REMUNERATION ENVISAGED IN 2017 AND SUBSEQUENT YEARS**

### **a) Remuneration for 2017**

For the financial year 2017, the remuneration to be paid to the Executive Directors (Mr. Gonzalo Gortázar Rotaeché as CEO and Mr. Antonio Massanell Lavilla as Executive Vice-Chairman) was as established in the Remuneration Policy approved at the Ordinary General Meeting of 6 April 2017, which is duly specified in the Annual Remuneration Report for that financial year.

### **b) Remuneration for 2018**

For the financial year 2018, the remuneration to be paid to the Executive Directors (Mr. Gonzalo Gortázar Rotaeché as CEO and Mr. Tomás Muniesa Arantegui<sup>9</sup> as Executive Vice-Chairman) was as established in the Remuneration Policy approved at the Ordinary General Meeting of 6 April 2018, which is duly specified in the Annual Remuneration Report for that financial year.

### **c) Fixed cash remuneration for 2019**

For the financial year 2019, the fixed annual cash remuneration to be paid to the CEO is €2,261,200.

The estimated remuneration amount for the posts held at Group companies or in CaixaBank's interests, based on the posts held at 31 December 2018, is €704,900 for Gonzalo Gortázar Rotaeché. This remuneration is deducted from the amount to be paid by CaixaBank as the fixed remuneration provided for in this section, so that the estimate of the amounts to be paid by CaixaBank in 2019 would be €1,556,300.

The remuneration payable for holding a post on the Board of Directors of CaixaBank or its Committees only, anticipated as being €140,000 for Gonzalo Gortázar Rotaeché, is also deducted from his fixed remuneration as CEO.

### **d) Variable remuneration in bonus form for 2019**

Mr. Gonzalo Gortázar's annual target bonus for 2019 is €708,800. The part corresponding to the corporate targets (50%) consists of the following parameters:

- I. CaixaBank's ROTE: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- II. Core efficiency ratio: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.

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<sup>9</sup> On 22 November 2018, Mr. Tomás Muniesa Arantegui ceased to be an Executive Director and remained on the Board of Directors as a Proprietary Director, and his remuneration from that date therefore corresponds to that of the Non-Executive Directors.

- III. Changes in Troubled Assets: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- IV. Risk appetite framework: with a weighting of 10% and a minimum achievement level of 80% and a maximum of 120%.
- V. CaixaBank quality: with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.
- VI. Conduct and compliance: target linked to the Regulatory Compliance Culture with a weighting of 5% and a minimum achievement level of 80% and a maximum of 120%.

The part consisting of individual targets (50%) will have a minimum achievement level of 60% and a maximum of 120% and will be globally distributed over the targets linked to CaixaBank's strategy. In all cases, failing to reach the minimum achievement level will imply that a bonus of zero has been earned for each of the individual indicators or targets.

**e) Deferred payment of cash returns**

The forecast of payments for the deferred cash items provided for in section IV.3.h) for Mr. Gonzalo Gortázar Rotaèche is €400 in the financial year 2019.

**f) Income deriving from CaixaBank's long-term Variable Remuneration Plan 2015 - 2018**

The CEO will receive the shares due to him as a result of the payment of CaixaBank's 2015-2018 Long-Term Variable Remuneration Plan.

The shares he will be entitled to receive will be disclosed in the relevant Annual Directors' Remuneration Report.

**g) Annual Targeted Incentive Scheme linked to the 2019-2021 Strategic Plan**

Continuing CaixaBank's 2015-2018 Long-Term Variable Remuneration Plan, which has ended, Gonzalo Gortázar Rotaèche, together with the members of the Management Committee and the rest of the Company's management team and key employees, will benefit from the Annual Targeted Incentive Scheme linked to the CaixaBank Group's 2019-2021 Strategic Plan (hereinafter referred to as the **Plan**), if it is approved at the General Shareholders' Meeting, which is scheduled to take place on 5 April 2019.

The Plan envisages the CEO receiving a certain number of CaixaBank shares after a certain period of time, provided that the strategic objectives and requirements set out in the Plan are met.

The Plan is implemented through the allocation, free of charge, of a number of units in the years 2019, 2020 and 2021, which will serve as the basis for establishing the number of CaixaBank shares to be awarded, where appropriate, to each beneficiary.

The Plan consists of three cycles, each lasting three years, with three allocations of units, each of which will take place in the years 2019, 2020 and 2021.

The first cycle covers the period from 1 January 2019 to 31 December 2021; the second cycle covers the period from 1 January 2020 to 31 December 2022; and the third cycle covers the period from 1 January 2021 to 31 December 2023.

Each cycle will have two periods of objective measurement. Depending on the degree of compliance with the objectives in the first measurement period, which will correspond to the first year of each cycle, and on the basis of the units assigned at the beginning of the cycle, in the second year of each cycle the beneficiaries will be granted a provisional incentive equivalent to a certain number of Company shares. The granting of the provisional incentive does not imply the delivery of CaixaBank shares at that time.

The final number of shares to be awarded will be determined after the end of each of the Plan cycles, and will be subject to and dependent upon meeting the targets for the second measurement period, which will correspond to the three year duration of each of the Plan cycles. Under no circumstances may the number of shares to be awarded, corresponding to the final incentive, exceed the number of shares of the provisional incentive on the date of the concession.

For the CEO, the shares relating to the final incentive of each cycle will be awarded by thirds on the third, fourth and fifth anniversaries of each of the concession dates in the Plan cycles. The Plan will end on the last settlement date for the shares relating to the third Plan cycle, i.e. 2027.

For the first cycle of the Plan, the maximum total number of shares that the CEO may receive in 2023, 2024 and 2025, if all the targets for the first cycle of the Plan are met over and above those budgeted, is 73,104 shares.

The maximum number of shares for the remaining Plan cycles that could be received, if applicable, by the CEO will be submitted for approval by the General Shareholders' Meeting in 2020 and 2021.

The terms and conditions of the Plan, including its description and purpose, beneficiaries, duration and settlement of the Plan, determination of the number of units for each beneficiary, determination of the number of shares to be granted on each concession date, determination of the number of shares to be delivered on settlement of the Plan, number of shares to be delivered, reference value of the shares, metrics, requirements for obtaining shares, delivery of shares and rules for their availability, cases of advance settlement or amendment of the Plan, reduction and recovery clauses and adaptation to regulatory requirements, are those contained in resolution 8 of the aforementioned General Shareholders' Meeting called and due to be held on 5 April 2019, as detailed in CaixaBank's Annual Directors' Remuneration Report.

**h) Long-term savings plan**

In 2019, a total defined contribution of €500,000 will be made to cover the contingencies of retirement, death, permanent incapacity and total, absolute or major disability for Mr. Gonzalo Gortázar Rotaeché. In the same policy, in addition to the defined contribution described above, a coverage for death and permanent incapacity and total, absolute or major disability will be established for the amount of two annuities of the fixed remuneration at the time the contingency is produced. The estimated premium for this cover for 2019 is €52,560.

The annual target amount relating to the Discretionary Pension Benefits Policy, in accordance with section IV.7.e), is €75,000 in the case of Gonzalo Gortázar Rotaeché.

**i) Other benefits**

The contract with the CEO provides for medical assistance insurance for him, his spouse and children under the age of 25, valued at €5,610 in 2019.

**13. UPDATE OF THE ITEMS AND AMOUNTS OF THE REMUNERATION COMPONENTS FOR THE EXECUTIVE DIRECTORS**

The items and amounts of the different remuneration components for both the current and any possible new Executive Directors may be established or modified in any of the financial years covered by this Remuneration Policy, providing this is agreed by the Board of Directors in exercise of the powers established in section 2 of Article 529 *octodecies* and section 3 of Article 249 of the LSC, always in accordance with the terms and principles set forth in sections IV.1 to IV.11 (both inclusive) of this Remuneration Policy. In particular, by way of example and without limitation:

- I. With regard to the fixed remuneration for the Executive Directors, it will be determined or updated in accordance with the approach described in section IV.2.a).
- II. Future modifications may be made to the amount or proportion of the variable remuneration in bonus form in relation to the fixed components, and on establishing the measurement parameters for the variable remuneration components. Where applicable, any setting or variation of the amount, proportion, structure or measurement parameters of the variable components of the Directors' remuneration would be made in accordance with the Remuneration Policy (in particular, with section IV.3.b) in relation to the measurement parameters), and the LOSS.
- III. Any variation in the amount, proportion or structure of the long-term savings plans for the Executive Directors would be made in accordance with the Remuneration Policy and the LOSS.

Any new conditions or any changes to the items and amounts of the remuneration components for the Executive Directors must be informed of in the Annual Directors' Remuneration Report for the financial year in which they are made.

## **V. CONTRACT TERMS FOR THE EXECUTIVE DIRECTORS**

### **1. GENERAL CONTRACT TERMS**

#### **a) Nature of the contracts**

In general, the commercial or employment nature of the contracts with the Executive Directors will be determined by the level of management functions they perform in addition to merely holding the post of Director, in accordance with the applicable legislation and High Court jurisprudence with regard to the so-called "link theory".

#### **b) Duration**

The contracts will generally be open-ended.

#### **c) Description of functions, dedication, exclusivity and incompatibilities**

The contracts must contain a clear description of the duties and responsibilities to be assumed and the functional location and the hierarchical dependence within CaixaBank's organisational and governance structure; in general, they must also establish the obligation of exclusive dedication to the group, notwithstanding any other activities authorised in the interests of the CaixaBank Group or any other occasional lecturing or conference participation activities, administration of private assets or duties at their own or family enterprises, providing they do not interfere with fulfilment of the duties of diligence and loyalty inherent to their posts or entail any conflict with the entity.

Other commitment period obligations may also be agreed on in the contracts, in the best interests of CaixaBank.

The legally established incompatibility list for posts at credit institutions will apply to the Executive Directors.

#### **d) Fulfilment of duties and confidentiality commitment**

Notwithstanding the legally established system for administrators of commercial enterprises, the contracts will establish strict obligations for fulfilment of the duties inherent to the administrators' posts and confidentiality commitments regarding any confidential information to which the Directors may have access on performing the functions of their posts at CaixaBank or its group.

**e) Liability coverage and indemnity payments**

The Executive Directors are insured under the civil liability policy for CaixaBank Group administrators and managers, covering any liability they may have towards third parties as a result of performing their duties.

Likewise, the contracts may establish CaixaBank's commitment to holding the Executive Directors harmless with regard to any costs or damages that may be caused to them by third-party claims resulting from their carrying out their duties if the Executive Directors themselves have not incurred in any fault or neglect.

**f) Post-contractual non-compete clauses**

The contracts may establish post-contractual non-compete clauses within the scope of financial activities in general, which must remain valid for at least one year after termination of the contract, with the consideration set forth in section IV.11.b).

Similarly, breach of the post-contractual non-compete clause must grant CaixaBank the right to receive an indemnity payment from the Executive Director for an amount proportional to that of the consideration paid.

**g) Termination clauses**

The contracts will establish the cases in which the Executive Directors may terminate the contract with a right to compensation, which may contemplate situations of breach of contract by CaixaBank, unfair dismissal or change of control of the entity.

Likewise, the contracts must acknowledge CaixaBank's right to terminate the contract in cases of breach of contract by the Executive Director, who will not be entitled to any type of compensation.

In any case of termination of the contracts, CaixaBank reserves the right to require the Executive Directors' resignation from any other posts or duties they may hold or perform within the CaixaBank Group or at any other companies in the entity's interests.

The contracts will also establish reasonable periods of advance notice in accordance with the causes of termination, and suitable compensation for the case of breach of contract, proportional to the fixed remuneration to be earned during the unfulfilled periods.

Also, the compensation and indemnity payments to be received by the Executive Directors due to the advance termination of their contracts will be governed by the provisions of section IV.11.

**h) Other contract terms**

The contracts with the Executive Directors may contain other habitual contractual clauses compatible with the LOSS, the LSC, any other applicable legislation and the Remuneration Policy.

**i) Establishment or amendment of contract terms**

The contract terms for any new Executive Directors or provided for in the agreements signed with the current Executive Directors may be established or amended by mutual agreement between the latter and the Entity in the financial years covered by the Remuneration Policy. The terms established or amended must be in accordance with the general terms set forth in this section V.1 of the Remuneration Policy and must be approved by the Board of Directors in exercise of the powers established in section 2 of Article 529 *octodecies* and in section 3 of Article 249 of the LSC.

Any terms in the contracts with any new Executive Directors or amendments to the terms set forth in the contract with the current Executive Directors must be informed of in the Annual Directors' Remuneration Report for the financial year in which they are made.

**2. CONTRACT CONDITIONS FOR MR GONZALO GORTÁZAR ROTAECHE AS CEO**

**a) General aspects**

The provision of services contract for the post of Chief Executive Officer signed with Mr. Gonzalo Gortázar Rotaeche is of a commercial nature and of indefinite duration; its validity, with effect from 1 January 2017, was established on the date of CaixaBank's 2017 General Shareholders' Meeting.

The contract contains a clear description of the duties and responsibilities and of the obligation to work exclusively for CaixaBank, under the terms of section V.1.c).

It also includes clauses on the fulfilment of duties, confidentiality and scope of responsibilities in line with that detailed in sections V.1.c) and V.1.e). The contract does not include any commitment agreements.

The contract includes provisions for its integration with the Remuneration Policy and any amendments to the same and for its adaptation to any future regulatory requirements.

**b) Post-contractual non-compete clause and consideration**

The contract contains a post-contractual non-compete clause lasting for a year from its date of termination, covering any direct or indirect financial sector activity.

In any case of termination, the consideration for the non-compete clause is established as one yearly amount of the fixed components of Mr. Tomás Muniesa Arantegui's remuneration, payable in twelve monthly instalments.

Breach of the non-compete clause will oblige Mr. Gonzalo Gortázar Rotaeché to pay CaixaBank the amount established as compensation.

**c) Causes for termination**

The contract establishes the following causes for termination:

- I. Unilateral termination by Mr. Gonzalo Gortázar due to CaixaBank's serious breach of the obligations included in the contract.
- II. Unilateral termination by CaixaBank with no just cause.
- III. Cessation or non-renewal of his position on the Board of Directors of CaixaBank and of his duties as Chief Executive Officer with no just cause.
- IV. Unilateral termination by Mr. Gonzalo Gortázar in the case of takeover of CaixaBank by any entity other than Fundación Bancaria "la Caixa" under the terms of Article 42 of the Commercial Code, or granting or transfer of all or a significant part of its business or its assets and liabilities to a third party or integration with another business group acquiring control of the Company.
- V. Mr. Gonzalo Gortázar's resignation from his post of Chief Executive Officer and termination of the contract for a justified cause (serious and culpable breach of his obligations).
- VI. Mr. Gonzalo Gortázar's voluntary resignation, providing a minimum advance notice of three months.

In the cases described in Point 1 and Point 4 above, Mr. Gonzalo Gortázar must exercise his right to terminate the contract within a maximum period of 6 months from the date on which he became aware of the cause for termination. If this period elapses without Mr. Gortázar having exercised his right to termination, he will not be entitled to receive any indemnity payments whatsoever for the circumstances giving rise to the aforementioned cause.

**d) Indemnity payments for early termination**

In all cases of termination that do not result from a justified cause or Mr. Gortázar's voluntary resignation, he will receive an indemnity payment (in addition to the compensation for the post-contractual non-compete clause established in section V.2.b).

The envisaged compensation to be received by Mr. Gonzalo Gortázar is an amount equivalent to one year of the gross fixed annual components of the envisaged remuneration, which are the amount of the annual fixed remuneration provided for in

section IV.12.c) and 85% of the annual contribution to the supplementary pension system provided for in section IV.12.h), for the amounts applicable on the date of termination of the contract.

Mr. Gortázar's right to receive the indemnity payments is subject to him simultaneously resigning from all the posts he holds in companies in the interests of CaixaBank.

## **VI. MAXIMUM AMOUNT OF DIRECTORS' REMUNERATION**

The maximum remuneration amount that the Company may annually pay to all of its Directors will be the result of adding together:

- a) The amounts for the items indicated in sections IV.12.c), d), e), f), g), h) and i) above, which remunerate the performance of executive functions by the CEO.
- b) An amount of €3,925,000, approved by the 2017 Ordinary General Shareholders' Meeting for non-executive Directors.

In the case of the CEO's severance, the amount to which he is entitled must be added to the amounts described above, in accordance with the conditions of his contract, under the terms indicated in sections V.2.b) and d) above.

The maximum amount described in this section will continue to be applicable during the term of this Remuneration Policy, unless the General Shareholders' Meeting decides to modify it in the future.

## **VII. CORPORATE GOVERNANCE OF THE REMUNERATION POLICY**

### **1. GENERAL MATTERS**

The main governance regulations applicable to CaixaBank with regard to the process of determination, application and supervision of the Remuneration Policy are described below.

### **2. FUNCTIONS OF THE BOARD OF DIRECTORS OF CAIXABANK**

The LOSS establishes that the Board of Directors of a credit institution must adopt and periodically review the main principles of its remuneration policy and take responsibility for overseeing their application.

The LSC establishes that the Board of Directors of a listed company is responsible for the following, among other non-delegable powers:

- I. determination of the company's general policies and strategies;

- II. determination of the risk management policy;
- III. determination of the company's corporate governance policy and that of the group of which it is the parent company;
- IV. appointment and dismissal of the company's Executive Directors, where the case may be, and determination of the terms of their contracts; and
- V. decisions regarding the Directors' remuneration, within the statutory framework and the remuneration policy approved by the General Meeting.

CaixaBank's By-laws and the Rules of its Board of Directors are consistent with these regulations.

Similarly, the EBA Guidelines establish the following as duties of the entity's Board of Directors, among others:

- I. adopting and maintaining the entity's remuneration policy and supervising its application in order to guarantee it is fully operational, as anticipated;
- II. approving any subsequent significant exemptions with regard to individual members of staff and changes in the remuneration policy, and carefully contemplating and controlling their effects; and
- III. guaranteeing that the entity's remuneration policies and practices are adequately applied and are in accordance with the entity's general corporate governance framework, corporate culture, risk appetite and capital structure.

### **3. FUNCTIONS OF THE CAIXABANK REMUNERATION COMMITTEE**

The functions attributed by the LSC to a listed company's Remuneration Committee include proposing the Directors' Remuneration Policy to the Board of Directors.

CaixaBank's By-laws and the Rules of its Board of Directors are consistent with these regulations.

Lastly, in accordance with the EBA Guidelines, the Remuneration Committee of CaixaBank must perform the following functions:

- I. drawing up the remuneration decisions to be made by the Board of Directors, particularly with regard to the remuneration of the executive Directors, together with the rest of the Identified Group;
- II. providing support and advice to the Board of Directors with regard to the definition of the entity's remuneration policy;
- III. supporting the Board of Directors with regard to control of the remuneration policies, practices and processes and compliance with the remuneration policy;

- IV. checking that the current remuneration policy is up to date and proposing any necessary changes;
- V. reviewing the appointment of any external remuneration consultants that the Board of Directors may wish to contract in order to receive advice or support;
- VI. guaranteeing the adequacy of the information on remuneration policies and practices provided to the shareholders, and in particular the proposal of any upper limits exceeding the ratio between the fixed and variable remuneration;
- VII. evaluating the mechanisms and systems adopted in order to guarantee that the remuneration system takes into due consideration the risk types and the liquidity and capital levels and that the general remuneration policy encourages and is coherent with adequate, efficient risk management and is in line with the entity's business strategy, objectives, corporate culture and values and long-term interests;
- VIII. where the case may be, evaluating the achievement of the results targets and the need for any ex-post risk adjustments, including the application of remuneration reduction clauses and recovery of remuneration already paid; and
- IX. where the case may be, reviewing different possible scenarios in order to analyse how the remuneration policies and practices react in the case of internal and external events, and back-testing the criteria used to determine ex-ante risk assumption and adjustment based on real risk results.

The Remuneration Committee's proposals are submitted to the CaixaBank Board of Directors for its consideration and, where the case may be, approval. If the decisions correspond to the CaixaBank General Shareholders' Meeting, in accordance with its powers, the CaixaBank Board of Directors approves their inclusion on the agenda and the proposals for the corresponding agreements, accompanied by the mandatory reports.

#### **4. FUNCTIONS OF CAIXABANK'S CONTROL DEPARTMENTS AND MANAGEMENT COMMITTEE**

The EBA Guidelines establish the need for the control functions (internal audit, risk control and management, regulatory compliance), other appropriate corporate bodies (HR, legal affairs, strategic planning, budgeting, etc.) and the business units to provide the necessary information in relation to the definition, implementation and supervision of the entity's remuneration policies; also, the EBA Guidelines entrust specific responsibilities to the functions of HR, risk management, compliance and internal auditing, which are assumed by the corresponding departments of CaixaBank.

Similarly, the CaixaBank Management Committee includes representatives from the areas of risk, finance, internal auditing, human resources and the administrative office (legal affairs), among others, and it is responsible for guaranteeing that the necessary information is obtained and drawn up so that the Remuneration Committee can

efficiently perform its duties. The CaixaBank Human Resources Department is responsible for initiating this action by the CaixaBank Management Committee.

In order to avoid conflicts of interest, the Remuneration Committee is directly responsible for obtaining, drawing up and reviewing the information on the remuneration of the members of the CaixaBank Board of Directors for both their supervisory and executive functions, and the members of the CaixaBank Management Committee are directly counselled by the Remuneration Committee.

**Annex 2**

**Remuneration Committee's Report on the proposal for amendment  
of the Board of Directors' Remuneration Policy**

**Article 529 novodecies of the Spanish Corporation Law**

Barcelona, 18 February 2019

## I. INTRODUCTION

Article 529 novodecies of the current Spanish Corporation Law (**LSC**) sets forth the obligation for listed companies to draw up any proposals for approval, amendment or substitution of the Board of Directors' Remuneration Policy and to submit them for approval to the General Shareholders' Meeting.

The proposal drawn up for the Board of Directors' Remuneration Policy must be reasoned and accompanied by a specific report by the Remuneration Committee.

In compliance with this legal precept, the Remuneration Committee of the Board of Directors of CaixaBank, S.A. (**CaixaBank** or the **Company**) has drawn up this report (the **Report**) on the proposal for amendment of the Board of Directors' Remuneration Policy (the **Remuneration Policy**) for the financial years 2017 to 2020, both inclusive, for submission to the Board as a plenary body. If approved, it will replace the Board of Directors' Remuneration Policy approved by the CaixaBank General Meeting on 6 April 2018 in its entirety, without prejudice to the effects produced and consolidated during its validity period.

## II. REASONS FOR AMENDMENT OF THE REMUNERATION POLICY

The proposed modification of the Remuneration Policy approved on 6 April 2018 is justified for the following reasons:

- (i) On 22 November 2018, Mr. Tomás Muniesa Arantegui ceased to be a director with executive duties, and since that date he has been classified as a Proprietary Director. It is therefore necessary to amend the Remuneration Policy, removing the references to Mr. Muniesa as Executive Director of the Company.
- (ii) The Board of Directors has updated the remuneration of Mr. Gonzalo Gortázar Rotaache for the 2019 financial year, and it is therefore necessary to include the new remunerations in the Remuneration Policy for their corresponding approval by the General Shareholders' Meeting.
- (iii) Lastly, and as a result of the completion of the 2015-2018 Incentive Plan, the Board of Directors will propose to the General Shareholders' Meeting the approval of a new Incentive Plan, linked to the 2019-2021 Strategic Plan, aimed at the Executive Directors, the members of the Management Committee and the rest of the management team and key employees of the CaixaBank Group, thus continuing the incentive plan that ended in 2018. It is therefore necessary to amend the Remuneration Policy in order to incorporate the existence of the new Incentive Plan, subject of course to its approval by the General Shareholders' Meeting.

Other formal modifications are also introduced (i.e. dates, financial years) in order to update the Remuneration Policy in relation to the amendments listed above, together with the maximum amount of remuneration to be paid to directors, both for their executive and non-executive functions.

The main amendments proposed to the Remuneration Policy are detailed below in this Report.

### **III. MAIN AMENDMENTS TO THE REMUNERATION POLICY WITH REGARD TO THE PREVIOUS POLICY**

#### **1. IN RELATION TO THE TERMINATION OF THE EXECUTIVE DIRECTOR DUTIES OF MR. TOMÁS MUNIESA ARANTEGUI**

On 22 November 2018, Mr. Tomás Muniesa Arantegui ceased to be an Executive Director and, as of that date, he was classified as a Proprietary Director. As a result, his remuneration as a Director has since corresponded to that of the Directors in his capacity as such.

In accordance with the above, in the proposal to amend the Remuneration Policy of the Board of Directors to be submitted to the General Shareholders' Meeting on 5 April 2019, it is appropriate to remove the references to Mr. Tomás Muniesa Arantegui as Executive Director, as well as the corresponding remunerations in his capacity as executive.

As a consequence of the termination of his position as an Executive Director, the Company proceeded to pay all the remuneration and compensatory items provided for in his contract, strictly adhering to the contractual provisions and the Board of Directors' Remuneration Policy approved by the Company's General Shareholders' Meeting.

In summary, the settlement of the remuneration items provided for in the service contract occurred as follows:

- (i) The basic remuneration provided for in the contract for 2018 was paid in proportion to the time during which he was classified as an Executive Director of the Company, i.e. from the entry of the position in the Bank of Spain's Register of Managers, that is, from 1 May 2018, until his reclassification as a Proprietary Director on 22 November 2018.
- (ii) Similarly, the 85% contribution of the defined annual social insurance supplement for 2018 and the 15% contribution of the defined annual social insurance supplement for 2018 were made in proportion to the period during which he was considered an Executive Director of the Company.
- (iii) As from 22 November 2018, CaixaBank was no longer responsible for paying his medical insurance cover.
- (iv) He did not receive any amount in respect of the planned 2018 variable annual remuneration.
- (v) In relation to the CaixaBank 2015-2018 Long-Term Variable Remuneration Plan approved by the General Shareholders' Meeting held on 23 April 2015, the shares due to him will be calculated in proportion to the time the services were rendered.

- (vi) As a consequence of the termination of the service contract, the accumulated funds in the savings insurance were consolidated, as established in the said contract.
- (vii) In relation to the funds accumulated in the Discretionary Benefit Policy, they will be subject to the conditions established in the Board of Directors' Remuneration Policy in force on the date on which Tomás Muniesa Arantegui ceased to be an Executive Director, the service contract and the aforementioned policy; all in accordance with the provisions of the Bank of Spain Circular 2/2016, of 2 February.
- (viii) By virtue of the stipulations of the service contract, its termination did not result in any indemnity payment whatsoever being payable to Mr. Tomás Muniesa Arantegui.
- (ix) Any payments corresponding to fixed or variable remuneration, in cash or in kind, benefits (use of a car, driver, company cards, etc.), contributions to savings or company insurance schemes, remuneration of Directors for executive functions or other payments linked to the status of Executive Director of the Company ceased as from 22 November 2018, the date on which Tomás Muniesa Arantegui ceased to be an Executive Director, except as expressly provided for in previous sections.

## **2. IN RELATION TO THE UPDATING OF THE REMUNERATION OF MR. GONZALO GORTÁZAR ROTAECHE FOR 2019**

The Board of Directors of CaixaBank, following a favourable report from the Remuneration Committee, has updated the remuneration of Mr. Gonzalo Gortázar Rotaeche as Chief Executive Officer of the Company for the 2019 financial year. It is therefore necessary to include Mr. Gortázar's remuneration in the Remuneration Policy in order to submit it for approval by the General Shareholders' Meeting.

The remuneration of Mr. Gonzalo Gortázar Rotaeche proposed for inclusion in the aforementioned Policy is as follows:

- (i) The fixed cash remuneration to be paid in 2019 will be €2,261,200, the same amount as in 2018 (section IV.12.c) of the Remuneration Policy).
- (ii) The estimated remuneration for positions held in group companies or in the interest of CaixaBank in 2019 is €704,900 (€1,075,623 in 2018), (section IV.12.c) of the Remuneration Policy). This remuneration is deducted from the cash amount payable by CaixaBank as fixed remuneration under (i) above.
- (iii) The remuneration for merely being a member of the Board of Directors of CaixaBank or its committees amounts to €140,000, the same amount as in 2018, and is also deducted from the fixed remuneration as Chief Executive Officer in section (i) above (section IV.12.c) of the Remuneration Policy).
- (iv) The target for variable remuneration in the form of a bonus for 2019 is €708,800, the same amount as in 2018 (section IV.12.d) of the Remuneration Policy).

- (v) The payment of returns on deferred cash in 2019 is €400 (€510 in 2018) (section IV.12.e) of the Remuneration Policy).
- (vi) Mr. Gonzalo Gortázar Rotaecche will be included in the targeted annual incentive plan linked to the CaixaBank Group's Strategic Plan 2019 - 2021, if it is approved by the General Shareholders' Meeting, which is scheduled to be held on 5 April 2019, being able to receive for the first cycle of the aforementioned Plan a maximum number of 73,104 shares (section IV.12.g) of the Remuneration Policy) that would be received, if applicable, in thirds in the years 2023, 2024 and 2025, assuming that all the targets corresponding to the first cycle of the Plan are met over and above those budgeted. The Chief Executive Officer will also receive the shares due to him as a result of the settlement of the CaixaBank 2015-2018 Long-Term Variable Remuneration Plan (section IV.12.f) of the Remuneration Policy) and of which due account will be taken in the Annual Directors' Remuneration Report.
- (vii) As part of the long-term savings system, a total defined contribution of €500,000 will be made in 2019 (€330,000 in 2018) to cover the contingencies of retirement, death, permanent incapacity and total, absolute or major disability. The estimate of the premium for covering death, permanent incapacity and total, absolute and major disability for an amount equivalent to two years' fixed remuneration at the time the contingency occurs is approximately €52,560 for 2019 (€43,000 in 2018) (section IV.12.h) of the Remuneration Policy).
- (viii) The target amount for the Discretionary Pension Benefit Policy is €75,000 for 2019 (€49,500 in 2018) (section IV.12.h) of the Remuneration Policy).
- (ix) Finally, the medical care insurance is valued at €5,610 for 2019 (€5,408 in 2018) (section IV.12.i) of the Remuneration Policy).

**3. IN RELATION TO THE PROPOSAL AT THE GENERAL SHAREHOLDERS' MEETING SCHEDULED FOR 5 APRIL 2019 FOR APPROVAL OF A NEW TARGETED ANNUAL INCENTIVE PLAN LINKED TO THE 2019 - 2021 STRATEGIC PLAN FOR EXECUTIVE DIRECTORS, MEMBERS OF THE MANAGEMENT COMMITTEE AND THE REST OF THE MANAGEMENT TEAM AND KEY EMPLOYEES OF THE CAIXABANK GROUP**

As a result of the completion of the incentive plan for the period 2015 - 2018, the Board of Directors has proposed for approval at the General Shareholders' Meeting scheduled for 5 April 2019 a new incentive plan linked to the 2019 - 2021 Strategic Plan (the **Plan**) for the Executive Directors, the members of the Management Committee and the rest of the management team and key employees of the CaixaBank Group.

The terms and conditions of the Plan, including its description and purpose, beneficiaries, duration and settlement of the Plan, are those set forth in Motion for Resolution no. 8 of the above-mentioned General Shareholders' Meeting to be held on 5 April 2019.

As a consequence of the submission of this Plan for its approval at the General Shareholders' Meeting, it is now necessary to amend CaixaBank's Remuneration Policy in order to include

in it the main characteristics of the aforementioned Plan, thus forming part of the aforementioned Remuneration Policy, if the General Shareholders' Meeting ultimately approves its implementation.

#### **IV. CONCLUSION**

In accordance with the contents of this Report, the Remuneration Committee of CaixaBank considers that the Remuneration Policy should be amended for the above-mentioned reasons. The proposed amended Remuneration Policy contains the references required by the applicable regulations. The Remuneration Committee also considers that its content is in line with the applicable regulations, particularly as regards regulation of the remuneration of listed credit institutions, complies with prudential criteria for risk assumption, good governance and transparency and is in line with the interests of shareholders.



**DETAILED RECOMMENDATION FOR THE MOTION TO APPROVE  
THE MAXIMUM LEVEL OF VARIABLE REMUNERATION FOR  
EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A  
SIGNIFICANT IMPACT ON THE COMPANY'S RISK PROFILE**

**Board of Directors – 21 February 2019**

## I. PURPOSE OF THE RECOMMENDATION

Section g) of Article 34 of Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions (hereinafter referred to as the **LOSS**) establishes that when credit institutions set the variable components of the remuneration for senior managers, employees assuming risks or performing control functions and any workers whose overall remuneration places them in the same wage bracket as the senior managers and employees assuming risks whose work has a major impact on the company's risk profile (hereinafter referred to as the **Identified Group**), they must determine suitable ratios between the fixed and variable components of the total remuneration, applying the following guidelines:

1. The variable component must not exceed 100% of the fixed component of the total remuneration for each person.
2. The entity's shareholders may however approve a higher level than that indicated in the previous paragraph, providing it does not exceed 200% of the fixed component of the total remuneration.

For approval of this higher level of variable remuneration, the aforementioned Article establishes that the entity's shareholders must base their decision on a detailed recommendation by the Board of Directors or equivalent body, which must state the grounds and the scope of the decision and include the number of persons in question and their posts, together with the expected effect on the entity's capacity to maintain a sound capital base (hereinafter referred to as the **Detailed Recommendation**).

The Board of Directors of CaixaBank, S.A. (hereinafter referred to as **CaixaBank**, the **Company** or the **Entity**), in accordance with the said section g) of Article 34 of the LOSS, issues this Detailed Recommendation for approval of the motion for resolution to approve the maximum level of variable remuneration (200% of the fixed components) for a total of 154 posts in the Identified Group, which is included in item 10 of the Agenda of the Company's General Shareholders' Meeting called for 4 April 2019, on first call, and for the following day, 5 April 2019, on second call.

## II. APPLICABLE LEGISLATION

The variable components of the Identified Group's remuneration are mainly governed by Article 34 of the LOSS, the said section g) of which governs the ratios to be established in relation to the fixed components and the mechanisms for determining them.

The variable remuneration components include not only the annual bonuses or variable incentive payments but also payments earned via multi-year incentives, together with other items such as early termination payments (indemnity payments, non-compete clause compensation) or payments for abandonment of contracts with other companies (normally called hiring bonuses or similar).

To implement the above, section 117 of the Guidelines of the European Banking Authority<sup>1</sup> (hereinafter referred to as the **EBA Guidelines**) establishes the criteria for a remuneration component to be considered fixed remuneration, and section 116 states that when it is not possible to clearly assign a component to fixed remuneration on the basis of these criteria the said component will be considered variable remuneration.

Thus, on calculating variable remuneration for purposes of determining the maximum ratio, it must include all components granted in a determined financial year that cannot be considered fixed remuneration, by their very nature or residually, including, as previously mentioned, not only the bonuses or annual and multi-year incentives but also other items such as indemnity payments for contract termination and compensation for post-contractual non-compete commitments.

With regard to early termination payments, section 154 of the EBA Guidelines, despite reiterating that severance payments are considered variable remuneration, establishes that such payments must not be contemplated on calculating the ratio or be subject to application of deferral and payment in instruments if they are included in any of the following categories:

1. severance payments obliged by Spanish labour legislation<sup>2</sup>;
2. indemnity payments obliged by a Court ruling;
3. indemnity payments calculated using a generic formula previously defined in the remuneration policy in the cases mentioned in section 149 of the EBA Guidelines<sup>3</sup>;
4. severance settlements made when they are subject to a non-compete clause (“paid leave”) in the contract and paid in future financial years up to the maximum amount of fixed remuneration that has been paid in the non-compete period if the member of staff was still employed; or
5. severance payments envisaged in section 149 of the EBA Guidelines that cannot be included in items 1, 2 and 3 above, when the entity has demonstrated the reasons and the suitability of the amount of severance payment to the competent authority.

### **III. VARIABLE COMPONENTS IN CAIXABANK’S REMUNERATION POLICIES**

1. General remuneration policy for variable remuneration

The remuneration guidelines approved by the Board of Directors and generally

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<sup>1</sup> Guidelines on adequate remuneration policies by virtue of Articles 74, section 3, and 75, section 2, of Directive 2013/36/EU and reporting by virtue of Article 450 of Regulation (EU) no. 575/2013 (EBA/GL/2015/22). Although the European Banking Authority Guidelines do not actually form part of EU Law, the EU Regulation governing their creation and functioning establishes that the competent authorities and the entities must make every effort to “comply with them”.

<sup>2</sup> Taken to mean those legally established as being mandatory or minimum by the Workers' Statute or by Royal Decree 1382/1985, of 1 August, governing special labour relationships for senior management staff.

<sup>3</sup> This section refers to cases of non-viability of the credit institution, significant reduction of activities, acquisition of business areas by other entities or agreements in case of labour conflict to prevent the case from being brought before the courts.

applicable to the Entity and its group include the principle that the fixed and welfare benefit components should constitute the predominant part of the overall remuneration conditions, and that the variable remuneration item should tend to be conservative, given its potential as a risk generation factor.

This conservative principle for variable remuneration is reflected in both the General Remuneration Policy for CaixaBank and its group and the specific Remuneration Policies for the Board of Directors and CaixaBank's Identified Group.

There follows a description of the approach to the variable remuneration components in these policies.

## 2. Board of Directors' Remuneration Policy

### a) General Considerations

The current CaixaBank Board of Directors' Remuneration Policy (hereinafter referred to as the **BDRP**) only envisages variable remuneration components for the executive Directors.

With the aim of achieving a fair, prudent balance between fixed and variable remuneration components for the Executive Directors, the BDRP establishes that the fixed remuneration amounts must be sufficient; the percentage of variable remuneration in bonus form with regard to the fixed annual remuneration is relatively low in general, not normally exceeding 40%, without contemplating other possible variable components such as the Long-term Incentive Plans (hereinafter referred to as **LTI**).

It also establishes that the variable component of the executive Directors' remuneration must not exceed 100% of the fixed component of each executive Director's total remuneration, unless the CaixaBank General Meeting approves a higher level, which must not exceed 200% of the fixed component, in accordance with the form, requirements and procedures set forth in the LOSS.

The executive Directors' different variable remuneration components are mainly governed by sections IV.3 - IV.6, IV.9 and IV.11 (early termination payments) of the BDRP and are determined according to the legally established parameters for deferrals, payment in instruments, retention, maximum ratio calculation and malus and clawback clauses.

### b) Considerations on termination payments

With regard to early termination payments, section IV.11.a) of the BDRP establishes that the amount of the **termination payments** for the Executive Directors' contracts must always be set so as not to exceed the legally established limits for the maximum ratio of variable remuneration, taking into account the criteria of the EBA Guidelines.

As to payments for **post-contractual non-compete clauses**, section IV.11.b) of the BDRP sets forth that contracts signed with executive Directors may contain agreements of this kind, the compensation consisting of an amount that must not

generally exceed the sum of the fixed components of the remuneration the executive Director would have earned if he or she had continued working for the Entity; the compensation amount must be divided into future periodical instalments payable during the validity period of the non-compete clause.

Finally, section IV.11.e) of the BDRP establishes that making early termination payments cannot lead to the Entity's infringement of the variable remuneration limits in relation to the fixed remuneration set forth by the applicable legislation, and that the early termination payments must be reduced as necessary to comply with the mandatory limits.

c) The Entity's practice

In accordance with the contractual practice followed by CaixaBank since the application of the EBA Guidelines, when indemnity payments have been established in executive Directors' contracts they have been set at an amount equal to a year's payment of the fixed remuneration components; also, the duration of the non-contractual non-compete clauses of the currently valid contracts is one year, and the compensation has been set at an amount equal to a year's payment of the fixed remuneration components, payable on a monthly basis in twelve equal parts.

As the Executive Directors' contracts are commercial rather than employment contracts, the indemnity payment agreed on would fully count as variable remuneration in the remuneration ratio, in accordance with the previously mentioned regulations, if it was applicable in the case of termination of the contract. On the other hand, the post-contractual non-compete clause compensation would be excluded from this calculation, even though it is still considered a variable component.

3. Remuneration Policy for the Identified Group<sup>4</sup>

a) General Considerations

As is the case for the BDRP, the current Remuneration Policy for CaixaBank's Identified Group (hereinafter referred to as the **RPIG**) reflects the Entity's conservative policy with regard to variable remuneration components.

In particular, it is established in the RPIG that CaixaBank considers that the higher the variable remuneration in relation to the fixed remuneration, the greater the incentive to achieve the required results will be and the associated risks may therefore also be greater, while if the fixed component is too low in relation to the variable remuneration it may be difficult to reduce or eliminate the variable remuneration in a financial year in which poor results have been obtained.

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<sup>4</sup> Although the members of CaixaBank's Board of Directors, both executive and non-executive, are included in the Identified Group, the latter are not included in the Remuneration Policy for CaixaBank's Identified Group as they are subject to specific regulation in the Board of Directors' Remuneration Policy.

The RPIG implicitly considers that the variable remuneration can become a potential incentive to assume risks, and a low level of variable remuneration is therefore a simple method of protecting against such incentives.

On the other hand, the RPIG establishes that the level of risk assumption must also take into account the category of the professionals in the Identified Group, applying the internal proportionality principle whereby the appropriate balance of fixed and variable remuneration components may vary between professional categories, depending on the market conditions and the specific context in which the Entity operates.

Therefore, with the aim of achieving a reasonable, prudential balance between the fixed and variable remuneration components, the RPIG reiterates that in the case of the CaixaBank Group the fixed remuneration amounts are sufficient, and the percentage of variable remuneration over the annual fixed remuneration is generally relatively low.

Lastly, the RPIG reproduces the EBA Guidelines on establishing that the remuneration of the professionals responsible for independent control functions should tend to be mainly fixed, and that when these professionals receive variable remuneration it should be determined separately from that of the business units they control, including the results deriving from business decisions in which these professionals are involved.

The different variable remuneration components for the members of the Identified Group are mainly governed by sections 7 - 10, 13, and 15 (early termination payments) of the RPIG and are determined in compliance with the legally established parameters for deferrals, payment in instruments, retention, maximum ratio calculation and malus and clawback clauses.

#### b) Considerations on termination payments

With regard to early termination payments, section 15.1 of the RPIG establishes that in general, obligations concerning **indemnity payments for termination of employment** assumed by the Entity are subject to the applicable regulations; thus, in the case of ordinary employment contracts, the Workers' Statute establishes that a determined indemnity payment is to be made in the cases and for the amounts set therein, which must be for a minimum amount, compulsory and non-distributable.

For the professionals in the Identified Group with an ordinary labour relationship it is determined that the amount of the redundancy or severance payments to be calculated for purposes of the maximum variable remuneration ratio must not exceed the legally established limits.

For the professionals in the Identified Group with a senior management relationship, it is determined that with the limit of the rule itself, in general and unless the applicable legislation gives rise to a higher compulsory amount, the quantity of redundancy or severance payments must not exceed the amount of all the fixed remuneration components for one year, without prejudice to the compensation

agreed on in the post-contractual non-compete commitments, where the case may be.

In this regard, for cases in which the contract includes a **post-contractual non-compete clause**, section 15.2 of the RPIG establishes that the compensation must consist of an amount that must not generally exceed the sum of the fixed components of the remuneration the executive Director would have earned if he or she had continued working for the Entity, and that the compensation amount must be divided into future periodical instalments payable throughout the validity period of the non-compete clause.

Additionally, section 15.5 of the RPIG governs payments for **severance covered by the collective plan**, applicable in general to all CaixaBank employees (hereinafter referred to as the **CPS**)<sup>5</sup> who comply with the conditions set forth in this plan, and which may be adhered to by the members of the Identified Group with a labour relationship.

In accordance with the most conservative interpretation of the applicable regulations, the RPIG classifies CPS payments for members of the Identified Group as variable remuneration subject, where the case may be, to the exceptions envisaged in Article 154 of the EBA Guidelines (previously referred to in section II of this Detailed Recommendation), and the part of the CPS payments that cannot be exempted by virtue of this provision must therefore be totally submitted to the payment cycle regulations (deferral, payment in instruments, retention, calculation of the remuneration ratio, malus and clawback clauses) applicable to all the other variable remuneration components.

Finally, section 15.6) of the RPIG establishes that under no circumstances may making early termination payments give rise to the Entity's infringement of the variable remuneration limits in relation to the fixed remuneration set forth by the applicable legislation, and that the early termination payments must be reduced as necessary to strictly comply with the mandatory limits.

#### c) The Entity's practice

In accordance with the contractual practice followed by CaixaBank since the application of the EBA Guidelines, for members of the Identified Group with a senior management contract an indemnity payment has generally been established consisting of either (i) the indemnity payment that would correspond to them by virtue of the Workers' Statute in accordance with a suspended previous ordinary employment contract or (ii) a year's payment of the fixed components of the annual remuneration, whichever is the highest.

Also, as a general rule, for the members of the Identified Group whose contracts contain post-contractual non-compete clauses, their duration has been set at one

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<sup>5</sup> These plans are habitually subject to negotiation and agreement with the CaixaBank workers' representatives, and they extend to the entire group of CaixaBank employees who comply with certain requirements established therein (habitually including seniority and age requirements).

year, and their compensation also generally consists of an amount equal to one year's payment of the fixed components of the remuneration, payable on a monthly basis in twelve equal parts.

In accordance with the rule described, for senior management contracts where there is a suspended previous ordinary employment contract for which the indemnity payment earned up until the time of suspension exceeds the amount of one year's payment of the fixed components, the former will be applied, and it will not count towards the calculation of the ratio in accordance with the aforementioned regulation in section 154 of the EBA Guidelines; on the other hand, if no indemnity payment has been accumulated (as there is no suspended previous ordinary employment contract) or if its amount is lower than one year's payment of the fixed components, the applicable indemnity payment will be the equivalent of one year's payment of the fixed components, and it will count towards the remuneration ratio insofar as it exceeds the accumulated indemnity payment resulting from the previous ordinary labour relationship (if this relationship exists).

Finally, the post-contractual non-compete clause compensation established under the above terms would not count towards the calculation of the remuneration ratio, even though it is still considered a variable component.

#### IV. CASES GIVING RISE TO THE MOTION TO INCREASE THE MAXIMUM VARIABLE REMUNERATION RATIO AND JUSTIFICATION

The cases giving rise to the motion to increase the maximum variable remuneration ratio, and their justification, are as follows:

1. The need to adapt to standard practice and market competition.

Although CaixaBank's remuneration policy generally establishes relatively low variable remuneration in relation to the fixed components and welfare benefits, the proportion established between the fixed and variable components for certain specific posts must comply with standard market practice for equivalent posts, both in Spain and internationally, on the basis of market surveys and information drawn up by top-level specialist companies.

European credit institutions are required to limit their variable remuneration regardless of the location of their business, while non-EU entities are only subject to this limitation for the business they carry out in Europe. As an entity with international vocation, CaixaBank must invest itself with the maximum potential and the necessary flexibility to be competitive with regard to attracting and retaining talent. CaixaBank must thus be able to attract, motivate and retain the best professionals for the posts in question, through a remuneration system comparable to those of the Company's direct competitors.

As in previous years, increasing the maximum ratio to 200% would affect a limited number of posts in the Identified Group. These 35 posts are listed in **Heading I** of the **ANNEX** to this Detailed Recommendation.

However, in accordance with the Entity's current remuneration principles and

practices, the motion is for limited, specific and non-generalised use of variable remuneration in bonus form in the case of it possibly exceeding 100% of the fixed component.

## 2. Co-existence of different variable components in the same year of payment

As explained in previous sections, the obligatory classification of the different types of remuneration by fixed and variable components (with no intermediate or additional categories existing) and the form of defining each one (a variable component is any component that cannot be defined as fixed) means that in the same financial year different types of variable remuneration may be earned, all of them subject to the maximum ratio applicable to the Entity (variable remuneration in bonus form, long-term variable incentives, early termination payments or, alternatively, payments made under the CPS).

In the case of CaixaBank, although conservative policies have been applied with regard to variable remuneration, in some cases early termination payments or payments made under the CPS may have to be reduced as their overall amount exceeds the limit of 100% of the fixed components when they are calculated together with the rest of the variable components and are not totally or partially exempted from this calculation, in accordance with section 154 of the EBA Guidelines.

Increasing the maximum ratio to 200% in these cases would enable the Entity – without modifying its conservative policies for variable remuneration in bonus form, long-term incentives and early termination payments – to increase its quantitative capacity to cater to all the commitments acquired with the members of the Identified Group on equal terms with the rest of the Entity's employees (notwithstanding the fact that insofar as their payment is classified as a variable component and not excluded from the calculation in accordance with section 154 of the EBA Guidelines it must be made according to the principles of deferral, payment in instruments, retention, calculation of the remuneration ratio, malus and clawback clauses applicable).

As in previous years, increasing the maximum ratio to 200% would affect a limited number of members of the Identified Group, who are listed in **Heading I** of the **ANNEX** to this Detailed Recommendation.

Although at present the number of specific persons holding posts in the Identified Group that could be affected by an obligatory reduction of the early termination payments or payments under the CPS is limited, given their contractual situation and the mandatory workers' compensation earned, the possible replacement of these persons in their posts may result in the aforementioned reduction being applied to the persons replacing them, and the increase in the maximum ratio aims to palliate this situation.

For this reason, on increasing the maximum ratio to 200% all the posts in the Identified Group with acknowledged variable remuneration components must ultimately be included, and these posts – a total of 154 – are listed in **Headings I and II of the ANNEX**.

Approval of the maximum ratio on the grounds stated in this section (**section** ¡Error! No se encuentra el origen de la referencia..¡Error! No se encuentra el origen de la referencia.) does not entitle the Entity to modify its conservative policies for variable remuneration components in general or make a general revision of the conditions of the contracts of the members of the Identified Group, but rather, as previously indicated, has the purpose of increasing the Entity's capacity to cater to the individual and collective commitments acquired with regard to termination payments on equal terms for all the members of its Identified Group and the rest of its staff for whom variable remuneration components have been acknowledged.

#### V. EFFECT OF THE MOTION ON MAINTAINING A SOUND CAPITAL BASE

For the 35 posts for which the variable remuneration in bonus form may ultimately exceed 100% of the fixed components (described in **section** ¡Error! No se encuentra el origen de la referencia..¡Error! No se encuentra el origen de la referencia. above and listed under **Heading I of the ANNEX** to this Detailed Recommendation), the estimated maximum joint amount for this excess, even in hypothetical cases where it is not expected to occur, would be €2,510,000.

For the rest of the 119 posts in the Identified Group for which variable remuneration components have been acknowledged (described in **section** ¡Error! No se encuentra el origen de la referencia..¡Error! No se encuentra el origen de la referencia. of this Detailed Recommendation), given that their impact is merely potential, even in the case of different variable components coexisting and affecting the totality of the persons currently holding the posts on the list whose contractual status obliges reduction of early termination payments or payments under the CPS, the financial impact would be €11,340,000.

The Board of Directors considers that the aggregate amount of both figures (€13,850,000) would have no significant impact on maintaining a sound capital base and would not affect the Entity's solvency obligations.

#### VI. MOTION FOR RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING

By virtue of the above, the Board of Directors proposes approval of the following resolution to the General Shareholders' Meeting:

***Approval of the maximum level of variable remuneration that may be earned by employees whose work has a significant impact on the Company's risk profile.***

*Approval of the level of variable remuneration for the one hundred and fifty-four (154) posts in the group of employees whose work has a significant impact on the Company's risk profile (the Identified Group), as referred to in the "Board of Directors' detailed recommendation for the motion for resolution to approve the maximum level of variable remuneration for professionals belonging to the Identified Group", reaching two hundred percent (200%) of the fixed component of their total remuneration, all by virtue of and subject to the provisions of Article 34 of Law 10/2014 of 26 June on regulation, supervision and solvency of credit institutions.*

*The sole purpose of the approval of this resolution for the one hundred and nineteen (119) posts listed under Heading II of the document attached hereto as an annex to the aforementioned Detailed Recommendation is to increase the Company's capacity to cater to the individual and collective commitments acquired with regard to early termination payments on equal terms for all the members of its Identified Group and the rest of its staff for whom variable remuneration components have been acknowledged, without implying any general modification of the Company's current remuneration practices and policies.*

Valencia, 21 February 2019

**ANNEX**

**to the detailed recommendation on the motion for resolution to approve the  
maximum level of variable remuneration for professionals belonging to the  
Identified Group**

NUMBER OF PERSONS AND POSTS AFFECTED

Heading I Posts in the Identified Group affected for market reasons

POST	No. of persons
BRANCH MANAGER & MANAGING DIRECTOR - SALES	1
COMMERCIAL MANAGER – MADRID – MADRID III REGION	1
REGIONAL MANAGER - CASTILLA LA MANCHA – EXTREMADURA REGION	1
REGIONAL MANAGER – GALICIA REGION	1
EXECUTIVE DIRECTOR – PRIVATE BANKING AND PREMIER BANKING	1
MANAGING DIRECTOR - ALM	1
MANAGING DIRECTOR - ASSET FINANCE	1
MANAGING DIRECTOR - CORPORATE & ACQ. FINANCE & REAL ESTATE	1
MANAGING DIRECTOR - CORPORATE BANKING UNIT	1
MANAGING DIRECTOR - DEBT CAPITAL MARKETS & FICC SALES	1
MANAGING DIRECTOR - MARKETS	1
MANAGING DIRECTOR - PROJECT FINANCE	1
MANAGING DIRECTOR - RATES AND EQUITY DERIVATIVES	1
MANAGING DIRECTOR - RESEARCH	1
MANAGING DIRECTOR - RESEARCH FIXED INCOME, FX & STRATEGY	1
MANAGING DIRECTOR - TECHNICAL BUSINESS UNIT	1
MANAGING DIRECTOR - TRANSACTIONAL BANKING	1
MANAGING DIRECTOR - CONSTRUCTION & INFRASTR. 1&2 & REAL ESTATE - CORPORATE BANKING UNIT	1
MANAGING DIRECTOR - ENERGY & TELECOM - CORPORATE BANKING UNIT	1
SENIOR DIRECTOR - HEAD OF WHOLESALE FUNDING - ALM	1
SENIOR DIRECTOR - EQUITY CAPITAL MARKET - EQUITIES & CORPORATE FINANCE	1
SENIOR DIRECTOR - FIXED INCOME PORTFOLIO - ALM	1
SENIOR DIRECTOR - LOANS - MARKETS	1
SENIOR DIRECTOR - PUBLIC DEBT - MARKETS	1
SENIOR DIRECTOR - EQUITY DERIVATIVES - RATES AND EQUITY DERIVATIVES	1
SENIOR DIRECTOR - EXOTIC INTEREST RATES & INFLAT. DERIVAT. - RATES AND EQUITY DERIVATIVES	1
SENIOR DIRECTOR - FIXED INCOME - MARKETS	1
SENIOR DIRECTOR - FOREIGN EXCHANGE - MARKETS	1
SENIOR DIRECTOR - FX SPOT AND FORWARD - MARKETS	1
SENIOR DIRECTOR - FX VOLATILITY - MARKETS	1
SENIOR DIRECTOR - COLLATERAL MANAGEMENT - ALM	1

(continued)

POST	No. of persons
SENIOR DIRECTOR – STRUCTURAL BALANCE SHEET RISK MANAGEMENT - ALM	1
SENIOR DIRECTOR - CVA-FVA MANAGEMENT AND PRICING - ALM	1
SENIOR DIRECTOR - INTEREST RATES DERIVATIVES & COMMODITIES - RATES AND EQUITY DERIVATIVES	1
SENIOR DIRECTOR - STRUCTURED LIABILITIES - RATES AND EQUITY DERIVATIVES	1

Heading I Other posts in the Identified Group affected by coexisting variable remuneration components

POST	No. of persons
CHIEF EXECUTIVE OFFICER	1
BUSINESS MANAGING DIRECTOR	1
MANAGING DIRECTOR OF HUMAN RESOURCES AND ORGANISATION	1
CHIEF RISK MANAGER	1
GENERAL SECRETARY AND SECRETARY OF THE BOARD OF DIRECTORS	1
EXECUTIVE DIRECTOR OF THE INTERNAL AUDIT DEPARTMENT	1
EXECUTIVE DIRECTOR OF FINANCE	1
EXECUTIVE DIRECTOR OF INTERVENTION, MANAGEMENT CONTROL AND CAPITAL	1
EXECUTIVE DIRECTOR OF RESOURCES	1
EXECUTIVE DIRECTOR OF CORPORATE AND INSTITUTIONAL BANKING/CIB	1
EXECUTIVE DIRECTOR OF COMMUNIC.,INSTIT.REL., TRADEMARKS AND CSR	1
EXECUTIVE DIRECTOR OF INSURANCE	1
EXECUTIVE DIRECTOR OF CORPORATE RISK MANAG.FUNCTION & PLANNING	1
EXECUTIVE DIRECTOR OF CHIEF LENDING OFFICER COMPANIES	1
EXECUTIVE DIRECTOR OF GLOBAL CUSTOMER EXPERIENCE	1
EXECUTIVE DIRECTOR OF COMPANY BANKING	1
EXECUTIVE DIRECTOR OF FORECLOSURES	1
EXECUTIVE DIRECTOR OF THE EXEC. DIV. ATTACHED TO THE GEN.BUS.MAN.DEPT	1
EXECUTIVE DIRECTOR OF PERSONAL FINANCE	1
EXECUTIVE DIRECTOR OF THE TECH.OFFICE OF THE PRESIDENCY IN MADRID	1
EXECUTIVE DIRECTOR OF NPL, RECOVERIES AND FORECLOSURES	1
EXECUTIVE DIRECTOR OF THE LEGAL ADVISORY DEPT.	1
EXECUTIVE DIRECTOR OF THE STANDING LOAN COMMITTEE, CHAIRMAN	1
EXECUTIVE DIRECTOR OF CORPORATE DEVELOPMENT	1
EXECUTIVE DIRECTOR OF PUBLIC AFFAIRS	1
EXECUTIVE DIRECTOR OF INTERNATIONAL BANKING	1
REGIONAL MANAGER BARCELONA	1
REGIONAL MANAGER MADRID	1

(continued)

POST	No. of persons
REGIONAL MANAGER WESTERN ANDALUSIA	1
REGIONAL MANAGER VALENCIAN COMMUNITY	1
REGIONAL MANAGER CATALONIA	1
REGIONAL MANAGER EASTERN ANDALUSIA AND MURCIA	1
REGIONAL MANAGER BASQUE COUNTRY/CANTABRIA	1
REGIONAL MANAGER CASTILLA Y LEÓN / ASTURIAS	1
REGIONAL MANAGER CANARY ISLANDS	1
REGIONAL MANAGER NAVARRA	1
REGIONAL MANAGER INTOUCH	1
REGIONAL MANAGER ARAGÓN/LA RIOJA	1
REGIONAL MANAGER BALEARIC ISLANDS	1
ASSISTANT HUMAN RESOURCES AND ORGANISATION MANAGER	1
ASSISTANT EXECUTIVE DIRECTOR OF INTERNATIONAL BANKING	1
SUBDIRECTOR GENERAL OF COMPLIANCE	1
SUBDIRECTOR GENERAL OF BANKING SERVICES	1
CORPORATE MANAGER OF INDIVIDUAL LOAN ANALYSIS AND GRANTING	1
CORPORATE MANAGER OF CREDIT AND OPERATIONAL RISK	1
CORPORATE REGULATORY COMPLIANCE MANAGER	1
CORPORATE AUDIT SERVICES MANAGER	1
CORPORATE MANAGER OF ENJOY	1
CORPORATE MANAGER OF SPECIALIZED CUSTOMER SEGMENTS	1
CORPORATE MANAGER OF COMMERCE	1
CORPORATE MANAGER OF PROTECT	1
CORPORATE MANAGER OF BUSINESS DEV. COMP.TRANSACTIONAL BKG	1
CORPORATE MANAGER OF COMPANY SALES MANAGEMENT	1
CORPORATE MANAGER OF STRATEGIC PLANNING AND STUDIES	1
CORPORATE MANAGER OF CORPORATE M&A	1
CORPORATE MANAGER OF IT SERVICES	1
CORPORATE MANAGER OF ASSET MANAGEMENT AND INSURANCE GROUP	1
CORPORATE MANAGER OF NOW DAILY BANKING	1
CORPORATE MANAGER OF TALENT AND INTERNAL COMMUNICATION	1
CORPORATE MANAGER OF INVESTOR RELATIONS	1
CORPORATE MANAGER OF ALTIUM AND INVESTMENT STRATEGY	1
CORPORATE MANAGER OF MARKETING & EXPERIENCE	1
CORPORATE MANAGER OF BUSINESS INTELLIGENCE / CAIXABANK BUSINESS INTELLIGENCE	1
AREA MANAGER OF COMPANY STRUCTURED FINANCING UNITS AND CAPITAL MARKETS BUSINESS BANK	1
AREA MANAGER OF FINANCING AND SERVICES AND COORDINATION OF LCU	1
AREA MANAGER OF REGIONAL RISK ASSUMPTION CENTRES	1

(continued)

POST	No. of persons
AREA MANAGER OF CORPORATE MANAGEMENT AND GOVERNANCE	1
AREA MANAGER OF VOICE OF THE CUSTOMER & QUALITY INSIGHTS	1
MANAGING DIRECTOR OF EQUITIES & CORPORATE FINANCE	1
MANAGING DIRECTOR OF INSTITUTIONAL BANKING	1
MANAGING DIRECTOR OF THE CORPORATE BANKING UNIT	1
MANAGING DIRECTOR - INDUSTRIALS & RETAIL	1
MANAGING DIRECTOR - INSTITUTIONAL BUSINESS DEVELOPMENT	1
DEPARTMENT MANAGER OF INTERNAL CONTROL	1
DEPARTMENT MANAGER OF INDIVIDUAL BORROWER MONITORING	1
DEPARTMENT MANAGER OF MARKET AND BALANCE SHEET RISK	1
DEPARTMENT MANAGER OF STRATEGY, RISK GOVERNANCE AND REGUL.	1
DEPARTMENT MANAGER OF COMPLIANCE ANALYTICS	1
DEPARTMENT MANAGER OF REGIONAL AUDITING AND BUSINESS	1
DEPARTMENT MANAGER OF AUDIT METHODOLOGY AND REPORTING	1
DEPARTMENT MANAGER OF FOREIGN TRADE AND TREASURY	1
DEPARTMENT MANAGER OF ENTREPRENEURS	1
DEPARTMENT MANAGER OF HOTELS & TOURISM	1
DEPARTMENT MANAGER OF REAL ESTATE BUSINESS	1
DEPARTMENT MANAGER OF NPL AND RESTRUCTURING	1
DEPARTMENT MANAGER OF CREDIT RISK POLICIES AND CONTROL	1
DEPARTMENT MANAGER OF RISK MODELS	1
DEPARTMENT MANAGER OF CORPORATE RESPONSIBILITY	1
DEPARTMENT MANAGER OF EFFICIENCY AND PROCESS DIGITISATION	1
DEPARTMENT MANAGER OF BUSINESS CONTROL	1
DEPARTMENT MANAGER OF INDIVIDUAL RISK ASSUMPTION	1
SENIOR DIRECTOR – LIQUIDITY MANAGEMENT	1
SALES MANAGER - BARCELONA PROVINCE	1
SALES MANAGER - BARCELONA CITY	1
SALES MANAGER - MADRID I	1
SALES MANAGER – VALENCIAN COMMUNITY NORTH	1
SALES MANAGER – VALENCIAN COMMUNITY SOUTH	1
SALES MANAGER - CADIZ, HUELVA AND CEUTA	1
SALES MANAGER – SEVILLE AND CORDOBA	1
REGIONAL MANAGER – COMPANY BANKING BARCELONA	1
REGIONAL MANAGER – PRIVATE BANKING AND PREMIER BANKING BARCELONA	1
REGIONAL MANAGER – COMPANY BANKING MADRID	1
REGIONAL MANAGER – PRIVATE BANKING AND PREMIER BANKING MADRID	1
REGIONAL MANAGER – COMPANY BANKING VALENCIAN COMMUNITY	1
REGIONAL MANAGER – PRIVATE BANKING AND PREMIER BANKING VALENCIAN COMMUNITY	1

*(continued)*

POST	No. of persons
REGIONAL MANAGER – COMPANY BANKING WESTERN ANDALUSIA	1
REGIONAL MANAGER – PRIVATE BANKING AND PREMIER BANKING WESTERN ANDALUSIA	1
RISK ASSUMPTION MANAGER BARCELONA REGION	1
RISK ASSUMPTION MANAGER CATALONIA REGION	1
RISK ASSUMPTION MANAGER WESTERN ANDALUSIA/MURCIA REGION	1
RISK ASSUMPTION MANAGER MADRID REGION	1
RISK ASSUMPTION MANAGER BASQUE COUNTRY/CANTABRIA REGION	1
RISK ASSUMPTION MANAGER VALENCIAN COMMUNITY REGION	1
RISK ASSUMPTION MANAGER WESTERN ANDALUSIA REGION	1
REGIONAL MANAGER OF BEIJING REPRESENTATIVE OFFICE	1
BRANCH MANAGER LONDON	1
LARGE COMPANY BUSINESS CENTRE MANAGER BARCELONA	1
DIRECTOR GENERAL OF CONSUMER FINANCE	1
DIRECTOR OF BPI ASSET MANAGEMENT	1



**REPORT BY THE CAIXABANK, S.A. BOARD OF DIRECTORS ON  
AMENDMENT OF THE RULES OF THE BOARD**

**Board of Directors – 21 February 2019**

## I. PURPOSE OF THE REPORT

The Board of Directors of CaixaBank, S.A. (“**CaixaBank**” or the “**Company**”) has drawn up this explanatory report on the amendment of the Rules of the Board of Directors of CaixaBank in order to explain the amendment of Article 15 governing the Appointment Committee and the Remuneration Committee approved by the Company’s Board of Directors at its meeting of 21 February 2019.

This report will be made available to the shareholders as established in Article 518 d) of the Spanish Corporation Law (Ley de Sociedades de Capital).

## II. JUSTIFICATION OF THE AMENDMENT

The purpose of the amendment of section 4 of Article 15 of the Rules of the Board of Directors of CaixaBank is to expressly set forth that the minutes of the Appointment Committee and Remuneration Committee meetings must be sent or handed to all the members of the Board of Directors rather than being made available to them for consultation at the Company’s Administrative Office. The same system will thus be used as for the minutes of the Audit and Control Committee and Risk Committee meetings.

The new revised text of the Rules of the Board incorporating the amendment approved by the Board of Directors is attached hereto as an **Annex**, with the changes highlighted.

Valencia, 21 February 2019

**ANNEX****REVISED TEXT OF THE RULES OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.****(INCLUDING THE AMENDMENTS APPROVED BY THE BOARD OF DIRECTORS ON 21 FEBRUARY 2019,  
WITH THE CHANGES HIGHLIGHTED)**

**RESTATED TEXT OF THE REGULATIONS OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A.**

**THIS VERSION INCLUDES THE AMENDMENTS APPROVED BY THE BOARD OF DIRECTORS ON  
FEBRUARY 21, 2019, DULY MARKED-UP**

**CHAPTER I  
PRELIMINARY**

**ARTICLE 1.- ORIGIN AND DUTIES**

1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the **Company**), in fulfilment of the Law. The Regulations aim to set out the guiding principles of the Board as well as the basic rules governing its organization and functioning and the rules of conduct that apply to its members, being also applicable to its delegated corporate bodies and its internal Committees, as well as to the members that comprise them.
2. The rules of conduct set out therein for the Company Directors (hereinafter, the **Directors**) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (hereinafter, the **Senior Executives**) of the Company, to the extent that said rules are compatible with the specific characteristics of the Senior Executives and with the activities that they carry out. For the purposes of these Regulations, Senior Executives will be understood to mean general directors and executives who report directly to the Board of Directors of the Company or to the Chief Executive Officer, or, if applicable, to the Executive Committee and, in all events, the Company's internal auditor.

**ARTICLE 2.- INTERPRETATION**

These Regulations develop and complete the regulatory rules that govern the Board of Directors and that are set forth in prevailing legislation and the Company's by-laws. They will be interpreted in accordance with the applicable laws and by-laws and with the principles and recommendations relative to corporate governance of listed companies.

**ARTICLE 3.- DISSEMINATION**

1. Directors and Senior Executives are required to be familiar with, comply with and enforce these Regulations. Consequently, the Secretary of the Board of Directors will provide each of them with a copy of the Regulations.
2. The Board of Directors will take the steps necessary to distribute these Regulations among the shareholders and the investing public at large. In doing so, it will use the most efficient means available to ensure that these Regulations reach the intended recipients immediately and smoothly.

## CHAPTER II

### DUTIES OF THE BOARD OF DIRECTORS

#### ARTICLE 4.- DUTIES OF THE BOARD OF DIRECTORS

1. Apart from those issues reserved by Law or the By-Laws to the General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body, that shall be the competent body for passing resolutions with regard to any matter and shall be empowered with the broadest powers and faculties to manage and represent the Company.

The Board of Directors shall also approve and supervise the strategic and management guidelines that are provided in the interest of each and every one of the Group companies of which the Company is the dominant entity, in order to establish the basis for an adequate and efficient coordination between the Company and the other companies belonging to the Group. The governing bodies of each company shall be responsible for the ordinary, effective and day-to-day management and administrative duties related to their respective businesses or activities, pursuant to each company's corporate interest and the applicable regulations to each case.

2. The Board should ensure that the Company abides by current law in its dealings with stakeholders; fulfils its explicit and implicit contracts and obligations in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles the Company has subscribed to voluntarily.
3. The Board of Directors should define a corporate governance system to guarantee healthy and prudential management of the Company, and that will include an adequate distribution of duties in the organization and prevent conflicts of interests, assuring the application of the mentioned system and periodically controlling and evaluating its efficiency, taking if applicable adequate measures to resolve any possible differences.
4. In particular, and notwithstanding the powers that are reserved to the full Board of Directors by Law, the By-laws or these Regulations, the following duties of the Board of Directors will be non-delegable, their approval corresponding to the complete Board of Directors, notwithstanding the effect of the conferred delegations and powers before third parties:
  - (i) Its own organization and operation and particularly the approval and modification of its own Regulations.
  - (ii) Supervision of the effective operation of the Committees it has formed and of the action of delegated bodies.
  - (iii) Effective supervision of senior management and of the executives appointed.
  - (iv) Preparation of the annual accounts and their presentation to the General Meeting.
  - (v) Preparation of any type of report required by Law from the Board of Directors if the operation referred to in the report cannot be delegated.

- (vi) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.
- (vii) The appointment and separation of the Directors that directly dependant on the Board of Directors or any of its members, as well as establishing the basic conditions for their contracts, including the remuneration.
- (viii) The decisions related to the remuneration of the Directors, within the framework of the By-laws and of the remuneration policy approved by the General Meeting.
- (ix) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law
- (x) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.
- (xi) The powers that the General Meeting has delegated on the Board of Directors, except if being expressly authorized by the General Meeting to sub-delegate them.
- (xii) The determination of the general policies and strategies of the Company and, particularly, of the risk management and control policy, including tax risks, the corporate governance policy, the policy related to its own shares, the investment and financing policy, the corporate responsibility policy and the dividends policy. Considering its duties to define strategic and management guidelines for the companies within CaixaBank's Group, as well as to supervise and monitor the implementation of such guidelines, the Board will establish systems for communicating and exchanging necessary information, while safeguarding the scope of each company's ordinary management and administration, pursuant to their corporate interest.
- (xiii) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies
- (xiv) The responsibility of the Company administration and management, the approval and monitoring of the strategic or business plan, as well as the application of strategic and management objectives, and its risks strategy and internal governance.
- (xv) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.
- (xvi) Supervise the information distribution process and the communications derived from its condition as a credit entity.
- (xvii) Supervision of internal information and control systems
- (xviii) Approval, with the previous report from the Audit and Control Committee, of the financial information that, due to its condition as listed company, the Company should periodically make public.

- (xix) Approval of the annual budget
  - (xx) Definition of the structure of the Group of companies of which the Company is the dominant company.
  - (xxi) Approval of all types of investments or operations that due to their elevated amounts or special characteristics are strategic or have special tax risk, except when their approval corresponds to the General Meeting.
  - (xxii) Determination of the Company tax strategy, the approval, with the previous report from the Audit and Control Committee, of the incorporation or acquisition of shares of special purpose entities or those resident in countries or territories considered tax havens, as well as the approval of any other analogue transactions or operations that, due to their complexity, could undermine the Company and Group transparency.
  - (xxiii) Approval, with the previous report from the Audit and Control Committee of the operations that the Company or companies of its group perform with Directors, in terms established by Law, or when the authorization corresponds to the Board of Directors, with shareholders holding (individually or in concert with others) a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies forming part of the same group or with persons related to them (***Related Party Transactions***). The operations that simultaneously meet the following three characteristics will be exempt from the need of this approval:
    - a. they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;
    - b. they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and
    - c. their amount does not exceed one per cent (1%) of the annual revenue of the Company.
5. The Board of Directors cannot delegate the powers and duties contained in the previous section 4, or any other powers or duties that may be considered as non delegable by the applicable regulations. Nevertheless, when circumstances of duly justified urgencies concur, the decisions corresponding to the subjects previously mentioned as non-delegable may be adopted by delegated persons or bodies, with the exception of those indicated in sections (ii) to (xvi), both included, of the previous section 4, which could not be delegated under any circumstance.
- The decisions that under urgent circumstances may be adopted by delegated persons or bodies in relation to any of the matters considered as non-delegable should be ratified in the first Board of Directors held after the adoption of the decision.
6. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
7. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.

## CHAPTER III

### COMPOSITION OF THE BOARD

#### ARTICLE 5.- QUALITATIVE COMPOSITION

1. When exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a broad majority over executive Directors and that the latter should be the minimum.

For these purposes, "executives" will be understood to mean the Chairman, if executive duties have been delegated to him; the Chief Executive Officers; and those persons who by virtue of any other title fulfil management responsibilities within the Company or its Group, whatever is the legal link between them.

2. The Board will also strive to ensure that the majority group of non-executive Directors includes stable significant shareholders of the Company or those shareholders that have been proposed as Directors, even when their shareholding is not significant (stakeholder Directors) and persons of recognized experience who can fulfil their duties without being conditioned by relationships with the Company or its Group, its directors or its significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the definitions established by Law and in the recommendations of good corporate governance that are applicable at any given time.
3. It will also strive to ensure that its external Directors include stakeholder and independent directors who reflect the existing proportion of the Company's share capital represented by stakeholder Directors and the rest of its capital and that at least one third of the Company's Directors are independent Directors.

No shareholder may be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of Directors, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law.

4. The general composition of the Board of Directors as a collective should meet sufficient knowledge, powers and experience in the governance of credit entities to adequately understand the Company's activities, including its main risks and assure the effective capability of the Board of Directors to take decisions independently and autonomously for the benefit of the Company, fulfilling the suitability requirements demanded by the applicable regulations.
5. Likewise, the Board of Directors will strive to ensure the compliance with the regulation of incompatibilities established in the applicable regulation, as well as that the selection procedures of its members favour the diversity of gender, of experiences and knowledge and not suffering from implicit bias that can imply any discrimination and, particularly facilitating the selection of female directors.

#### **ARTICLE 6.- QUANTITATIVE COMPOSITION**

1. The Board of Directors will be composed of the number of Directors determined by the General Shareholders' Meeting, within the limits set in the Company's corporate by-laws.
2. The Board will propose to the General Shareholders' Meeting the number of Directors that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.

### **CHAPTER IV**

#### **STRUCTURE OF THE BOARD OF DIRECTORS**

#### **ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS**

1. The Chairman of the Board of Directors shall be elected from among its members, with the previous report from the Appointments Committee and shall have the powers and authorities provided by Law, the Company's By-laws, these Regulations and any others entrusted to him/her by the Board.
2. The Chairman, who has the maximum responsibility for the effective functioning of the Board of Directors, will be responsible for providing support to the Board in the performance of its powers and for promoting the coordination of the Board with its Committees in order to guarantee the best performance of the Board's functions, and, amongst others, will carry out the following powers, notwithstanding those of the Chief Executive Officer and any powers of attorney or representations by proxy that have been established:
  - (i) Represent institutionally the Company and any entities dependent on the Company, without prejudice to the functions attributed in this area to the Board of Directors.
  - (ii) Chair and direct General Shareholders' Meetings, establishing limits on remarks for and against all proposals and also establishing their duration.
  - (iii) Call, fix the agenda and chair meetings of the Board of Directors, directing the discussions and deliberations, with the same powers as stipulated in the preceding paragraph. He may also enact any resolutions by this body, with no need for any special delegation format.
  - (iv) Ensure that the Directors receive in advance sufficient information to deliberate about the points of the agenda and stimulate the debate and active participation of the Directors during the sessions, safeguarding their free taking of position.
  - (v) He holds the casting vote in the event of a tie during meetings of the Board of Directors over which he presides.
  - (vi) Act on behalf of the Company vis-à-vis corporate bodies and other bodies in the sector, pursuant to the provisions of these By-laws.

- (vii) Authorize the minutes, certifications and other documents concerning resolutions by the General Meeting, the Board of Directors and, where applicable, any Committees he chairs, and act on behalf of the Company to implement such resolutions vis-à-vis regulatory bodies, notwithstanding attributions to other bodies.
  - (viii) Be responsible for the official signature of the Company, and thus sign on behalf of the Company, following any agreements that are necessary for legal or statutory reasons, contracts, accords or other legal instruments with public bodies and other entities.
  - (ix) Ensure compliance with current legal stipulations, the precepts of these By-laws and of the Regulations and resolutions by the collegiate bodies over which he presides.
  - (x) Official representation of the Company vis-à-vis authorities, entities and third-party Spanish or foreign bodies. He may delegate this representative function to other members of the Board, to the Chief Executive Officer, or to a member of the Company's management staff.
3. In view of the special relevance of its mandate, the Board of Directors may appoint as Chairmen of Honour any persons who have held the post of Chairman of the Board, granting them the honorary representation of the Company for any functions expressly entrusted to them by the Chairman of the Board. By way of exception, Chairmen of Honour may attend Board meetings when invited by the Chairman and, apart from their duties of honorary representation, may provide advice to the Board and its Chairman and collaborate towards enhancing the relationship of the shareholders with the Company's governing bodies and of the shareholders among themselves. The Board of Directors shall place at the Chairmen of Honour's disposal all the technical, material and human resources it deems appropriate so that that they may adequately and relevantly perform their duties.

#### **ARTICLE 8.- VICE-CHAIRMAN**

1. The Board of Directors, with the previous report from the Appointments Committee must, without exception, appoint a Vice-Chairman to replace the Chairman in his/her absence, as occurs in the event of vacancy, incapacity or leave.
2. The Board may also appoint, with the previous report from the Appointments Committee additional Vice-Chairmen, in which case the duties of the Chairman will fall, in his/her absence, as occurs in the event of vacancy, leave or incapacity to the First Vice-Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman in the same cases, and so on, successively, and in the absence of these, by the Coordinating Director and, in the event of vacancies, leave or impossibility of the Coordinating Director by the oldest member of the Board of Directors.

#### **ARTICLE 9.- THE COORDINATING DIRECTOR**

1. Upon receipt of the relevant report from the Appointments Committee and with the abstention of the executive Directors, the Board of Directors will appoint a Coordinating Director, from amongst the independent Directors.

The position of Coordinating Director will be compatible with that of member of the Board's Committees.

2. Without prejudice to any other powers that may be delegated to the Coordinating Director by the Board of Directors, or those powers legally assigned to the Coordinating Director in the event of the Chairman of the Board being an executive Director, the Coordinating Director shall be empowered to:
  - a) Chair the Board of Directors in the absence of the Chairman and Vice-Chairmen.
  - b) Request the Chairman of the Board of Directors to call meetings of the Boards, as well as to include new items on the agenda when a Board meeting has already been called.
  - c) Coordinate, gather and give voice to the concerns of the independent Directors.
  - d) Lead the periodic evaluation of the Chairman of the Board by the Board of Directors. And also, coordinate the succession plan for the Chairman, in collaboration with the Chairman of the Board of Directors.
  - e) Maintain contact, where appropriate, with investors and shareholders to consider their positions and develop an opinion of their concerns, in particular, with regard to the Company's corporate governance, all within the framework of the Company's policy on information, communication and contact with shareholders, institutional investors and proxy advisers.
3. The term of office for the position of Coordinating Director shall be (3) years and may be re-elected for periods of equal length, notwithstanding that the appointment of such position may also be done for the years remaining in the term for which the Coordinating Director was appointed Director. In addition to the expiration of the term for which the Coordinating Director was appointed, the Coordinating Director will be removed when: his term as Director expires, when the individual ceases to be an independent Director, or when the Board of Directors, with the previous report from the Appointments Committee, decides to remove him from the position.

#### **ARTICLE 10.- THE SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors will elect a Secretary, and one of the members of the Board of Directors or a person unrelated to it who has the capacity to perform the duties inherent to said position may be appointed. If the Secretary of the Board of Directors is not a Director, he will have the right to speak but not to vote.

If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.

2. The Secretary of the Board of Directors will assist the Chairman with his work and, particularly, will (i) process the convening of the Board, following the instruction of the Chairman; (ii) keep the documentation of the Board of Directors, record in the books of the minutes the development of the meetings and attest to its content and the resolutions passed; (iii) ensure that the actions of the Board of Directors adapt to the applicable regulations and comply with the By-laws and other internal regulations; and (iv) assist the

Chairman in order for the Directors to receive the significant information to exercise their function sufficiently in advance and in the proper format.

3. The Secretary shall be appointed and, as the case may be, removed, by the Board acting as a plenary body, subject to a report, in both cases, of the Appointments Committee.

#### **ARTICLE 11.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS**

1. The Board of Directors may appoint a Vice-Secretary, who need not be a Director, to assist the Secretary of the Board of Directors or to replace the Secretary in his absence, as occurs in the event of vacancy, leave or incapacity to perform his duties for any reason.
2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.
3. The Board can also appoint more than one Vice-Secretary, in which case the duties of the Secretary will fall, in absence of this latter, as occurs in the event of vacancy, leave or incapacity, on the First Vice-Secretary, who, in turn, will be replaced by the Second Vice-Secretary in the same cases, and successively, and in the absence of these latter, as occurs in the event of vacancy, leave or impossibility, by the youngest member of Board of Directors.
4. The Vice-Secretary or Vice-Secretaries will be appointed and, if applicable, separated by the full Board of Directors, with the previous report, in both cases, from the Appointments Committee.

#### **ARTICLE 12.- DELEGATION OF POWERS. COMMITTEES OF THE BOARD OF DIRECTORS**

1. Pursuant to the Company's By-laws, and without prejudice to the powers delegated individually to the Chairman or any other Director (Chief Executive Officers) and its power to establish Delegate Committees for specific spheres of activity, the Board of Directors may establish an Executive Committee with general decision-making powers but with the limitations for procedural purposes stemming from Article 4.

In all events, the Board of Directors will establish an Audit and Control Committee, an Appointment Committee, a Remuneration Committee and a Risks Committee with the powers granted by Law, the By-laws and these Regulations.

2. The Appointments Committee will evaluate the profile of the most suitable persons to sit on Committees other than the Appointments Committee itself, based on their knowledge, aptitudes and experiences, and will forward their proposals for the appointment of the members of the Committees other than the Appointments Committee itself to the Board. In all cases it shall take into consideration the suggestions posed thereto by the Chairman, the Board members, the officers or the shareholders of the Company.
3. Except as set forth in law, in the By-laws and in these Regulations, the Committees may be self-governing. Matters not specifically defined will be governed by the rules of procedure stipulated in these Regulations regarding the Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.

4. In addition, the Board may establish other Committees with consultative or advisory duties, and these Committees may, nevertheless, be exceptionally given decision-making powers.

#### **ARTICLE 13.- THE EXECUTIVE COMMITTEE**

1. The Board of Directors may appoint, from among its members, an Executive Committee, on which the Chairman and the Chief Executive Officer, if any, will sit.
2. If the Board of Directors creates an Executive Committee, it will establish the composition thereof, which will reflect the composition of the Board, and the Board will determine the rules of operation of the Executive Committee.
3. The powers of the Executive Committee will be those that, in each case, are delegated by the Board, with the limitations set forth in the Law, in the Company's By-laws and in these Regulations.
4. The Executive Committee will meet as often as it is called by its Chairman or whoever replaces him/her in his/her absence, as occurs in the event of vacancy, leave, or incapacity, and will be validly assembled when the majority of its members attend the meeting, either personally or by representation.
5. The appointment of members of the Executive Committee and the permanent delegation of powers from the Board on the same will require the favourable vote of at least two thirds of the members of the Board of Directors.
6. The Executive Committee will inform the Board of the main matters it addresses and the decisions it makes thereon at its meetings.
7. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.
8. The resolutions of the Committee will be adopted by the majority of the members attending the meeting in person or represented by proxy and will be validated and binding without the need for later ratification by the full Board of Directors, notwithstanding that foreseen in article 45 of these Regulations.

#### **ARTICLE 14.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE**

1. The Audit and Control Committee:
  - a) The Audit and Control Committee will be formed exclusively by non-executive Directors in the number that is determined by the Board of Directors, between a minimum of three (3) and a maximum of seven (7). The majority of the members of the Audit and Control Committee will be independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

Additionally, the Board of Directors will endeavour to ensure that the Audit and Control Committee members, and its Chairperson in particular, possess the necessary accounting, auditing or risk management knowledge and knowledge in any other fields that may be relevant for the Audit and Control Committee's performance of its functions.

As a whole, without prejudice to endeavouring to encourage diversity, the Audit and Control Committee members, who will be appointed taking into account their necessary dedication capacity with regard to performing the duties entrusted to them, must have the relevant technical knowledge in relation to the Company's business.

- b) Notwithstanding any other task, which may be assigned thereto from time to time by the Board of Directors, the Audit and Control Committee shall exercise the following basic functions:

With regard to overseeing financial reporting:

- (i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee and, in particular, about the audit results, explaining the audit's contribution to the integrity of the financial reporting and the role undertaken by the Committee in this process;
- (ii) to oversee the process of drawing up and submitting the obligatory financial reporting with regard to the Company and, where the case may be, the Group, reviewing the Company's accounts, the compliance with the regulatory requirements in this regard, the suitable definition of the scope of consolidation and the correct application of generally accepted accounting principles. And, in particular, to know, understand and oversee the effectiveness of the financial information internal control system (FIICS), drawing conclusions with regard to the system's level of confidence and reliability, and to inform of the proposals for modification of accounting principles and criteria suggested by the management, in order to guarantee the integrity of the accounting and financial information systems, including financial and operational control, and compliance with the applicable legislation in this regard. The Committee may submit recommendations or proposals to the Board of Directors with the aim of safeguarding the integrity of the mandatory financial reporting;
- (iii) to ensure that the Board of Directors endeavours to submit the Annual Accounts to the General Shareholders' Meeting with no limitations or reservations in the audit report, and that in the exceptional case of there being any reservations, that both the Committee Chairperson and the auditors clearly explain the content and scope of the said limitations or reservations to the shareholders;
- (iv) to inform the Board of Directors in advance of the financial reporting and the related non-financial reporting that the Company must periodically publicly disclose to the markets and their supervisory bodies;

With regard to overseeing internal control and internal auditing:

- (v) to oversee the effectiveness of the internal control systems, and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit, all without jeopardising their independence. For such purposes, where the case may be, they may submit recommendations or proposals to the Board of Directors, together with the corresponding follow-up periods;

- (vi) to oversee the effectiveness of the internal auditing, and in particular that the internal audit unit endeavours to ensure the correct functioning of the reporting and internal control systems, verifying their suitability and integrity; to ensure the independence and effectiveness of the internal audit function, proposing the selection, appointment, re-election and cessation of the person responsible for it; to propose the budget for this service; to approve its approach and its work plans, ensuring its work is mainly geared to the Company's significant risks; to receive periodical reporting on its activity and to verify that the senior management is taking into account the conclusions and recommendations in its reports; and to conduct an annual assessment of the functioning of the internal audit unit and the performance of its duties by the person responsible, for which purpose it will gather any opinions the executive management may have, and this assessment must include an evaluation of the degree of compliance with the objectives and criteria established for setting the variable components of its remuneration, the Committee also being involved in determining such components.

The person responsible for the unit in charge of the internal audit function will submit its annual work plan to the Committee, inform of any incidents arising on carrying it out and submit a report on its activity at the end of each financial year.

The Internal Audit Department will be functionally dependent on the Chairperson of the Audit and Control Committee, without prejudice to the fact that it must report to the Chairperson of the Board of Directors so that the latter may suitably perform its functions;

- (vii) to establish and oversee a mechanism enabling the Company's employees, or those of the group to which it belongs, to confidentially (and anonymously, if deemed appropriate) notify of any potentially significant irregularities they may observe within the Company, particularly those of a financial and accounting nature, receiving periodical reporting on its functioning and being able to propose the relevant measures for improvement and reduction of the risk of irregularities in future;

*With regard to overseeing risk management and control:*

The Audit and Control Committee will carry out the functions established in this section in coordination with the Risk Committee to the necessary extent.

- (viii) to oversee the effectiveness of the financial and non-financial risk management systems;
- (ix) to hold a meeting at least once a year with the leading persons responsible for the business units at which the latter will explain the trends of the business and the associated risks;

*With regard to the accounts auditor:*

- (x) to submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection, appointment, re-election and replacement of the accounts auditor, being responsible for the selection process, in accordance with regulations applicable to the Company, as well as the contracting conditions

thereof and the scope of his/her professional mandate, and for this purpose, it must define the auditor selection procedure and issue a reasoned proposal containing at least two alternatives for the selection of an auditor, except in cases of the auditor's re-election;

- (xi) regularly recompile from the external auditor information on the auditing plan and its execution as well as preserving its independence in the exercise of its duties;
- (xii) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit and the responses of the management team to its recommendations and to mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable to the preparation of the financial statements, as well as to examine the circumstances which, as the case may be, motivated the resignation of the auditor and to ensure that the Company sends a significant event notice to the Securities Market Commission (CNMV) informing of the change of auditor, accompanied by a statement regarding any possible disagreements with the outgoing auditor and, if there have been any such disagreements, of their content;
- (xiii) to establish appropriate relationships with the external auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may threaten the independence of said auditor and any other matters relating to the audit process, particularly any discrepancies that may arise between the auditor and the Company management, and, where the case may be, the authorisation of any services other than those that are prohibited, under the terms set forth in the applicable legislation in relation to their independence and any other communications provided for in audit legislation and audit regulations.

In all events, on an annual basis, the Audit and Control Committee must receive from the external auditors a declaration of their independence with regard to the Company or entities related to it directly or indirectly, in addition to detailed, personalised information on additional services of any kind rendered to these entities and the corresponding fees received by the aforementioned auditors or persons or entities related to them as stipulated by the regulations governing auditing activity, ensuring that the external audit firm's remuneration for its work does not jeopardise its quality or independence and ensuring that the Company and the auditor observe the applicable legislation with regard to provision of services other than auditing services, the limitations on the auditor's business concentration and, in general, all other regulations regarding auditor independence.

- (xiv) to issue annually, prior to the issuance of the audit report, a report containing an opinion regarding whether the independence of the auditor has been compromised, which will be posted on the Company's website sufficiently in advance of the Ordinary General Meeting This report must address, in all cases, the reasoned evaluation of the provision of each and all of the additional services referred to in the preceding section, individually and collectively considered, different from the legal audit and related to the degree of independence or to the regulations governing auditing activity;

- (xv) to supervise the compliance with the auditing contract, striving to ensure that the opinion of the Annual Financial Statements and the principal contents of the auditor's report are drafted clearly and precisely;
- (xvi) to ensure that the external auditor holds an annual meeting with the Board of Directors as a plenary body, to inform it of the work carried out and the evolution of the Company's situation as regards auditing and risks;
- (xvii) to conduct a final assessment with regard to the auditor's work and how it has contributed to the quality of the audit and the integrity of the financial reporting;

Other functions:

- (xviii) to supervise the compliance with regulations with respect to Related Party Transactions and, previously, inform the Board of Directors on such transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the current legislation, and to report on transactions which imply or may imply conflicts of interest and, in general, on the subject matters contemplated in Chapter IX of this Regulation.

The report on related party transactions issued by the Audit and Control Committee, where the case may be, will be posted on the Company website sufficiently in advance of the date of the Ordinary General Meeting.

- (xix) to supervise the compliance with the internal codes of conduct, particularly the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, the rules of corporate governance;
- (xx) to provide the Board of Directors with advance notice of any transactions regarding structural and corporate modifications that the Company may plan to carry out, their financial terms and their accounting impact and, in particular, where the case may be, of the proposed equation of exchange;
- (xxi) to, previously, report to the Board of Directors on the creation or acquisition of stakes in special purpose entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;
- (xxii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company;
- (xxiii) to receive information and, as the case may be, issue a report on the disciplinary measures intended to be imposed upon members of the Company's senior management team;
- (xxiv) to supervise compliance with any relations protocols which the Company may sign with shareholders or which the Company may sign with companies from its Group, and the carrying out of any other action established in the actual protocols for the best compliance with the aforementioned supervisory duty; and

- (xxv) any others attributed thereto in the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) the provisions contained in sections (iii), (v), (x), (xi), (xii), (xiii) and (xiv) above shall be understood without prejudice to the regulatory audit regulation.
  - d) The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the required financial information to be submitted to the authorities, as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor in such cases, and, if it issues any type of review report, the presence of the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters arising from the reviews performed can be discussed.
  - e) The Audit and Control Committee shall appoint a Chairman from among its independent members. The Chairman must be replaced every four (4) years and may be re-elected once a period of one (1) year from his departure has transpired. The Committee Chairman will act as spokesperson at the meetings of the Board of Directors and, where the case may be, those of the Company's General Shareholders' Meeting;
  - f) It shall also appoint a Secretary and may appoint a Vice Secretary, both of whom need not be members thereof. In the event that such appointments are not made, the Secretary of the Board shall act as Secretary. The Secretary must help the Committee Chairman to plan its meetings and to gather and distribute the necessary information sufficiently in advance, taking the minutes of the meetings.
  - g) The Audit and Control Committee will establish an annual work plan contemplating the Committee's main activities during the financial year.
  - h) The members of the Company's management team or personnel shall be required to attend the meeting of the Audit and Control Committee and to provide it with their collaboration and access to the information available to them when the Committee so requests, and the Committee may decide that they attend without the presence of any other managers. The Committee may also request the attendance at its meetings of the Company's auditors, or that of any other persons, although they may only attend on invitation by the Committee Chairman and only for discussion of the specific agenda items for which they are called to attend.

The Audit and Control Committee must establish an effective, regular communication channel with its main contact persons, for which the Committee Chairman will normally be responsible, and, among others, with the Company management, particularly the financial management; the Internal Audit Department Manager; and the main auditor responsible for the audit of accounts. In particular, the communication between the Audit and Control Committee and the external auditor must be smooth and continuous, in accordance with the regulatory guidelines for audit activity, and must not jeopardise the auditor's independence or the effectiveness with which it carries out the audit or with which the audit procedures are developed.

- i) The Audit and Control Committee must have adequate, relevant and sufficient access to any information or documentation held by the Company and may receive advice from external experts when it deems this necessary for correctly fulfilling its functions.

j) The Company must provide the Audit and Control Committee with sufficient resources to fulfil its functions.

2. The Risks Committee:

a) The Risks Committee shall comprise exclusively non-executive Directors and who possess the appropriate knowledge, skills and experience to fully understand and manage the risk strategy and risk propensity of the entity, in the number determined by the Board of Directors, with a minimum of three (3) and a maximum of six (6) members, the majority of whom must be independent Directors.

b) Notwithstanding any other task which may be assigned thereto from time to time by the Board of Directors, the Risks Committee shall exercise the following basic functions:

(i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.

(ii) To propose to the Board the Group's risk policy, which shall identify in particular:

(a) The different types of risk (operational, technological, financial, legal and reputational, etc.) which the Company faces, including among the financial or economic risks the contingent liabilities and others off-balance sheet

(b) The information and internal control systems that will be used to monitor and manage these risks

(c) The level of risk that the Company considers acceptable

(d) The planned measures to mitigate the impact of the identified risks in the event that they materialise

(iii) Ensure that the pricing policy of the assets and liabilities offered to the clients fully consider the business model and risk strategy of the entity. Otherwise, the Risks Committee will submit to the Board of Directors a plan to amend it.

(iv) Determine with the Board of Directors, the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establish what the Committee should receive.

(v) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk.

(vi) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:

(a) The adequacy of the structure and the functionality of risk management throughout the Group.

- (b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution.
    - (c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes.
    - (d) The proper functioning of policies and procedures that mitigate the operational risks.
  - (vii) Evaluation of the regulatory compliance risk in its scope of action and determination, understood as the risk management of legal or regulatory sanctions, financial loss, material or reputational that the Company could suffer as a result of non-compliance with laws, rules, regulation standards and codes of conduct, detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.
  - (viii) Report on new products and services or significant changes to existing ones, in order to determine:
    - (a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.
    - (b) Information and internal control systems for the management and control of these risks.
    - (c) The corrective measures to limit the impact of the identified risks in the event that they materialise;
    - (d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.
  - (ix) Cooperate with the Remuneration Committee in the establishment of rational policies and practices of remunerations. For these purposes, the Risks Committee will examine notwithstanding the functions of the Remuneration Committee, if the incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.
  - (x) Assist the Board of Directors, particularly, regarding the (i) establishment of efficient channels of information to the Board about the risk management policies of the Company and all the important risks it faces, (ii) ensure that adequate resources will be assigned for managing risks, and, particularly, intervening in the evaluation of the assets, in the use of external credit classifications and the internal models related to these risks and (iii) the approval and periodical review of the strategies and policies for assuming, managing, supervising and reducing the risks to which the Company is or can be exposed, including those presented by the macro-economic situation in which it operates in relation to the economic cycle.
  - (xi) Any others attributed thereto by the Law, the By-laws, these Regulations and other regulations applicable to the Company.
- c) For the proper performance of its functions, the Company shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk

situation of the Company and, if necessary, specialised outside expertise, including external auditors and regulators.

The Risks Committee may request the attendance at meetings of the people that, within the organisation, have roles related to its functions, and shall have the advice that may be necessary to form criteria on matters within its competence, which shall be processed through the Council Secretariat.

- d) The Risks Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary, or one of the Deputy Secretaries.

3. Common Regulations:

Both the Audit and Control Committee and the Risks Committee:

- a) Shall meet, without prejudice of the provisions of section 14.1.d) above, as often as necessary to fulfil their duties and shall be convened by the Chair of the Committee in question, either on his/her own initiative or at the request of the Chair of the Board of Directors or of two (2) members of the Committee itself. The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.
- b) The Secretary of each of the Committees will be responsible for convening the same and for filing the minutes and documents submitted to the Committee.
- c) They shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by a majority of the members attending in person or by proxy and minutes of the resolutions adopted at each meeting shall be drawn up and such resolutions shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members.
- d) The Committees will inform the Board of its activities and work performed via its Chairperson in the meetings scheduled for this purpose, or immediately afterwards when the Chair deems necessary.
- e) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof that will serve as a base, among others, and if applicable, for the evaluation that the Board of Directors will make of the Committees functions. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement.

In particular, the Audit and Control Committee's report will include, among other content, the significant activities carried out during the period, and it will inform of those carried out in collaboration with external experts, posting them on the Company's website sufficiently in advance of the Ordinary General Meeting.

**ARTICLE 15.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE**

- 1. The Appointments Committee and the Remuneration Committee will each be made up of the number of non-executive Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5) members, the majority of whom must be

independent Directors. The members of the Appointments Committee shall be appointed by the Board of Directors, at the proposal of the Audit and Control Committee. The Chairman of the Appointments Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the independent Directors forming part of such Committees.

2. The Appointments Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:

- (i) Evaluate and propose to the Board of Directors the evaluation of skills, knowledge and experience necessary for the members of the Board of Directors and for the key personnel of the Company.
- (ii) Submit to the Board of Directors the proposals for the nomination of the independent Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for the reappointment or removal of such Directors by the General Shareholders Meeting.
- (iii) Report on the proposed appointment of the remaining Directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as the proposals for their reappointment or removal by the General Shareholders Meeting.
- (iv) Report the appointment and, if necessary, removal of the Coordinating Director, and of the Secretary and the Vice-Secretaries of the Board for submission for approval of the Board.
- (v) Evaluate the profile of the most suitable persons to sit on the Committees other than the Appointments Committee itself, based on their knowledge, aptitudes and experience, and forward to the Board the corresponding proposals for the appointment of the members of the Committees other than the Appointments Committee itself.
- (vi) Report on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Propose, if deemed appropriate, basic conditions in senior executives' contracts, outside the remuneration aspects and reporting on them when they have been established.
- (vii) Examine and organize, where appropriate, under the coordination of the Coordinating Director, and in collaboration with the Chairman of the Board of Directors, the succession of the Chairman, as well as examine and organize, in collaboration with the Chairman of the Board, the chief executive officer of the Company and, if appropriate, make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner.
- (viii) Report to the Board on gender diversity issues, ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of female Directors, and establish a representation target

for the less represented sex on the Board of Directors as well as preparing guidelines for how this should be achieved, in any case endeavouring to ensure compliance with the diversity policy applied to the Board of Directors, which will be informed of in the Annual Corporate Governance Report.

- (ix) Evaluate periodically, and at least once a year, the structure, size, composition and actions of the Board and its Committees, its Chairperson, CEO and Secretary, making recommendations regarding possible changes to these, led by the Coordinating Director, when applicable, with regard to the evaluation of the Chairman. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions.
- (x) Evaluate, with the frequency required by the regulations, the suitability of the diverse members of the Board of Directors and of the Board as a collective, and consequently inform the Board of Directors.
- (xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations.
- (xii) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
- (xiii) Supervise and control the smooth operation of the corporate governance system of the Company, making, if applicable, the proposals it deems necessary for its improvement,
- (xiv) Monitor the independence of the independent Directors
- (xv) Propose to the Board the Annual Corporate Governance Report
- (xvi) Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter
- (xvii) Evaluate the balance of knowledge, skills, diversity and experience of the Board of Directors and prepare a description of the duties and aptitudes which may be necessary for any specific appointment, evaluating the expected dedication of time for fulfilling the position.

The Appointments Committee can use the resources it considers appropriate to develop its duties, including external assessment and can have adequate funds for these purposes.

### 3. The Remuneration Committee:

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:

- (i) Draft the resolutions related to remunerations and, particularly, report and propose to the Board of Directors the remuneration policy for the Directors and Senior Management, the system and amount of annual remuneration for Directors and Senior Managers, as well as the individual remuneration of the Executive Directors and Senior Managers, and the other conditions of their contracts,

particularly financial, and without prejudice to the competences of the Appointments Committee in relation to any conditions that it has proposed and unconnected with the retributive aspect.

- (ii) Ensure compliance with the remuneration policy for Directors and Senior Managers as well as report the basic conditions established in the contracts of these and compliance of the contracts.
- (iii) Report and prepare the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the Company's customers.
- (iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance.
- (v) Propose to the Board the approval of the remuneration reports or policies that it has to submit to the General Shareholders Meeting as well as informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting.
- (vi) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.

#### 4. Common regulations:

Both the Appointments Committee and the Remuneration Committee;

- (i) May regulate their own operation, they shall elect their Chairperson among the independent Directors forming part of each of them and they may also appoint a Secretary and in the absence of a specific appointment by the Committee, the Secretary of the Board shall act as the same or, failing that, any of the Deputy Secretaries.
- (ii) Shall meet each time when considered appropriate for the good performance of their duties and the meetings will be called by their Chairperson, either by his/her own initiative, or when required by two (2) members of the Committee itself, and must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal.

The meeting notice shall be given by letter, telegram, fax, e-mail or any other means which allows keeping a record of its receipt.

- (iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation presented to the Committee.
- (iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members ~~and the minutes will be available to all members of the Board in the Board Secretariat, but shall not be sent or delivered for reasons of discretion, unless the Chair of the Committee decides otherwise.~~

- (v) The Committees shall be validly constituted with the attendance in person or represented by proxy of the majority of its members and resolutions shall be adopted by a majority of members who attend in person or by proxy.
- (vi) They will prepare an annual report on about their operation highlighting the main incidents occurred, if any, related to their duties, that will be the base, among others, and if applicable, for the evaluation made by the Board of Directors. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

## **CHAPTER V**

### **FUNCTIONING OF THE BOARD OF DIRECTORS**

#### **ARTICLE 16.- MEETINGS OF THE BOARD OF DIRECTORS**

1. The Board of Directors shall meet whenever it considers it necessary for the smooth running of the Company, and at least eight (8) times a year, celebrating a meeting at least once every quarter. The Board of Directors must also meet when requested by at least two (2) of its members or one of the independent Directors, in writing addressed to the Chairman indicating the agenda, in which case, the meeting of the Board of Directors will be called by the Chairman, through any written means addressed personally to each Director, to be held within fifteen (15) days following the request at the registered office. Should one month elapse after the date of receipt of the request without the Chairman having called the Board of Directors meeting, without a justified reason, and provided that the request is supported by at least one third of the members of the Board of Directors, a meeting of the Board may be called by the Directors who requested the call as long as they constitute at least one third of the members of the Board. In all events, the Board of Directors shall meet within a maximum period of three (3) months from the end of the financial year, in order to draw up the Annual Accounts, the Management Report and the proposed distribution of profit.
2. Meetings will be notified to each Director by letter, fax, telegram or e-mail, or by any other means that allows acknowledgment of receipt, and will be authorised with the signature of the Chairman or that of the Secretary or Vice-Secretary by order of the Chairman. Notice will be sent at least forty-eight (48) hours in advance, unless an emergency situation exists and is accepted by the Board when it meets.
3. Except when the Board of Directors has been held or has been exceptionally convened due to urgency, the Directors should previously receive with sufficient advance all the necessary information for the deliberation and adoption of resolutions on the matters in question, the Chairman assisted by the secretary being responsible for the fulfilment of this disposition.
4. Meetings of the Board of Directors and its Committees will normally take place at the Company's registered office, but may also be held at another location determined by the Chairman of the Board or of the relevant Committee, who may authorize meetings to be held with simultaneous attendance at various locations connected by audiovisual or telephonic means, provided the recognition of those attending and real-time interactivity

and intercommunication, and thus unity of action, can be guaranteed. Board members who are not physically present at the meeting place and who use remote means of communication such that the meeting can be transmitted simultaneously and reciprocally with all other members using such means of communication will, for all purposes, be considered to have attended and may issue their vote remotely, through the means of communication being used. In the case that any of the Directors are at the corporate address, the meeting will be understood to be held there. Otherwise, the meeting will be understood as being held where the Director chairing the meeting is located.

5. The meeting of the Board will be considered to be validly held without any need for a call if all of its members, present or represented by proxy, unanimously agree to the meeting and to the items of the agenda to be discussed.
6. The Board may also adopt resolutions in writing, with no meeting, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, or by any other means that allows acknowledgment of receipt, provided that the identity of the Director casting the vote has been verified.
7. At least once a year, the Board, as a plenary body, shall evaluate:
  - (i) the quality and efficiency of the functioning of the Board;
  - (ii) the carrying out of their duties on the part of the Chairman of the Board, where appropriate, led by the Coordinating Director and the chief executive of the Company; and
  - (iii) the functioning of the Committees;

and shall propose, on the basis of the outcome, an action plan to correct the deficiencies identified. The result of the evaluations will be included in the minutes of the meeting or will be incorporated to these as an appendix.

#### **ARTICLE 17.- PROCEDURES FOR MEETINGS**

1. A meeting of the Board of Directors will be validly assembled when at least the majority of its members attend or are represented by proxy, except in the case of the absence of a meeting notice, in which case the attendance of all of its members in person or by proxy will be required.
2. Board members should attend Board meetings in person. Nevertheless, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. The non-executive Directors can only grant their proxy to another non-executive Director, although the independent Directors, are only entitled to grant their proxy in favour of other independent Director. The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.
3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations, and will lead the voting.
4. Except in cases in which the Law or the by-laws specifically set forth another voting quorum, resolutions will be adopted by an absolute majority of the Directors attending

the meeting in person or represented by proxy. In the event of a tie, the Chairman will have the casting vote. In any event, when a shareholder is represented on the Board by more than one proprietary Director, proprietary Directors representing such shareholder shall abstain from participating in the deliberation and voting of the agreements for the appointment of independent Directors by co-option and with regard to the appointment proposals of independent Directors made to the General Shareholders Meeting.

Particularly, the permanent delegation of all or any of the duties of the Board of Directors on the Executive Committee, on the Executive Director, the appointment of the Directors that have to hold such positions, the appointment of the Chairman when this falls on an executive Director and the approval of the contracts between the Directors with executive functions and the Company, will require to be valid the favourable vote of two thirds (2/3) of the Board members.

5. Minutes of the meetings of the Board of Directors will be drawn up by the Secretary and will be signed, at a minimum, by the Chairman or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to applicable requirements, into a special book of minutes of the Board of Directors.

The minutes will be approved by the Board of Directors at the end of the meeting or immediately afterwards, unless the immediate nature of the meetings does not permit this, in which case they will be approved at a subsequent meeting. The minutes may also be approved by the Chairman, the Secretary and two (2) Directors attending the Board meeting to which the minutes refer, who are designated by the Board itself at each meeting.

In order to facilitate the implementation of resolutions and, as the case may be, their recording in a public deed, the minutes may be partially approved, and each of the approved sections may contain one or more resolutions.

## **CHAPTER VI**

### **APPOINTMENT AND REPLACEMENT OF DIRECTORS**

#### **ARTICLE 18.- APPOINTMENT OF DIRECTORS**

1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Law and in the Company's By-laws.
2. Proposed appointments of Directors submitted by the Board of Directors for the General Shareholders' Meeting and resolutions regarding appointments which said body adopts by virtue of the powers of co-option legally attributed to it must be preceded by the pertinent proposal of the Appointments Committee, in the case of independent directors, and by a report, in the case of the remaining Directors.
3. The members of the Board of Directors must fulfil the required standards for the exercise of their duties. In particular, they should have recognised business and professional integrity, have the appropriate knowledge, skills and experience to perform their duties

and be able to exercise good governance of the entity within the terms provided by the current legislation.

4. The proposals for appointment or re-election of Directors should be accompanied in any event by a supporting report from the Board of Directors evaluating the skills, knowledge and merits of the proposed candidate that will be attached to the minutes of General Meeting or that of the Board itself.

#### **ARTICLE 19.- CLASSIFICATION OF DIRECTORS**

1. The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.
2. Executive directors are considered those that develop management functions in the Company or its group, whatever the legal link with the same. Nevertheless, the Directors that are Senior Executives or directors of companies belonging to the group of the dominant entity of the Company will be considered as stakeholder Directors.

When a director develops management functions and, at the same time is or represents a significant shareholder or that is represented in the Board of Directors, it is considered as executive.

3. Stakeholder directors are considered to be those that hold a stake in the share capital of the Company equal to or higher than what is legally considered as significant or that has been appointed due to its condition as shareholder, even if its shareholding does not reach the mentioned amount, as well as those who represent the previously mentioned shareholders.
4. Independent Directors will be considered to be those who are appointed in consideration of their personal and professional qualities and who may fulfil their duties without being constrained by their ties to the Company or its group, to its significant shareholders and to its Senior Officers.

In particular, the following persons may not be considered, under any circumstance as independent Directors in any of the following situations:

- (a) persons who have been employees or executive directors of group companies, unless three (3) or five (5) years, respectively, have elapsed since the termination of that relationship.
- (b) persons who receive from the Company, or from the same group, any amount or benefit other than remuneration as Directors, unless the amount in question is insignificant for the Director.

For the purposes of this section, dividends or pension complements received by a Director by virtue of his prior professional or work relationship will not be taken into account, provided that such complements are unconditional and, consequently, the company that pays them does not have the discretion, except in the case of non-fulfilment of obligations, to suspend, modify or revoke the payment thereof;

- (c) persons who are, or who have been in the last three (3) years, partners of the external auditor or who have been responsible for the audit report, whether regarding the audit of the Company during said period or of any other company in its group;
- (d) persons who are executive Directors or senior managers of a different company in which an executive Director or senior Director of the Company is an external Director;
- (e) persons who maintain, or who have maintained in the last year, a significant business relationship with the Company or with any company in its group, either in their own name or as significant shareholders, Directors or Senior Managers of an entity that maintains or has maintained said relationship.

Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.

- (f) persons who are significant shareholders, executive Directors or senior managers of an entity that receives, or has received in the last three (3) years, significant donations from the Company or its group.

Persons who are mere patrons of a foundation receiving donations will not be considered included in this item;

- (g) The spouses of, the persons linked by an analogous affective relationship to, or the relatives removed by up to two steps from an executive Director or Senior Director of the Company;
- (h) Persons who have not been proposed, either for appointment or renewal, by the Appointments Committee;
- (i) persons who have been Directors for a continued period of more than twelve (12) years;
- (j) persons who, with regard to any significant shareholder or person represented by proxy on the Board, are covered by the cases referred to in items (a), (e), (f) or (g) above. In the case of the degree of kinship referred to in (g), the limitation will apply not only to the shareholder but also to the stakeholder Directors in the investee company.

Persons who cease to be stakeholder Directors because the shareholder whom they represented sold his stake may be re-elected as independent Directors only if the shareholder whom they represented until that time sold all of this shares in the Company.

A Director who holds a shareholding in the Company may be an independent Director, if he meets all of the conditions set forth above and, in addition, his shareholding is not significant.

5. Other external directors will be considered as non-executive directors that are not considered as stakeholder or independent directors.

6. The Board of Directors will detail the class of each director before the General Meeting that may appoint or ratify the appointment or agree its re-election and such classification will be maintained or, if applicable, modified it in the Annual Corporate Governance Report, with the previous report from the Appointments Committee.

#### **ARTICLE 20.- TERM IN OFFICE**

1. Directors shall remain in their posts for the term of office stipulated in the By-laws while the General Meeting does not agree their removal or they resign from the position, and may be re-elected one or more times for periods of equal length. Nevertheless, independent Directors will not stay on as such for a continuous period of more than twelve (12) years.
2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, but if the vacancy was produced after having called the General Meeting and before it being held, the appointment of the director by co-option by the Board to cover such vacancy will be effective until the celebration of the next General Meeting.

#### **ARTICLE 21.- REMOVAL OF DIRECTORS**

1. Directors shall be removed from office when the period for which they were appointed has elapsed, when so decided by the General Shareholders' Meeting in use of the attributes granted thereto, legally or in the by-laws, and when they resign.
2. Directors must place their position at the disposal of the Board of Directors and formalize, if the latter deems appropriate, the pertinent resignation, in the following cases:
  - (a) when they depart the executive positions, posts or functions with which their appointment as Director was associated;
  - (b) when they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements according to the applicable regulations.
  - (c) when they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
  - (d) when their remaining on the Board, they may place at risk the Company's interest, or when the reasons for which they were appointed cease to exist. In particular, in the case of stakeholder Directors, when the shareholder they represent transfers its stake holding in its entirety. They must also do so when the said shareholder lowers its stake holding to a level which requires the reduction of the number of stakeholder Directors;
  - (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and

- (f) when due to facts attributable to the Director, his remaining on the Board could cause serious damage to the corporate net worth or reputation in the judgement of the Board.
- 3. In the case of an individual representing a director who is a legal entity incurs in any of the situations foreseen in the previous section, the individual representative should offer its post to the legal entity appointing him. If this latter decides to maintain the representative to develop its position of director, the director who is a legal entity should offer its post of director to the Board of Directors,
- 4. When a Director leaves office prior to the end of his term, he must explain the reasons in a letter which he shall send to all members of the Board of Directors.

## **CHAPTER VII**

### **INFORMATION FROM DIRECTORS**

#### **ARTICLE 22.- INFORMATION AND INSPECTION POWERS**

- 1. In the development of their duties, the directors have the duty of demanding and the right to recompile from the Company the necessary information for fulfilling their obligations. For such purpose, the Director should request information on any aspect of the Company and examine its books, records, documents and further documentation. The right to information extends to investee companies provided that this is possible.
- 2. Requests for information must be directed to the Chairman of the Board of Directors, if he holds executive status, and, otherwise, to the Chief Executive Officer, who will forward the request to the appropriate party in the Company.
- 3. If the Chairman deems that the information is confidential, he will notify the Director who requests and receives the information of this as well as of the Director's duty of confidentiality under these Regulations.

#### **ARTICLE 23.- ASSISTANCE FROM EXPERTS**

- 1. To receive assistance in fulfilling their duties, the non-executive Directors may request that legal, accounting or financial advisers or other experts be contracted, to the account of the Company. The tasks to be carried out must, without exception, be related to specific issues of a certain significance and complexity that arise when the Directors exercise their duties.
- 2. The decision to contract must be notified to the Chairman of the Company, if he holds executive status, and, otherwise, to the Chief Executive Officer, and may be vetoed by the Board of Directors, provided that it demonstrates that:
  - (a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors;
  - (b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;

- (c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or
- (d) it may entail a risk to the confidentiality of the information that must be handled.

## **CHAPTER VIII**

### **REMUNERATION OF DIRECTORS**

#### **ARTICLE 24.- REMUNERATION OF DIRECTORS**

1. The Board of Directors will determine the remuneration corresponding to each Director, in their condition as such, and, when applicable, for the development of executive functions, in accordance with the provisions of the by-laws and the remuneration policy approved by the General Meeting and in accordance, if applicable, with the indications of the Remuneration Committee. With the exception of the remuneration expressly approved by the General Shareholders Meeting.
2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. In all cases, the remuneration of the directors should keep a reasonable proportion with the importance of the Company, the economic situation at any given time, and market standards of comparable companies. The established remuneration system should be aimed at promoting long-term profitability and sustainability of the Company and incorporate the necessary caution to avoid the excessive assumption of risks and the reward of favourable results.
3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of Directors, in their condition as such, including any remuneration they receive as members of the Committees, conforms to the following guidelines:
  - (a) Directors must be remunerated according to their effective dedication and of the functions and responsibilities attributed to them; and
  - (b) the remuneration amount of Directors, in their condition as such, must be calculated such that it offers incentives for dedication without undermining their independence.
4. The Board of Directors will determine the remuneration of the Directors developing executive functions as well as the terms and conditions of their contracts according to the current regulation and remunerations policy.
5. The Company General Meeting will approve, at least every three (3) years and as a separate point of the agenda, the remuneration policy of the directors, that will adapt, as appropriate, to the remuneration policy included in the By-laws, in the legally foreseen terms. The proposal of the mentioned remuneration policy should be accompanied by a report from the Remuneration Committee.

Additionally, the remuneration policy will be annually subject to an internal, central and independent evaluation in order to verify if it complies with the guidelines and remuneration procedures approved by the Board of Directors.

The Board of Directors of the Company will periodically adopt and review the general principles of the remunerations policy and will be responsible for supervising its application.

6. The Board of Directors must prepare and annually publish a report on the remunerations of the Directors including what they perceive or should perceive in their condition as such, and if applicable, for the development of executive functions, under the terms provided for in law. This report will be made available to the shareholders when the General Shareholders' Meeting is called and will be brought to an advisory vote of the Meeting, as a separate item on the agenda, in addition to the proposal for the remuneration policy proposed, when appropriate, to the General Shareholders Meeting for approval.

If the annual report on the Directors' remunerations is rejected during the advisory vote in the Ordinary General Meeting, the applicable remuneration policy for the following year should be submitted for the approval of the General Shareholders Meeting prior to its application, even when the mentioned period of three (3) years has not passed.

## **CHAPTER IX**

### **DIRECTORS' DUTIES**

#### **ARTICLE 25.- GENERAL DUTIES OF DIRECTORS**

In performing their duties, Directors will act with the diligence of respected businesspersons and the loyalty of a faithful representative. Their actions should be in good faith and will be guided solely by the interest of the Company, as they strive to better defend and protect the interests of the shareholders overall, from whom their mandate derives and to whom they are accountable.

#### **ARTICLE 26.- DUTY OF DILIGENCE**

Directors should develop their position and fulfil the duties imposed by Law and the By-law with the diligence of orderly businesspersons, taking into account the nature of their position and the duties attributed to each of them. In particular, Directors are required to:

- (a) have adequate dedication and adopt the necessary measures for the good management and control of the Company;
- (b) demand and recompile adequate and necessary information for fulfilling their obligations and, specifically, prepare suitably for the Board meetings and, if applicable, of the delegate bodies and internal Committees to which they belong;
- (c) attend the meetings of the Board of Directors and take an active part in the deliberations in order for their opinions to effectively contribute to decision-making. If, for a justified reason, a Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him, as established in these Regulations;
- (d) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business;

- (e) carry out any specific task entrusted to them by the Board of Directors or any of its delegated and/or advisory bodies that is reasonably within the purview of their dedication pledge;
- (f) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;
- (g) urge persons with meeting-calling capacity to call an extraordinary meeting of the Board or to include the points they deem appropriate in the agenda of the first meeting to be held; and
- (h) oppose resolutions that are contrary to the Law, to the By-laws, to the General Meeting Regulations, to these Regulations or to the Company's interest, and to request that their position be entered into the minutes when they deem that such action is more appropriate to safeguard the Company's interest.

#### **ARTICLE 27.- DUTY OF LOYALTY**

Directors should develop the position with the loyalty of a faithful representative, in good faith and in the best interests of the Company. Particularly the Director, in compliance with the duty of loyalty should:

- (a) refrain from attending and intervening in the deliberations and voting affecting matters in which the Director or Persons Related to the Director directly or indirectly have conflicting interests, in which case the votes of the Directors affected by the conflict and that have to abstain, will be deducted for the calculation of the majority of votes that are necessary;
- (b) safeguard secrets about the information, data, reports, or background to which it may have access in the development of their position, even when they have been separated from the same, except for the cases where the Law allows or requires it, in the terms established under article 28 of these Regulations;
- (c) not exercise their powers for other aims than those for which they have been granted: and
- (d) develop their duties under the principle of personal responsibility with freedom of judgement or judgment and independence regarding the instructions and links with third parties; and
- (e) adopt the necessary measures to avoid incurring in situations in which their interests, either for their own account or for third parties, can enter into conflict with the Company's interest and with their duties for the Company.

#### **ARTICLE 28.- DIRECTOR'S DUTY OF CONFIDENTIALITY**

1. Directors will keep secret all deliberations of the Board of Directors and the delegate bodies to which the Directors belong and, in general, will abstain from disclosing the information to which they have been privy in performing their duties.
2. The duty of confidentiality will remain even when a Director has left his position, and he must keep secret all confidential information and all information, data, reports or

antecedents of which he becomes aware as a result of performing his duties. He may not communicate said information to third parties or disseminate it when so doing might be detrimental to the Company's interest. Excepted from the duties referred to in this paragraph are cases in which the law permits the communication of dissemination of information to third parties, as are, if applicable, cases in which Directors are summoned by or must refer to the respective oversight authorities, in which case the relinquishment of information must conform to the laws.

#### **ARTICLE 29.- DUTY NOT TO COMPETE**

1. Directors should refrain from developing, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, either current or potential, or which any other way, position them in permanent conflict with the Company interests, unless they have the express and separate consent of the Company through a resolution adopted at a General Shareholders' Meeting, for which purpose the Director must issue the communication set forth in item 3 of the following article. The obligation of not competing with the Company can only be subject to release in the case that no harm for the Company may be expected or that the harm which could be expected is compensated by the benefits that foreseeably are expected from the release. Excepted from the above are offices which may be held in subsidiaries or investee entities of the Company. The above prohibition is not applicable to those persons who hold executive or management offices at the parent company or at other entities of the group.
2. The obligation to abide by the conditions and guarantees provided by the dispensation resolution and, in any case, the obligation to abstain from participating in the deliberations and voting in which he has a conflict of interest shall be applicable to the Director who has obtained the dispensation from the General Shareholders' Meeting, all of which in accordance with the provisions of current legislation.
3. A Director who terminates his mandate or for any other reason departs from his office may not provide services or be a director at another entity that is in a situation of effective competition with the Company for the term set forth, which in no event will be more than two (2) years.

#### **ARTICLE 30.- DUTY TO AVOID CONFLICTS OF INTEREST**

1. Directors shall avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, taking for these purposes any measures that may be necessary. In any case, Directors must abstain from:
  - (a) directly or indirectly carry out transactions with the Company unless they are ordinary operations made in standard conditions for all clients and with little relevance;
  - (b) use the Company's name or invoke their status as Director in order to unduly influence the carrying out private transactions;
  - (c) use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage or for any private aims;

- (d) use for their own benefit a business opportunity of the Company, understanding as business opportunity any possibility to carry out an investment or commercial transaction that has arisen and has been discovered in connection with the Director's performance of his duties, or by using means and information of the Company, or under any such circumstances that it is reasonable to believe that a third party offer was in fact intended for the Company;
  - (e) obtain advantages or remunerations from third parties different from the Company and its group, related to the development of its position, except when these are mere courtesy attentions; and from
  - (f) developing activities on its own account or for third parties that in any case position them in permanent conflict of interests with the Company,
2. The above provisions will also apply in the case that the beneficiary of the prohibited acts or activities are persons related to Directors in accordance to the definition of this concept in the Law (henceforth, **Related Persons**).
  3. In all cases, Directors should inform to the Board of Directors on the situations of direct or indirect conflict that they or the Persons Related to them may have with the interests of the Company.
  4. The Company can only release from the prohibitions contained in this article in singular cases according to the procedure and restrictions established by current legislation.
  5. The situations of conflict of interests in which the Directors are involved will be reported in the annual report.

**ARTICLE 31.- USE OF NON-PUBLIC INFORMATION**

1. Directors are subject, with regard to the use of any non-public information of the Company, to the duties of diligence, loyalty, confidentiality, and secrecy inherent to their position, and must abstain from using said information to their own benefit or to the benefit of third parties, in violation of the duties referred to above.
2. The contents of this article are deemed as without prejudice to the obligations that correspond to the Directors regarding insider information and significant information of the Company, in accordance with the terms set forth in laws governing the securities market.

**ARTICLE 32.- DIRECTORS' INFORMATION DUTY**

1. Directors must inform the Company of the shares of the Company which they own directly or indirectly through Related Persons, in accordance, in all respects, with the Internal Rules of Conduct on Matters Relating to the Securities Market.
2. Directors must also inform the Company of the positions they hold and the activities they carry out in other companies and, in general, of facts, circumstances or situations that may prove significant for their performance as Company directors.
3. Directors must inform the Company of any situation of which they are aware whose importance of which seriously damage the Company's reputation.

4. Directors must abide by the limitations on belonging to Boards of Directors set forth in the current regulations of organization, supervision and solvency of credit entities.
5. Directors must inform the Company of circumstances that affect the Company and that may damage its credit or reputation, especially of criminal charges brought against them and the progress of any subsequent trial. The Board may, after examining the Director's situation, demand his resignation and the Director must abide by this decision.

**ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS**

In cases in which authorization of the Board of Directors is not expressly prohibited, the Company can release the Director from complying with certain obligations. When the release is not the competence of the Meeting, the Board of Directors may approve the release, previously and exceptionally and subject to a report by the Audit and Control Committee reflecting that no damage is caused to the Company and no legal or by-law regulations applicable in each case are breached.

**CHAPTER X**

**RELATIONS OF THE BOARD**

**ARTICLE 34.- RELATIONS WITH SHAREHOLDERS**

1. The Board of Directors will provide suitable channels to familiarize itself with any proposals formulated by shareholders with regard to the management of the Company.
2. Through some of its Directors and with the collaboration of the members of senior management that the Board deems appropriate, the Board may organize informational meetings on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.
3. Public requests for vote delegation made by the Board of Directors or by any of its members must express how the representative would vote in the event that the shareholder does not give instructions. A vote that has been delegated in response to such a public request may not be exercised relative to agenda items regarding which there is a conflict of interest, unless the person granting the proxy has given precise voting instructions for each of those items, all in accordance with the Law.
4. The Board of Directors will promote shareholders' informed participation in General Shareholders' Meetings and will adopt all timely measures required to allow the General Shareholders' Meeting to effectively exercise the duties that correspond to it in accordance with the law and the Company's by-laws.

In particular, the Board of Directors will adopt the following measures in accordance with the Law:

- (a) it will strive to make available to the shareholders, prior to the Meeting and in sufficient advance, all information that can legally be demanded, and all information that, even though not legally demandable, may be of interest and can be reasonably provided;

- (b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;
- (c) if meeting the requests for information is not possible in the same meeting, the requested information will be provided after the closing of the meeting in the legally established terms;
- (d) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and
- (e) it will ensure that the matters proposed to the Meeting are voted on in an orderly manner and separately, allowing the shareholders to intervene and express their opinion on each issue submitted to a vote.

#### **ARTICLE 35.- RELATIONS WITH INSTITUTIONAL SHAREHOLDERS**

1. The Board of Directors will also establish adequate mechanisms for the regular sharing of information with institutional investors who are among the Company's shareholders.
2. In no event may the relations between the Board of Directors and institutional shareholders translate into the delivery to the latter of any information that might give them a privilege or advantage over other shareholders.

#### **ARTICLE 36.- MARKET RELATIONS**

1. The Board of Directors, through communiqués of significant events to the Spanish National Securities Market Commission and the corporate web page, will immediately provide the public with all significant information on the terms set forth in the current regulations.
2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information that the Law requires making available to the markets is prepared in accordance with the same principles, criteria and professional practices as the Annual Financial Statements and enjoys the same reliability as the latter. The Audit and Control Committee will report before to the Board of Directors about the financial information that the Company should periodically make public.
3. Information obligations will be fulfilled through any technical, information-technology or telematic means, without prejudice to the shareholder's right to request printed information.

#### **ARTICLE 37.- RELATIONS WITH AUDITORS**

1. The Board's relations with the Company's external auditors shall be channelled through the Audit and Control Committee.
2. The Board of Directors will publicly report the overall fees that the Company has paid for non-auditing services.

## **FINAL PROVISION**

No more than half of the executive Directors should be appointed from amongst the proprietary Directors representing a same shareholder, neither amongst Directors who are current or past members of the governing bodies or senior management of a shareholder holding, or having held, control of the Company, unless three (3) or five (5) years, respectively, have elapsed since the termination of such relationship.

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