



**REPORT OF THE BOARD OF DIRECTORS OF CAIXABANK, S.A. ON
THE AMENDMENT TO THE BOARD'S REGULATIONS.**

1. INTRODUCTION AND PURPOSE OF THE REPORT

In connection with the approval of the Act 31/2014, of 3 December, amending the Spanish Corporations Act for the improvement of corporate governance, on the one hand, and the Act 10/2014 of 26 June, on organisation, supervision and solvency of credit institutions ("**Solvency Act**") and its implementing regulations, Royal Decree 84/2015, of 13 February, which consolidates the Act 10/2014, of 26th June, on organisation, supervision and solvency of credit institutions ("**Solvency Royal Decree**"), on the other, the Regulations of the Board of Directors of CaixaBank, S.A. (hereinafter "**CaixaBank**" or the "**Company**") have been adapted to the mandatory provisions introduced by the said legislations.

The Board of Directors of CaixaBank at their meetings held on 25th September 2014, 23rd October 2014 and 12th March 2015 has approved the amendments to the Board's Regulations set out in this report.

In this regard, pursuant to the provisions of Article 528 of the Legislative Royal Decree 1/2010 of 2 July, approving the revised text of the Corporations Act (approved "**Corporations Act**"), which requires the Board of Directors to report to the General Shareholders Meeting about the changes made to the Board Regulations, the Board of CaixaBank drafted this explanatory report justifying the reasons for the amendments made to the Regulations, which will be reported to the Company's General Shareholders' Meeting convened for 23rd April 2015, on first call, and the next day, 24th April, on second call, under item 17 of the Agenda.

This report was prepared by CaixaBank's Board of Directors in order to explain:

- **the amendments** to the following articles according to their current heading and numbering at the time of the amendment: (i) articles 4 ("General duties of the Board of Directors"), 9 ("The Secretary of the Board of Directors"), 11 ("Delegated bodies of the Board of Directors"), 13 ("The Audit and Control Committee"), 14 ("The Appointments and Remuneration Committee"), 17 ("Appointment of Directors"), 18 ("Appointment of external Directors"), 23 ("Remuneration of Directors") and 28 ("Use of corporate assets"), in the **Board meeting of 25th September 2014**; (ii) article 14 ("The Appointments Committee and the Remuneration Committee"), in the **Board meeting of 23rd October 2014**; and (iii) articles 1 ("Origin and duties"), 4 ("General duties of the Board of Directors"), 5 ("Qualitative composition"), 6 ("Quantitative composition"), 7 ("Chairman of the Board of Directors") 8 ("Vice-Chairman"), 9 ("The Secretary of the Board of Directors"), 10 ("The Vice-Secretary of the Board of Directors"), 11 ("Delegated bodies of the Board of Directors"), 12 ("The Executive Committee"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 15 ("Meetings of the Board of Directors"), 16 ("Procedures for meetings"), 17 ("Appointment of Directors"), 18 ("Appointment of independent Directors"), 19 ("Term in office"), 20 ("Removal of Directors"), 21 ("Information and inspection powers"), 22 ("Assistance from experts"), 23 ("Remuneration of Directors"), 24 ("General duties of Directors"), 25 ("Director's duty of

confidentiality"), 26 ("Duty not to compete"), 27 ("Conflicts of Interest"), 29 ("Use of non-public information"), 32 ("Director's information duty"), 33 ("Dispensation from compliance with duties by Directors"), 34 ("Relations with shareholders") and 36 ("Market relations") of the Regulations, in the **Board meeting on 12th March 2015**;

- the **reorganising of matters, with the removal of articles** 28 ("Use of corporate assets"), 30 ("Business Opportunities") and 31 ("Indirect transactions") according to the existing numbering prior to the amendment of the Regulations; and the **incorporation of new items** 25 ("Duty of Diligence") and 26 ("Duty of Loyalty") of the Regulations, all in the **Board meeting held on 12th March 2015**; as well as
- the **approval of a consolidated text of the Regulations of the Board of Directors** incorporating the changes outlined in the **Board meeting on 12th March 2015**.

It is noted that the amendments to the Regulations of the Board of Directors approved in the **Board meeting held on 12th March 2015** will enter into force at the same time as the proposed changes to the By-laws under sections 1, 2, 3, 4, 5, 6 and 7 of item 5 of the agenda of the General Shareholders Meeting become enforceable.

2. JUSTIFICATION OF THE AMENDMENTS

For the purposes of facilitating the understanding of the amendments made to the Board Regulations, the headings of the articles to which reference is made below correspond to those contained in the resulting text after the amendments adopted at the various meetings of the Board and identified in this report.

a) **Changes resulting from the amendment of the Corporations Act:**

The entry into force of Act 31/2014, of 3 December, amending the Corporations Act to improve the corporate governance, has introduced various changes in the regulation of company law and, in particular, with respect to listed companies. As a result of these regulatory changes, in the **Board meeting held on 12th March 2015**:

- on the one hand, the following articles of the Board Regulations **have been amended**: article 1 ("Origin and duties"), 4 ("General duties of the Board of Directors"), 5 ("Qualitative composition"), 7 ("Chairman of the Board of Directors"), 8 ("Vice-Chairman"), 9 ("The Secretary of the Board of Directors"), 10 ("The Vice-Secretary of the Board of Directors"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 15 ("Meetings of the Board of Directors"), 16 ("Procedures for meetings"), 17 ("Appointment of Directors"), 18 ("Classification of Directors"), 19 ("Term of office"), 20 ("Removal of Directors"), 21 ("Information and inspection powers"), 22 ("Assistance from experts"), 23 ("Remuneration of Directors"), 24 ("General duties of Directors"), 28 ("Duty Not to

Compete"), 29 ("Duty to avoid conflicts of interest"), 32 ("Dispensation from compliance with duties by Directors") and 35 ("Market Relations"); and

- on the other hand, **certain subjects have been reorganised, eliminating** the following articles: 28 ("Use of corporate assets"), 30 ("Business Opportunities") and 31 ("Indirect transactions") according to the existing numbering prior to the amendment of the Regulations; and **incorporating** the new articles: 25 ("Duty of Diligence") and 26 ("Duty of Loyalty") to the Regulations.

b) **Changes arising from the Solvency Act:**

Due to regulatory changes introduced by the Solvency Act and its development in the aforementioned Solvency Royal Decree, the following articles of the Board Regulations have been modified:

- in the **Board's meeting of 25th September 2014**, articles 4 ("General duties of the Board of Directors"), 9 ("The Secretary of the Board of Directors"), 11 ("Delegated bodies of the Board of Directors"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 17 ("Appointment of Directors") and 23 ("Remuneration of Directors") of the Regulations, as well as article 28 ("Use of corporate assets"), which was removed at the Board of Directors meeting of 12th March 2015.
- in the **Board meeting of 23rd October 2014**, article 14 ("The Appointments Committee and the Remuneration Committee") of the Regulations.
- in the **Board meeting held on 12th March 2015**, articles 4 ("General duties of the Board of Directors"), 5 ("Qualitative composition"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 20 ("Removal of Directors") and 23 ("Remuneration of Directors") of the Regulations.

c) **Technical and drafting improvements:**

In addition, these adaptations of the Regulations based on the regulatory amendments have been complemented by the introduction of certain technical or drafting improvements, clarifying and completing certain provisions, based on the experience provided by the ordinary management of the Company, modifying the following Board Regulations articles:

- in the **Board meeting of 25th September 2014**, the articles: 4 ("General duties of the Board of Directors"), 11 ("Delegated bodies of the Board of Directors"), 13 ("The Audit and Control Committee and the Risks Committee") and 18 ("Appointment of independent Directors").
- In the **Board meeting of 12th March 2015**, the articles: 1 ("Origin and duties"), 4 ("General duties of the Board of Directors"), 5 ("Qualitative composition"), 6

("Quantitative composition"), 7 ("Chairman of the Board of Directors"), 8 ("Vice-Chairman"), 10 ("The Vice-Secretary of the Board of Directors"), 11 ("Delegation of powers. Committees of the Board of Directors"), 12 ("The Executive Committee"), 13 ("The Audit and Control Committee and the Risks Committee"), 14 ("The Appointments Committee and the Remuneration Committee"), 15 ("Meetings of the Board of Directors"), 16 ("Procedures for meetings"), 17 ("Appointment of Directors"), 18 ("Classification of Directors"), 19 ("Term in office"), 20 ("Removal of Directors"), 23 ("Remuneration of Directors"), 25 ("Duty of Diligence"), 27 ("Director's Duty of Confidentiality"), 28 ("Duty Not to Compete"), 30 ("Use of non-public information"), 31 ("Director's information duty"), 33 ("Relations with shareholders") and 35 ("Market Relations") of the Regulations.

To facilitate the comparison between the new wording of the amended articles and their wording prior to their modification, double-column tables are included as annexes to this report, where the amendments approved in each of the Board of Directors meetings referred to above are highlighted. In this regard, it is included as **Annex I** the text of the articles that were in force prior to the amendment adopted at the **Board meeting of 25th September 2014** -in the left column- and the compared text highlighting the changes approved -in the right column; as **Annex II**, the text of the articles that were in force prior to the amendment approved at the **Board meeting of 23rd October 2014** -in the left column- and the compared text highlighting the changes approved -in the right column-; and as **Annex III** the text of the articles with the wording prior to the amendment approved at the **Board meeting on 12th March 2015** -in the left column- and the compared text highlighting the changes approved -in the right column-. In addition, the consolidated text of the Board Regulations is included in the present Report as **Annex IV**, entering into force at the same time as the amendments to the By-laws proposed to the Shareholders General Meeting under sections 1, 2, 3, 4, 5 and 6 of item 5 of the agenda.

3. CONTENT OF AMENDMENTS

3.1. AGREED AMENDMENTS DURING THE MEETING OF THE BOARD OF 25TH SEPTEMBER 2014:

- a) **First**, an amendment to the Regulations was adopted on the basis of the **Solvency Act**, introducing changes mainly regarding Board Committees, collecting and introducing the Risks Committee system and separating the then existing Appointments and Remuneration Committee into two separate committees, and also introducing the eligibility requirements for Directors required by the solvency regulations for credit institutions, on the terms set out below:
- A new section 3, of article 4, was incorporated, the legal catalogue of **non-delegable powers of the Board** of Directors (article 29.3 of the Solvency Act) also adapting paragraph (vii) of section 4 (a) as provided in the Act in relation to the **corporate governance procedures** (Article 29.1.b) of the Solvency Act.

- Paragraph 4 of article 9 ("Secretary of the Board of Directors"), section 2 of article 28 ("Use of corporate assets"), section 2 of article 11 ("Delegated bodies of the Board of Directors") and section 2 of article 17 ("Appointment of Directors") were modified, to replace the reference to "*Appointments and Remuneration Committee*" by "*Appointments Committee*" following the separation of the existing Committee into two different Committees (Articles 31 and 36 of the Solvency Act).
 - Section 1 of article 11 in relation to the Board Committees was modified to incorporate the requirement demanding that the Company must constitute, in any case, a Risks Committee and two separate Appointments and Remuneration Committees (Articles 31, 36 and 38 of the Solvency Act).
 - **The obligation to have a Risks Committee**, as well as the regulation of this Committee, was incorporated in article 13 of the Regulations. To this end, the heading of article 13 was amended, replacing "*The Audit and Control Committee*" by "*The Audit and Control Committee and the Risks Committee*" and **the areas of responsibility, rules of composition** (requirement that all its members must be non-executive Directors and at least one third of them, and in any case the Chairman, must be independent Directors) **and operation** of the Risks Committee (in particular regarding the possibility of the Committee's access to information about the risk of the Company and specialized external advice) (Article 38 of the Solvency Act) were introduced in the Regulations.
 - Article 14 of the Regulations was adapted to separate the Appointments and Remuneration Committee existing at the time, into two different committees, i.e., one **Appointments Committee** and one **Remuneration Committee**. To this end, the heading of article 14 was amended by replacing "*The Appointments and Remuneration Committee*" by "*The Appointments Committee and the Remuneration Committee*" adapting **the Committees' competences** (Articles 31 and 36 of the Solvency Act).
 - Article 17 was amended to incorporate a new section 3 in order to collect the **eligibility requirements for Directors** (Article 24.1 of the Solvency Act).
 - Section 1 of article 23 ("Remuneration of Directors") was amended to replace the reference to "*Appointments and Remuneration Committee*" by "**Remuneration Committee**" following the **separation of the existing Committee into two separate Committees** (Articles 31 and 36 of the Solvency Act).
- b) **Secondly, some technical or drafting clarifications** were incorporated in relation to certain matters, including:
- Regarding the competence of the Board, the clarification "*full*" was introduced in section 4 of article 4 to refer to certain non-delegable powers of the Board, and the part "*at the proposal of the Company's chief executive*" was removed in paragraph (i) of section 4 (b).

- The reference to the Appointments and Remuneration Committee and its duties was removed from section 1 of article 11, and section 2 of the article 11 was amended to establish that the Board shall take into consideration the suggestions posed thereto, not just those from the Executive Chairman and the CEO, but also the Chairman, whatever their condition, as well as those from the remaining members of the Board of Directors, officers and shareholders of the Company.
- In article 13, certain provisions contained in section 3, relating to the operating regime of the Audit and Control Committee and Risks Committee were systematized.
- Concerning article 18, its content was modified in order to collect only the regulations of independent Directors, and not all of the external Directors, deleting the first section of the article, and also modifying the heading of the article, replacing "*Appointment of External Directors*" by "*Appointment of Independent Directors*".

3.2. AGREED AMENDMENTS IN THE MEETING OF THE BOARD OF 23RD OCTOBER 2014:

At its meeting of **23rd October 2014**, the Board of Directors approved an amendment of section 1 of article 14 of the Regulations, to unify the wording of articles relating to the **composition of the Appointments and Remuneration Committees**, as determined by the related provisions found in the Solvency Act.

- In this sense, in relation to the Directors who comprise the said Committees, the mention "*external*" was replaced by "*non-executive*" (Articles 31.1 and 36.1 of the Solvency Act).
- In addition, the express provision that at least one third of the members of the aforementioned Committees and, in any case, its President, must be independent Directors was introduced (Articles 31.1 and 36.1 of Solvency Act).

3.3. AGREED AMENDMENTS IN THE MEETING OF THE BOARD OF 12TH MARCH 2015:

- a) As already stated above, the amendment has focused on the one hand, in the **adaptation of the Board of Directors Regulations to the amendments introduced in the Corporations Act**.
- (i) In relation to the **powers and functioning of the Board of Directors and its Committees**, the following provisions are collected under the **Corporations Act**:
 - The legal catalogue of the **non-delegable powers of the Board** of Directors has been incorporated in article 4 (Articles 249 bis and 529 ter of the Corporations Act).
 - The composition of the Audit and Control Committee **in article 13** (establishing that all its members will be non-executive Directors and that at least two of them will be independent Directors) **and the powers** of the same have been adapted in article 13 (Article 529 quaterdecies of the Corporations Act).

Also stated in section 3. (e) of article 13, is the fact that the report prepared by the **Audit and Control Committee and the Risks Committee** on their activities during the year, will serve, among other, as the basis for **the Board of Directors evaluation on the Committees functions** (Article 529 nonies of the Corporations Act).

- In article 14 on the Appointments Committee and the Remuneration Committee, its **composition** (establishing that at least two non-executive Directors must be independent) **and their powers** have been adapted (Article 529 quindecies of the Corporations Act).

Also, the obligation for the **Appointments Committee and the Remuneration Committee** to prepare a report on their activities during the year, which will serve among other as the basis for **evaluation by the Board of Directors on the Committees functions** (Article 529 nonies of the Corporations Act) has been introduced in section 4 (vi) of article 14.

- Article 15, which governs the Board of Directors meetings, has been amended in order to introduce in its section 1 the requirement that **the Board will meet at least once a quarter**, expressly including in section 3 the requirement that **the Directors should receive, with sufficient time in advance, all the necessary information** for the deliberation and adoption of resolutions during the Board meetings, and in section 7, concerning the requirement that **the Board must evaluate, at least once a year, its performance and the functioning of its Committees**, including that the Board will propose an action plan to correct the deficiencies identified and that the result of the evaluations shall be recorded in the minutes (Articles 245.3, 529 quinquies and 529 nonies of the Corporations Act).
 - The **obligation for Directors to personally attend Board meetings as well as the prohibition for non-executive Directors to grant their proxy in favour of an executive Director** is established in article 16 ("Procedures for meetings"). Also, the required quorum of two-thirds of the members of the Board to appoint the Chairman of the Board when the office falls on an executive Director has been explicitly included (Articles 529 quater and 529 septies.1 of the Corporations Act).
 - Paragraph 2 of article 35 is amended, for the purpose of including the responsibility **of the Audit and Control Committee to report in advance to the Board of Directors regarding the financial information** that the Company must periodically make public (Article 529 quaterdecies.4.g).1st of the Corporations Act).
- (ii) Regarding the **composition, offices, appointment and legal status of the members of the Board of Directors**, the following provisions are collected under the **Corporations Act**:
- The **definition of Senior Executives** contained in section 2 of article 1 of the Regulations, including among them the "*general directors*", has been modified (in line with Article 529 quindecies.3.g of the Corporations Act).

- The **Director categories** contained in sections 1 and 2 of article 5 have been adapted to the provisions contained in the Corporations Act and a new section 5 has been added concerning the role of the Board in **connection with ensuring that the member selection procedures promote diversity** in its composition (Articles 529 and 529 bis.2 the Corporations Act).
- The requirement that the Appointments Committee informs in advance about the appointment of the **Chairman and Vice Chairman/ Vice-Chairmen of the Board** has been included in articles 7 and 8 of the Regulations; while section 2 of article 7 has been completed with the duties of the Chairman, as stated by Law (Article 529 sexies of the Corporations Act).
- Articles 9 and 10 have been amended in order to, on the one hand, adapt the duties of the **Secretary of the Board** of Directors to those which are contained in the Law and, and on the other hand, to set forth the need for an Appointments Committee report prior to the appointment and dismissal of the Vice-Secretary, which has been expressly incorporated in section 4 of article 10 (Article 529 octies of the Corporations Act).
- A new section 4 has been introduced in article 17, which includes that the **proposals for appointment or re-election of Directors must be accompanied in any event by a justifying report from the Board of Directors** assessing their skills, knowledge and merits (Article 529 decies.5 of the Corporations Act).
- Concerning article 18, its heading has been changed, replacing "*Appointment of Independent Directors*" by "*Classification of Directors*", adapting the definition of independent directors and explicitly incorporating the one for executive, stakeholders Directors and other external Directors (Article 529 duodecies of the Corporations Act).
- As for the **office term of Directors**, article 19 has been incorporated assuming co-option coverage of vacancies occurring between the calling and the holding of the General Shareholders Meeting (Article 529 decies.2.b of the Corporations Act).
- In article 20, related to the removal of Directors, the wording "*external*" has been deleted in section 2 (d) in relation to stakeholders Directors and a new section 3 has been added concerning the **extension to the individual representative of the legal entity in the cases of removal** contained in this article (Articles 236.5 and 529 duodecies of the Corporations Act).
- Section 1 of article 21 on the information and inspection powers of the Director has been completed, with the **duty and the right to obtain the necessary information for the fulfilment of his/her obligations** (Article 225.3 of the Corporations Act).
- In section 1 and 2 (a) of article 22, the term "*external*" has been replaced by "*non-executive*" (Article 529 duodecies of the Corporations Act).

- Regarding the **remuneration of Directors** (article 23 of the Regulations), the powers of the Board of Directors to determine the remuneration of Directors has been described in section 1, as well as a generic reference that the emoluments of the same shall be determined in accordance with both, the remuneration policy and the statutory provisions. The general principles to be followed by the remuneration system are also introduced in section 2; section 3 which contains certain provisions concerning the remuneration of Directors in their capacity as such is also adapted, and a new section 4 is included to contain the powers of the Board to determine the remuneration of executive Directors and the terms and conditions of their contracts; also, a new section 5 is introduced which includes estimates of the remuneration policy, finally, section 6 is completed with forecasts about the Annual Report on remuneration of Directors (Articles 217.3 and 217.4, 529 septdecies.2, 529 octodecies.2, 529 novodecies and 541 of the Corporations Act).
- (iii) In connection with **the duties of Directors**, the **Corporations Act** has performed a re-organising of the previous system. In this regard, **the duties regime of Directors** has been adapted. This is contained in Chapter IX ("Director's duties ") of the Regulations, while some articles have been added (new articles 25 and 26), old articles 28, 30 and 31 have been removed and others have been modified, on the terms set out below:
 - The first section of article 24 ("General Duties of Directors") has been kept, while adapting its content to the new **duty of loyalty** legal formulation (Article 227.1 of the Corporations Act). In addition, other matters from article 24 are included in a new article 25, while article 26 is also introduced, reorganising this subject in accordance with the Corporations Act.

In this sense, the wording of the new article 25 ("**Duty of Diligence**"), has been adapted to the provisions of the Law (adding a new section (a) and completing the (b) section with the **right/duty of the Directors to demand and recompile information from the Company**). Also, the letter (h) is completed, explicitly incorporating that Directors must oppose any agreements that are, not only contrary to the Law or the By-laws, but also to the Regulations of the General Shareholders' Meeting and the Board Regulations, since the infringement of the referred Regulations is considered as cause of contesting the resolutions of the General Shareholders Meeting and the Board of Directors, respectively (Articles 225, 204.1 and 251.2 of the Corporations Act).

Also, the new article 26 lists the legal provisions relating to the **duty of loyalty and the basic obligations arising from them** (Articles 227 and 228 of the Corporations Act).

- Article 28 has been adapted ("**Duty Not to Compete**") according to the legal requirements, establishing, in accordance with the Law, that the activities which may involve an effective competition with the Company may be "*current or potential*", expressly referring also to the potential permanent conflicts with the

interests of the Company. In addition, the waiver regime regarding the Director's obligation not to compete has been added to the corporate text (Articles 229.1.f and 230.2 of the Corporations Act).

- Article 29 concerning a **Director's conflicts of interest has been amended**, adapting it to the new obligations arising from the duty to avoid conflicts of interest, modifying for this purpose the heading of the article, changing, therefore, "*Conflicts of interest*" by "*Duty to avoid Conflicts of interest*". The application of this duty has also been extended to persons related to the Director, having the same duty to notify the Board of any conflict situation they are in, the obligation to report these situations in the annual report, as well as a general reference in the new section 4 to the possibility of exemption from the prohibitions contained in this article in accordance with the procedure and the requirements of the legislation in force (Article 229 of the Corporations Act).
 - **Articles** (which appear referred hereto according to their original numbering prior to the Regulation amendment) **28** ("Use of corporate assets"), **30** ("Business opportunities") and **31** ("Indirect transactions") have been removed, **since its content, in the terms established in current legislation, has been gathered in article 29** regulating the duty to avoid conflicts of interest, in particular in sections 1c), 1d) and 2 of that Article 29 (section 1c), 1d) and 2 of Article 229 of the Corporations Act).
 - Article 32 ("**Dispensation from compliance with duties by Directors**") has been amended in order to adapt its wording to the legal provisions, expressly including that, in certain cases, the waiver must be granted by the General Shareholders' Meeting (Article 230 of the Corporations Act).
- b) **Secondly**, following the approval of the **Solvency Act and the Solvency Royal Decree**, some amendments relating mainly to the **powers of the Board of Directors and its Committees** and **the legal status of its members have been incorporated**. The following subjects are found in this area:
- (i) In relation to the **powers of the Board of Directors and its Committees**, the following provisions set forth under the **Solvency Act and the Solvency Royal Decree**:
- The legal catalogue system regarding **non-delegable powers of the Board** of Directors in article 4 (which was included in the Board meeting of 25th September 2014) has been reorganised, completing those powers contained in the Corporations Act, including also a new section 3 in accordance with the provisions of the Solvency Act (sections 2 and 3 of Article 29 of the Solvency Act).
 - In article 13 of the Regulations, **the powers of the Risks Committee and its composition rules** have been completed, expressly noting that the same will be

"*exclusively*" composed by non-executive Directors (sections 1 and 2 of article 37 and Article 38.1 of the Solvency Act and Article 42 of the Solvency Royal Decree).

- In article 14 of the Regulations, the **powers of the Appointments and Remuneration Committees, and the rules of procedure** of the Appointments Committee have been completed, incorporating the power of the Committee to use resources deemed appropriate for the development of its duties, including external assessment, and the availability to use adequate resources for it (Articles 31 and 36 of the Solvency Act and 38 and 39 of Royal Decree Solvency).
- (ii) Relative to **legal status of members of the Board of Directors** the following estimates are set forth under the **Solvency Act** and **Solvency Royal Decree**:
- The **composition requirements of the Board of Directors as a whole** and the Board's function **ensuring that the selection procedures of its members promote diversity** in its composition, have been incorporated in article 5 of the Regulations (Article 24.1 of the Solvency Act).
 - Article 20.2 on the **removal of Directors** has been modified, completing the letter (b) to include that Directors must present their resignation to the Board when they "*no longer meet the suitability requirements according to the applicable regulations*". A new section 3 has also been included concerning the extension to the individual representative of the Director's legal entity in the cases of removal contained in this article (sections 1 and 2 of Article 24 of the Solvency Act).
 - Regarding the **remuneration of Directors** (article 23 of the Regulations), in addition to the changes introduced by the Corporations Act under the terms that have already been outlined in section 5, in respect of the remuneration policy for Directors it is explicitly introduced that the Board will be responsible to adopt and periodically review its general principles as well as of monitoring their implementation. This policy will be subject to a central and independent assessment once a year (Article 33.2 of the Solvency Act).
- c) **Thirdly**, some **technical or editorial clarifications** have been incorporated in relation to certain matters, including:
- The **removal** of all **references to specific laws** in the Regulations of the Board of Directors. In this sense, the references to the "*Corporate Enterprise Act*" have been replaced by a generic reference to "*current legislation*" or "*the Law*" anticipating the possibility of future regulatory changes. In this sense, articles 1 (section 1), 17 (section 1), 28 (section 2) and 33 (section 3) of the Regulations have been modified. Furthermore, in article 35 (section 1) the reference to "*Securities Market Act and current legislative proposals therein*" has been replaced by "*current regulation*".

- In section 4 of article 4 concerning the **no-delegable powers of the Board**, the provision "*and notwithstanding the powers that are reserved to the full Board of Directors by Law, the By-laws or these Regulations*" has been incorporated.
- The fact that the Board shall ensure that the **non-executive Directors** should represent "*an overall*" majority in comparison to the executive Directors has been added in section 1 of article 5.
- A minor modification of wording has been introduced in section 2 of article 6, on the quantitative composition of the Board, including the text "*of Directors*" relative to the number of the same that the Board will propose to the General Shareholders Meeting.
- Section 1 of article 7 has been completed so as to include that the **powers of the Chairman** will include, in addition to what is provided for in the By-laws and what is delegated by the Board, whatever is provided for in the Law and in the Board's own Regulations.
- In article 8 regulating the **Board's Vice-Chairman**, the case of substitution of the Chairman by the Vice-Chairman in case of vacancy has been added in section 1. In section 2 the regime of substitution in cases of vacancy, incapacity or leave regarding the Vice-Chairmen, by its order, has also been incorporated.
- The same considerations outlined in the previous section are repeated with respect to the position of **Vice-Secretary of the Board** in article 10 of the Regulations.
- The heading of article 11 has been amended for systematic reasons, substituting "*Delegated bodies of the Board of Directors*" by "*Delegation of powers. Committees of the Board of Directors*". In addition, besides various drafting clarifications, in the second paragraph of section 1, it has been added that the Committees to be constituted by the Board shall have the powers "*granted by Law, the By-laws*", in addition to those granted under the Regulations themselves.
- The **regime of the Executive Committee** (article 12) has been completed with different provisions, and, in this sense, section 3 has been completed indicating that the powers of the Committee must respect the limits set out in the Law and the By-laws, as well as the Board's Regulations; a new section 4 has been added containing the system of convening meetings and the quorum for such; a new section 5 with the quorum for adoption of the permanent delegation of powers by the Board and the appointment of its members and a new section 8 which contains the quorum for adopting resolutions by the Executive Committee (Article 249.2 of the Corporations Act).
- The heading "*Common Regulations*" has been added to section 3 of Article 13 on **common operating rules for the Audit and Control Committee and the Risks Committee**, as well as a reference in the letter a) of this section 3, which provides for the convening of the Committees, the frequency of meetings of the Audit and Control Committee contained in section 11.d) of this article 13. Thus, section 1.b (iii) of this article

included, with regard to internal auditing, the following statement: "*The internal audit will functionally depend on the Chairman of the Audit and Control Committee, without prejudice of its reporting obligations to the Chairman of the Board of Directors for the due compliance of the Chairman's duties.*"

- Some of the provisions contained in section 4 of article 14 in relation to **common operating rules of the Appointments and Remuneration Committees**, with the corresponding ones from article 13 on the Audit and Control Committee and the Risks Committee.
- The following technical improvements have been introduced in article 15, which regulates the **Meetings of the Board of Directors**: the requirement that the Board shall hold at least **eight meetings a year** (section 1); the possibility of convening meetings, besides by letter, fax, telegram or email, by "*or any other means that allows acknowledgement of receipt*" (section 2) -wording which has also been incorporated in section 6 concerning voting by Directors in the votes in writing without a session-; and also regarding the meetings attended by any Director through distance communication media, it is also added that "*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.*" (section 4).
- Article 16 ("Procedures for meetings") has been amended in section 1 to replace the expression "*half plus one*" by "*the majority*" as it is used by Law; section 3 has also been completed stating that the Chairman of the Board "*will lead the voting*" and explicitly included in section 4 -without prejudice to the generic reference to the provisions of the Law and the Bylaws- the reinforced majority quorum for the adoption of certain agreements (Articles 247.2 and 249.2 of the Corporations Act).
- It was incorporated as a new section 6 of article 18, the need of the Board of Directors to detail the class of each Director to the General Shareholders' Meeting whenever an appointment needs to be made or ratified or agreed on his/her re-election, qualification which will be maintained or, where appropriate, amended in the Annual Corporate Governance Report with the previous report from the Appointments Committee.
- In article 19 regarding the **term in office** of Directors, it has been added in section 1, besides some minor drafting additions, the wording "*while the General Meeting does not agree their removal or they resign from the position*".
- In respect of article 20 on **removal of Directors**, letter (a) of section 2 has been completed to clarify that the removal being associated with the office of Director shall proceed in the case of termination not only in an "*position*" but also in the "*posts or functions*" and letter (d) of section 2 has been amended to replace "*sells*" by "*transfers*".
- In article 23 of the Regulations, section 4, concerning the **remuneration in the form of shares** is deleted, as the substantive rules of remuneration of the Directors are explained in the By-laws.

- In article 25, section (c) the wording "*as established in these Regulations*" is added, and in section (d), the reference to "(this also applies, to a lesser extent, to independent Directors)" is removed.
 - In section 2 of article 27 "*legal requirements*" is replaced by "the *laws*" to coordinate the term with that used in the Regulations. In addition, in section 1 of this article 27, as well as article 30, the term "*board member*" is shown in lowercase, unifying the criteria used in the Regulations.
 - In article 31 (section 4), the words "*current regulations of banking institutions*" has been replaced by "*current regulations of organization, supervision and solvency of credit entities*" in order to adapt it to the legal terminology.
 - In section 4 of article 33, which regulates the **Board's relations with shareholders**, various technical details have been introduced: in relation to the participation of shareholders at the Meeting, the wording "*in accordance with the Law*" has been added; the letter (a) containing that the provision of information to shareholders will be done "*in sufficient advance*" has been completed, and also a new section (c) has been added, which states that "*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*" (Article 197.2 of the Corporations Act).
- d) Finally, the Board of Directors approved a **consolidated text of the Board of Directors Regulations** incorporating the aforementioned amendments and the renumbering of the Regulations' articles.

In Barcelona, 12th March 2015

ANNEX I

Text of the articles containing the wording prior to the amendments approved at the Board of Directors meeting held on 25th September 2014 -in the left column- and the compared text highlighting the relevant amendments - in the right column

ORIGINAL TEXT	AMENDED TEXT
<p>ARTICLE 4.- GENERAL DUTIES OF THE BOARD OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Apart from those issues reserved to the shareholders in General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body. 2. It 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 <ol style="list-style-type: none"> (a) in full should approve the Company's strategy, control the organization of the Company to implement this strategy and (b) supervise and control the Company's management to ensure that it meet its stated targets and respect its corporate purpose and interest. 3. To this end, without prejudice to the effects vis-à-vis third parties of the authorizations and powers granted, the Board of Directors will be responsible for approving: <ol style="list-style-type: none"> (a) the Company's general policies and strategies. <p>This will include, in particular, the following:</p> <ol style="list-style-type: none"> (i) the strategic or business plan, management targets and annual budgets; (ii) investment and financing policy; (iii) design of the structure of the corporate 	<p>ARTICLE 4.- GENERAL DUTIES OF THE BOARD OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Apart from those issues reserved to the shareholders in General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body. 2. It 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. <u>3. In particular, the following duties of the Board of Directors may not be delegated:</u> <ol style="list-style-type: none"> <u>(a) The monitoring, control and periodic evaluation of the effectiveness of the corporate governance system as well as the adoption of appropriate measures to resolve, where necessary, any deficiencies;</u> <u>(b) To assume responsibility for the administration and management of the Company, approval and monitoring of the implementation of its strategic objectives, risk strategy and its internal governance;</u> <u>(c)- To guarantee the integrity of the accounting and financial information systems, including financial and operational control and compliance with the applicable law;</u> <u>(d)- To supervise the process of dissemination of information and communications relating to the credit institution; in full should approve the Company's strategy, control the organization of the Company to implement this strategy and</u> <u>(e) To effectively</u> supervise and control the Company's management to ensure that it meet its stated targets and respect its corporate purpose and interest. 3.4. To this end, without prejudice to the effects vis-à-vis third parties of the authorizations and powers granted, the <u>full</u> Board of Directors will be responsible for approving: <ol style="list-style-type: none"> (a) the Company's general policies and strategies. <p>This will include, in particular, the following:</p> <ol style="list-style-type: none"> (i) the strategic or business plan, management targets and annual budgets; (ii) investment and financing policy; (iii) design of the structure of the corporate

<p>group;</p> <p>(iv) corporate governance policy;</p> <p>(v) corporate social responsibility policy;</p> <p>(vi) remuneration and evaluation of Senior Officers;</p> <p>(vii) risk control and management, and the periodic monitoring of internal information and control systems; and</p> <p>(viii) dividend policy, as well as the policies and limits applying to treasury stock.</p> <p>(b) the following operating decisions:</p> <p>(i) at the proposal of the Company's chief executive, the appointment and removal of Senior Officers, and their compensation clauses;</p> <p>(ii) within the system called for in the by-laws, directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;</p> <p>(iii) financial information that all listed companies must periodically disclose;</p> <p>(iv) investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; and</p> <p>(v) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>(c) the transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (Related Party Transactions).</p> <p>Nevertheless, the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions:</p> <p>(i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients;</p> <p>(ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and</p> <p>(iii) the amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the parent.</p> <p>Nevertheless, the responsibilities referred to in (b) and (c) may be adopted for reasons of urgency by the Executive Committee under the</p>	<p>group;</p> <p>(iv) corporate governance policy;</p> <p>(v) corporate social responsibility policy;</p> <p>(vi) remuneration and evaluation of Senior Officers;</p> <p>(vii) risk control and management, and the periodic monitoring of internal <u>information procedures for for identification, management, and control and communication systems of the risks</u>; and</p> <p>(viii) dividend policy, as well as the policies and limits applying to treasury stock.</p> <p>(b) the following operating decisions:</p> <p>(i) at the proposal of the Company's chief executive, the appointment and removal of Senior Officers, and their compensation clauses;</p> <p>(ii) within the system called for in the by-laws, directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;</p> <p>(iii) financial information that all listed companies must periodically disclose;</p> <p>(iv) investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; and</p> <p>(v) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>(c) the transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (Related Party Transactions).</p> <p>Nevertheless, the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions:</p> <p>(i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients;</p> <p>(ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and</p> <p>(iii) the amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the parent.</p> <p>Nevertheless, the responsibilities referred to in (b) and (c) may be adopted for reasons of urgency by the Executive Committee under the authorization</p>
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<p>authorization conferred, and must be subsequently submitted for ratification.</p> <p>The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.</p> <p>4. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.</p> <p>ARTICLE 9.- THE SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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.</p> <p>If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.</p> <p>2. The Secretary will assist the Chairman with his work and must ensure the smooth operation of the Board of Directors and, in particular, must provide the Directors with the advice and information that they need, keep corporate documents, duly and faithfully reflect the conducting of meetings in the minute books, and certify the resolutions taken by the Board of Directors.</p> <p>3. The Secretary, or, if the Secretary is not a legal advisor, the legal advisor will ensure the formal and material legality of the Board's actions.</p> <p>4. 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 and Remuneration Committee.</p> <p>ARTICLE 11.- DELEGATED BODIES OF THE BOARD OF DIRECTORS</p> <p>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, as well as an Appointments and Remuneration Committee, the latter of which will have only information provision, advisory and proposal powers regarding the matters set forth in the following Articles.</p> <p>In all events, the Board of Directors will establish an Audit and Control Committee, with the powers set forth in these Regulations.</p> <p>2. The Appointments and Remuneration Committee will evaluate the profile of the most suitable persons to sit on the different</p>	<p>conferred, and must be subsequently submitted for ratification.</p> <p>The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.</p> <p>4.5. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.</p> <p>ARTICLE 9.- THE SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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.</p> <p>If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.</p> <p>2. The Secretary will assist the Chairman with his work and must ensure the smooth operation of the Board of Directors and, in particular, must provide the Directors with the advice and information that they need, keep corporate documents, duly and faithfully reflect the conducting of meetings in the minute books, and certify the resolutions taken by the Board of Directors.</p> <p>3. The Secretary, or, if the Secretary is not a legal advisor, the legal advisor will ensure the formal and material legality of the Board's actions.</p> <p>4. 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 and Remuneration Committee.</p> <p>ARTICLE 11.- DELEGATED BODIES OF THE BOARD OF DIRECTORS</p> <p>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, as well as an Appointments and Remuneration Committee, the latter of which will have only information provision, advisory and proposal powers regarding the matters set forth in the following Articles.</p> <p>In all events, the Board of Directors will establish an Audit and Control Committee, <u>an Appointment Committee, a Remunerations Committee and a Risks Committee</u> with the powers set forth in these Regulations.</p> <p>2. The Appointments and Remuneration Committee will evaluate the profile of the most suitable persons to sit on the different Committees, based</p>
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<p>Committees, based on their knowledge, aptitudes and experiences, and will forward their proposals to the Board. In all events, the Appointments and Remuneration Committee will take into account the suggestions made by the Chairman, if the latter holds executive status, and, otherwise, that of the Chief Executive Officer.</p> <p>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.</p> <p>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.</p>	<p>on their knowledge, aptitudes and experiences, and will forward their proposals to the Board. In all events, the Appointments and Remuneration Committee will <u>cases it shall</u> take into account <u>consideration</u> the suggestions made <u>deposed</u> thereto by the Chairman, if the Board members, the latter holds executive status, and, otherwise, that officers or the shareholders of the Chief Executive Officer <u>Company</u>.</p> <p>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.</p> <p>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.</p>
<p>ARTICLE 13.- THE AUDIT AND CONTROL COMMITTEE</p>	<p>ARTICLE 13.- THE AUDIT AND CONTROL <u>COMMITTEE AND THE RISKS</u> COMMITTEE</p>
<p>1. The Audit and Control Committee will be formed in its majority 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). At least one member of the Audit and Control Committee will be an independent director, and will be appointed on the basis of knowledge and experience of accounting or auditing, or both.</p> <p>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:</p> <ul style="list-style-type: none"> (i) to report at the General Shareholders' Meeting on matters posed by shareholders in the area of its competence; (ii) to propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof; (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports; (iv) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each 	<p>1. The Audit and Control Committee will be formed in its majority 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). At least one member of the Audit and Control Committee will be an independent director, and will be appointed on the basis of knowledge and experience of accounting or auditing, or both.</p> <p>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:</p> <ul style="list-style-type: none"> (i) to report at the General Shareholders' Meeting on matters posed by shareholders in the area of its competence; (ii) to propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof; (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports; (iv) to serve as a channel of communication between the Board of Directors and the auditors, to evaluate the results of each audit

<p>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;</p> <p>(v) to oversee the process for preparing and submitting regular financial accounting information and the effectiveness of the Company's internal control systems, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;</p> <p>(vi) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations. In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;</p> <p>(vii) 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;</p> <p>(viii) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;</p>	<p>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;</p> <p>(v) to oversee the process for preparing and submitting regular financial accounting information and the effectiveness of the Company's internal control systems, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;</p> <p>(vi) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations. In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation. In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;</p> <p>(vii) 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;</p> <p>(viii) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;</p>
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<p>(ix) to supervise the compliance with regulations with respect to Related Party Transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the Ministry of the Economy and Finance Order 3050/2004, of September 15, 2004, 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;</p> <p>(x) to supervises the compliance with the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;</p> <p>(xi) to report to the Board 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;</p> <p>(xii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;</p> <p>(xiii) 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;</p> <p>(xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty.</p> <p>(xv) any others attributed thereto by Law and other regulations applicable to the Company.</p> <p>The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the regular financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.</p> <p>It shall be convened by the Chairman of the</p>	<p>(ix) to supervise the compliance with regulations with respect to Related Party Transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the Ministry of the Economy and Finance Order 3050/2004, of September 15, 2004, 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;</p> <p>(x) to supervises the compliance with the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;</p> <p>(xi) to report to the Board 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;</p> <p>(xii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;</p> <p>(xiii) 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;</p> <p>(xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty.</p> <p>(xv) any others attributed thereto by Law and other regulations applicable to the Company.</p> <p>The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the regular financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.</p> <p>1. It shall be convened by the Chairman of the</p>
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Committee, either on his own initiative, or at the request of the Chairman 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.

Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. 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. 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.

- (i) Minutes of the resolutions adopted at each meeting shall be drawn up, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members. The Audit and Control Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted when the majority of its members attend in person or by proxy. The Audit and Control Committee shall prepare an annual report on its operation, emphasizing the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, when the Audit and Control Committee deems it appropriate, it shall include in the said report proposals to improve the Company's rules of governance.

~~Committee, either on his own initiative, or at the request of the Chairman 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.~~

The Audit and Control Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. 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. 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.

- ~~(i) Minutes of the resolutions adopted at each meeting shall be drawn up, which shall be reported to the Board as a plenary body, submitting or delivering a copy of the minutes to all Board members. The Audit and Control Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted when the majority of its members attend in person or by proxy. The Audit and Control Committee shall prepare an annual report on its operation, emphasizing the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, when the Audit and Control Committee deems it appropriate, it shall include in the said report proposals to improve the Company's rules of governance.~~

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. The Committee may also request the attendance at its meetings of the Company's auditors.

2. The Risk Committee shall comprise members of the Board of Directors who do not perform executive functions 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). At least a third of these members, and in every case the President, shall be independent Directors.

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 entity and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring

	<p>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.</p> <ul style="list-style-type: none"> (ii) To propose to the Board the Group's risk policy, which shall identify in particular: <ul style="list-style-type: none"> (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) Propose to 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. (iv) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk. (v) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable: <ul style="list-style-type: none"> (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; (vi) 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. (vii) Report on new products and services or significant changes to existing ones, in order to determine: <ul style="list-style-type: none"> (a) The risks facing the Company from their
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	<p><u>issue and their commercialisation on the market, as well as from significant changes in existing ones.</u></p> <p><u>(b) Information and internal control systems for the management and control of these risks.</u></p> <p><u>(c) The corrective measures to limit the impact of the identified risks in the event that they materialise;</u></p> <p><u>(d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.</u></p> <p><u>(viii) Examine, without prejudice to the functions of the remuneration committee, if the incentives anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.</u></p> <p><u>For the proper performance of its functions, the entity shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk situation of the entity and, if necessary, specialised outside expertise, including external auditors and regulators.</u></p> <p><u>The Risk 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.</u></p> <p><u>The Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may also appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.</u></p> <p><u>3. Both the Audit and Control Committee and the Risks Committee:</u></p> <p><u>(i) Shall meet 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;</u></p> <p><u>(ii) 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;</u></p> <p><u>(iii) They shall be validly assembled when it 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</u></p>
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<p>ARTICLE 14.- THE APPOINTMENTS AND REMUNERATION COMMITTEE</p> <p>1. The Appointments and Remuneration Committee will be composed of the number of external Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5).</p> <p>2. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic responsibilities:</p> <p style="padding-left: 40px;">To bring before the Board of Directors the for independent Directors in order that the Board may proceed to appoint them (co-option) or take on such proposals for submission to the decision of the General Meeting, and to report on the appointments of the</p>	<p><u>delivering a copy of the minutes to all Board members;</u></p> <p><u>(iv) 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 for the adequate fulfilment of its duties.</u></p> <p>(ii)<u>(v) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement;</u></p> <p>ARTICLE 14.- THE APPOINTMENTS AND REMUNERATION COMMITTEE</p> <p>1. The Appointments and Remuneration Committee and the Remuneration Committee will be composed <u>each be made up</u> of the number of external Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5).</p> <p>2. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic responsibilities:</p> <p><u>(i) To bring before report 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;</u></p> <p><u>(ii) Propose to the Board of Directors the nomination of the independent Directors in order that the Board may proceed to appoint them (to be appointed by co-option) or take on such proposals for submission to the decision of the General Meeting, and to report on the appointments of the as well as the proposals for the reappointment or removal of such Directors by the General Meeting;</u></p> <p><u>(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;</u></p> <p><u>(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;</u></p> <p><u>(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experience, and forward these proposals to the Board;</u></p>
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<p>(i) Propose to the Board of Directors the system and amount of annual remuneration Directors and Senior the individual remuneration of executive Directors and conditions of their contracts;</p>	<p>(vi) <u>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;</u></p> <p>(vii) <u>Prepare, when the time is right, and in collaboration with the Chair of the Board, his or her succession as well as that of 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;</u></p> <p>(viii) <u>Report to the Board on gender diversity issues 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;</u></p> <p>(ix) <u>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. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions;</u></p> <p>(x) <u>Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</u></p> <p>(xi) <u>Supervise and control the smooth operation of the corporate governance of the Company;</u></p> <p>(xii) <u>Monitor the independence of the independent Directors;</u></p> <p>(xiii) <u>Propose to the Board the Annual Corporate Governance Report;</u></p> <p>(xiv) <u>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;</u></p> <p>(xv) <u>Report to the Board concerning the balance of knowledge, skills, diversity and experience of the Board of Directors.</u></p> <p>3. <u>Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:</u></p> <p>(i) <u>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, the individual remuneration of the executive Directors, general managers and those performing senior management duties, as well as other</u></p>
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<p>(ii) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance;</p> <p>(iii) to report on the appointments and departures of Senior Executives which the chief executive proposes to the Board;</p> <p>(iv) to report to the Board on matters of gender diversity; and</p> <p>(v) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p> <p>4. the Appointments and Remuneration Committee</p> <p>(i) Shall meet each time it is convened by its Chairman, who must do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, provided that it is appropriate for the proper development of its functions.</p> <p>(ii) It shall be convened by the Chairman of the Committee, either on his own initiative, or at the request of the Chairman 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</p>	<p>conditions of their contracts, <u>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;</u></p> <p>(ii) to Ensure compliance with the remuneration policy for Directors and senior managers as well as compliance with the conditions established in the contracts of these;</p> <p>(iii) Report on 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;</p> <p>(ii)(iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance <u>and ensuring compliance;</u></p> <p>(i) to report on the appointments and departures of Senior Executives which the chief executive proposes to the Board;</p> <p>(ii) to report to the Board on matters of gender diversity; and</p> <p>(v) to 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;</p> <p>(vi) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p> <p>4. <u>Both the Appointments Committee and the Remuneration Committee may regulate their own operation, they shall elect their Chairperson 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.</u></p> <p>5. <u>Both the Appointments Committee and the Remuneration Committee:</u></p> <p>(i) meet each time it is<u>they are</u> convened by its Chairman<u>their Chairperson</u>, who must do so whenever the Board or its Chairman<u>Chair</u> requests the issuance of a report or the adoption of proposals<u>a proposal</u> and, in any case, provided that<u>whenever</u> it is appropriate for the proper development<u>performance</u> of its functions.</p> <p>(ii) It<u>They</u> shall be convened by the Chairman<u>Chairperson</u> of the <u>respective</u> Committee, either on his <u>or her</u> own initiative, or at the request of the Chairman<u>Chair</u> of the Board of Directors or of two (2) members of the Committee itself.</p>
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<p>other means which allows keeping a record of its receipt.</p> <p>(iii) Minutes of the resolutions adopted at each meeting shall be drawn up, which resolutions shall be reported to the Board as a plenary body. the minutes shall available to all Board members through the office of the Secretary of the Board, but shall not be forwarded or delivered for reasons of discretion, unless otherwise ordered by the Chairman of the Committee.</p> <p>(iv) The Appointments and Remuneration Committee shall be validly assembled when the majority of its members attend in person or by proxy. resolutions shall be adopted when the majority of its members attend in person or by proxy.</p> <p>ARTICLE 17.- APPOINTMENT OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Corporate Enterprise Act and 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 and Remuneration Committee, in the case of independent directors, and by a report, in the case of the remaining Directors. <p>ARTICLE 18.- APPOINTMENT OF EXTERNAL DIRECTORS</p> <ol style="list-style-type: none"> 1. The Board of Directors and the Appointments and Remunerations Committee, within the sphere of their powers, will strive to ensure that persons of recognised solvency, competence and experience are elected, and will be extremely rigorous regarding those who are called to fill the posts of independent Director, set forth in Article 5 of these Regulations. 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, to its 	<p>The meeting notice shall be given by letter, telegram, fax, e-mail, or any other means which allows keeping a record of its receipt.;</p> <p>(iii) Minutes <u>will be prepared</u> of the resolutions adopted at each meeting shall be drawn up, which resolutions shall be reported to the Board as a plenary body <u>and</u> the minutes shall <u>will be</u> available to all Board members through the office of the Secretary of the Board <u>in the Board Secretariat</u>, but shall not be forwarded <u>sent</u> or delivered for reasons of discretion, unless <u>the Chair of the Committee decides</u> otherwise ordered by the Chairman of the Committee;</p> <p>(iv) The Appointments and Remuneration Committee <u>The Committees</u> shall be validly assembled when constituted with the attendance in person or represented by proxy of the majority of its members attend in person or by proxy <u>and</u> resolutions shall be adopted when the <u>by a</u> majority of its members <u>who</u> attend in person or by proxy</p> <p>ARTICLE 17.- APPOINTMENT OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Corporate Enterprise Act and 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 and Remuneration Committee, in the case of independent directors, and by a report, in the case of the remaining Directors. 3. <u>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.</u> <p>ARTICLE 18.- APPOINTMENT OF EXTERNAL INDEPENDENT DIRECTORS</p> <p>1. The Board of Directors and the Appointments and Remunerations Committee, within the sphere of their powers, will strive to ensure that persons of recognised solvency, competence and experience are elected, and will be extremely rigorous regarding those who are called to fill the posts of independent Director, set forth in Article 5 of these Regulations.</p> <p>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, to its significant</p>
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<p>significant shareholders and to its Senior Officers.</p> <p>In particular, the following persons may not be proposed or appointed as independent Directors:</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.</p> <p>(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.</p> <p>(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</p>	<p>shareholders and to its Senior Officers.</p> <p>In particular, the following persons may not be proposed or appointed as independent Directors:</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.</p> <p>(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.</p> <p>(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</p>
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<p>the Company.</p> <p>(h) Persons who have not been proposed, either for appointment or renewal, by the Appointments Committee.</p> <p>(i) 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.</p> <p>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.</p> <p>A Director who holds a shareholding in the Company may be an independent Director, provided that he meets all of the conditions set forth above and, in addition, his shareholding is not significant.</p> <p>ARTICLE 23.- REMUNERATION OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be entitled to receive the remuneration set forth in accordance with the provisions of the by-laws and, if applicable, the indications of the Appointments and Remuneration Committee. 2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. 3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of the Committees, conforms to the following guidelines: <ol style="list-style-type: none"> (a) external Directors must be remunerated according to their effective dedication; and (b) the amount of external Directors' remuneration must be calculated such that it offers incentives for dedication without undermining their independence. 4. In addition, Directors may receive compensation in the form of Company shares or shares in another group company, options or other share-based instruments. When the remuneration is keyed to shares of the Company or share-based instruments, it must be agreed on by the General Shareholders' Meeting. Where appropriate, the agreement will list the number of shares to be delivered, the exercise price for the options, and the price of the shares taken as reference and the term set for this type of remuneration. 5. The Board of Directors must prepare an annual report on the Directors' remuneration policy, 	<p>Company.</p> <p>(h) Persons who have not been proposed, either for appointment or renewal, by the Appointments Committee.</p> <p>(i) 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 0, 0, 0 or 0 above. In the case of the degree of kinship referred to in 0, the limitation will apply not only to the shareholder but also to the stakeholder Directors in the investee company.</p> <p>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.</p> <p>A Director who holds a shareholding in the Company may be an independent Director, provided that he meets all of the conditions set forth above and, in addition, his shareholding is not significant.</p> <p>ARTICLE 23.- REMUNERATION OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be entitled to receive the remuneration set forth in accordance with the provisions of the by-laws and, if applicable, the indications of the Appointments and Remuneration Committee. 2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. 3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of the Committees, conforms to the following guidelines: <ol style="list-style-type: none"> (a) external Directors must be remunerated according to their effective dedication; and (b) the amount of external Directors' remuneration must be calculated such that it offers incentives for dedication without undermining their independence. 4. In addition, Directors may receive compensation in the form of Company shares or shares in another group company, options or other share-based instruments. When the remuneration is keyed to shares of the Company or share-based instruments, it must be agreed on by the General Shareholders' Meeting. Where appropriate, the agreement will list the number of shares to be delivered, the exercise price for the options, and the price of the shares taken as reference and the term set for this type of remuneration. 5. The Board of Directors must prepare an annual report on the Directors' remuneration policy,
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<p>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.</p> <p>ARTICLE 28.- USE OF CORPORATE ASSETS</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage unless they have paid an adequate consideration. 2. Exceptionally, Directors may be dispensed of the obligation to pay the consideration, but in such cases the economic advantage will be considered an indirect remuneration and must be authorised by the Board, subject to a report from the Appointments and Remuneration Committee. If the Director receives the economic advantage as a shareholder, the advantage will be acceptable only if the principle of equal treatment of shareholders is abided by. 	<p>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.</p> <p>ARTICLE 28.- USE OF CORPORATE ASSETS</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage unless they have paid an adequate consideration. 2. Exceptionally, Directors may be dispensed of the obligation to pay the consideration, but in such cases the economic advantage will be considered an indirect remuneration and must be authorised by the Board, subject to a report from the Appointments and Remuneration Committee. If the Director receives the economic advantage as a shareholder, the advantage will be acceptable only if the principle of equal treatment of shareholders is abided by.
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ANNEX II

Text of the article containing the wording prior to the amendment approved at the Board of Directors meeting held on 23th October 2014 -in the left column- and the compared text highlighting the relevant amendment - in the right column

ORIGINAL TEXT	AMENDED TEXT
ARTICLE 14.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE	ARTICLE 14.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE
<p>1. The Appointments Committee and the Remuneration Committee will each be made up of the number of external Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5).</p>	<p>1. The Appointments Committee and the Remuneration Committee will each be made up of the number of external <u>non-executive</u> Directors determined by the Board of Directors, from a minimum of three (3) to a maximum of five (5). <u>At least one third of their members, and in any case the President, shall be independent Directors.</u></p>
<p>2. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:</p>	<p>2. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:</p>
<p>(i) To bring before report 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;</p>	<p>(i) To bring before report 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;</p>
<p>(ii) Propose to the Board of Directors 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 Meeting;</p>	<p>(ii) Propose to the Board of Directors 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 Meeting;</p>
<p>(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;</p>	<p>(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;</p>
<p>(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;</p>	<p>(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;</p>
<p>(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their</p>	<p>(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their</p>

	knowledge, aptitudes and experience, and forward these proposals to the Board;		knowledge, aptitudes and experience, and forward these proposals to the Board;
(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;	(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)	Prepare, when the time is right, and in collaboration with the Chair of the Board, his or her succession as well as that of 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;	(vii)	Prepare, when the time is right, and in collaboration with the Chair of the Board, his or her succession as well as that of 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 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;	(viii)	Report to the Board on gender diversity issues 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;
(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. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions;	(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. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions;
(x)	Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.	(x)	Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
(xi)	Supervise and control the smooth operation of the corporate governance of the Company;	(xi)	Supervise and control the smooth operation of the corporate governance of the Company;
(xii)	Monitor the independence of the independent Directors;	(xii)	Monitor the independence of the independent Directors;

(xiii) Propose to the Board the Annual Corporate Governance Report;	(xiii) Propose to the Board the Annual Corporate Governance Report;
(xiv) 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;	(xiv) 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;
(xv) Report to the Board concerning the balance of knowledge, skills, diversity and experience of the Board of Directors.	(xv) Report to the Board concerning the balance of knowledge, skills, diversity and experience of the Board of Directors.
3. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:	3. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:
(i) 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, the individual remuneration of the executive Directors, general managers and those performing senior management duties, as well as 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;	(i) 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, the individual remuneration of the executive Directors, general managers and those performing senior management duties, as well as 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 compliance with the conditions established in the contracts of these;	(ii) Ensure compliance with the remuneration policy for Directors and senior managers as well as compliance with the conditions established in the contracts of these;
(iii) Report on 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;	(iii) Report on 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;	(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	(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;		informing the Board concerning the proposals relating to remuneration that, where applicable, it will propose to the General Meeting;
(iv)	Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.	(vi)	Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.
4.	Both the Appointments Committee and the Remuneration Committee may regulate their own operation, they shall elect their Chairperson 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.	4.	Both the Appointments Committee and the Remuneration Committee may regulate their own operation, they shall elect their Chairperson 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.
5.	Both the Appointments Committee and the Remuneration Committee:	5.	Both the Appointments Committee and the Remuneration Committee:
(i)	Shall meet each time they are convened by their Chairperson, who must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal and, in any case, whenever it is appropriate for the proper performance of its functions.	(i)	Shall meet each time they are convened by their Chairperson, who must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal and, in any case, whenever it is appropriate for the proper performance of its functions.
(ii)	They shall be convened by the Chairperson of the respective Committee, either on his or 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;	(ii)	They shall be convened by the Chairperson of the respective Committee, either on his or 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;
(iii)	Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board 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;	(iii)	Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board 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;
(iv)	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.	(iv)	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.

ANNEX III

Text of the articles containing the wording prior to the amendments approved at the Board of Directors meeting held on 12th March 2015 -in the left column- and the compared text highlighting the relevant amendments - in the right column

ORIGINAL TEXT	AMENDED TEXT
<p>ARTICLE 1.- ORIGIN AND DUTIES</p> <p>1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the Company), in fulfilment of Article 528 of the Corporate Enterprise Act. 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.</p> <p>2. The rules of conduct set out therein for the Company Directors (the Directors) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (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 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.</p>	<p>ARTICLE 1.- ORIGIN AND DUTIES</p> <p>1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, the Company), in fulfilment of Article 528 of the Corporate Enterprise Act<u>the Law</u>. 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.</p> <p>2. The rules of conduct set out therein for the Company Directors (<u>hereinafter</u>, the Directors) will also apply to the members of the management committee and to any other person who reports to the Board of Directors (<u>hereinafter</u>, 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 <u>general directors and</u> 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.</p>
<p>ARTICLE 4.- GENERAL DUTIES OF THE BOARD OF DIRECTORS</p> <p>1. Apart from those issues reserved to the shareholders in General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body.</p> <p>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.</p>	<p>ARTICLE 4.- GENERAL DUTIES OF THE BOARD OF DIRECTORS</p> <p>1. Apart from those issues reserved to the shareholders in General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body.</p> <p>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.</p> <p><u>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</u></p>

<p>3. In particular, the following duties of the Board of Directors may not be delegated:</p> <p>(a) The monitoring, control and periodic evaluation of the effectiveness of the corporate governance system as well as the adoption of appropriate measures to resolve, where necessary, any deficiencies</p> <p>(b) To assume responsibility for the administration and management of the Company, approval and monitoring of the implementation of its strategic objectives, risk strategy and its internal governance;</p> <p>(c) To guarantee the integrity of the accounting and financial information systems, including financial and operational control and compliance with the applicable law;</p> <p>(d) To supervise the process of dissemination of information and communications relating to the credit institution;</p> <p>(e) To effectively supervise and control the Company's management to ensure that it meet its stated targets and respect its corporate purpose and interest.</p>	<p><u>application of the mentioned system and periodically controlling and evaluating its efficiency, taking if applicable adequate measures to resolve any possible differences.</u></p> <p>3.4. <u>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 may not will be non-delegated:delegable, their approval corresponding to the complete Board of Directors, notwithstanding the effect of the conferred delegations and powers before third parties:</u></p> <p><u>(i) Its own organization and operation and particularly the approval and modification of its own Regulations.</u>(a) — The monitoring, control and periodic evaluation of the effectiveness of the corporate governance system as well as the adoption of appropriate measures to resolve, where necessary, any deficiencies;</p> <p><u>(ii) Supervision of the effective operation of the Committees it has formed and of the action of delegated bodies.</u></p> <p><u>(iii) Effective supervision of senior management and of the executives appointed.</u></p> <p><u>(iv) Preparation of the annual accounts and their presentation to the General Meeting.</u></p> <p>(b) — To assume responsibility for the administration and management of the Company, approval and monitoring of the implementation of its strategic objectives, risk strategy and its internal governance;</p> <p>(c) — To guarantee the integrity of the accounting and financial information systems, including financial and operational control and compliance with the applicable law;</p> <p>(d) — To supervise the process of dissemination of information and communications relating to the credit institution;</p> <p><u>(v) (e) — To effectively supervise and control the Company's management to ensure that it meet its stated targets and respect its corporate purpose and interest. Preparation of any type of report required by Law from the Board of Directors if the operation referred to in</u></p>
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	<p><u>the report cannot be delegated.</u></p> <p><u>(vi) The appointment and separation of the Director or executive Director of the Company, as well as establishing their contract conditions.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(ix) The authorization or exemption of the obligations derived from the due loyalty of the Directors according to that established in Law</u></p> <p><u>(x) The call for the General Shareholders Meeting and the preparation of the agenda and proposal of agreements.</u></p> <p><u>(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.</u></p> <p><u>(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 Company corporate governance policy and of the Group of which it is the dominant company, the policy related to its own shares, the investment and financing policy, the corporate responsibility policy and the dividends policy.</u></p> <p><u>(xiii) Monitoring, control and periodical evaluation of the corporate governance system efficiency and the adoption of adequate measures to resolve, if applicable, its deficiencies</u></p> <p><u>(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.</u></p>
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	<p><u>(xv) Guarantee the integrity of the accounting and financial information systems, including the financial and operational control and compliance with applicable legislation.</u></p> <p><u>(xvi) Supervise the information distribution process and the communications derived from its condition as a credit entity.</u></p> <p><u>(xvii) Supervision of internal information and control systems</u></p> <p><u>(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.</u></p> <p><u>(xix) Approval of the annual budget</u></p> <p><u>(xx) Definition of the structure of the Group of companies of which the Company is the dominant company.</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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 (<i>Related Party Transactions</i>). The operations that simultaneously meet the following three characteristics will be</u></p>
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<p>4. To this end, without prejudice to the effects vis-à-vis third parties of the authorizations and powers granted, the full Board of Directors will be responsible for approving:</p> <p>(a) the Company's general policies and strategies.</p> <p>This will include, in particular, the following:</p> <ul style="list-style-type: none"> (i) the strategic or business plan, management targets and annual budgets; (ii) investment and financing policy; (iii) design of the structure of the corporate group; (iv) corporate governance policy; 	<p><u>exempt from the need of this approval:</u></p> <ul style="list-style-type: none"> <u>(i) they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;</u> <u>(ii) they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and</u> <u>(iii) their amount does not exceed one per cent (1%) of the annual revenue of the Company.</u> <p><u>4.5. 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.</u></p> <p><u>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.</u></p> <p>4. To this end, without prejudice to the effects vis-à-vis third parties of the authorizations and powers granted, the full Board of Directors will be responsible for approving:</p> <p>(a) the Company's general policies and strategies.</p> <p>This will include, in particular, the following:</p> <ul style="list-style-type: none"> (i) the strategic or business plan, management targets and annual budgets; (ii) investment and financing policy; (iii) design of the structure of the corporate group; (iv) corporate governance policy; (v) corporate social responsibility
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<p>(v) corporate social responsibility policy;</p> <p>(vi) remuneration and evaluation of Senior Officers;</p> <p>(vii) risk control and management, and the periodic monitoring of internal procedures for identification, management, control and communication of the risks; and</p> <p>(viii) dividend policy, as well as the policies and limits applying to treasury stock.</p> <p>(b) the following operating decisions:</p> <p>(i) the appointment and removal of Senior Officers, and their compensation clauses;</p> <p>(ii) within the system called for in the by-laws, directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;</p> <p>(iii) financial information that all listed companies must periodically disclose;</p> <p>(iv) investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; and</p> <p>(v) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>(c) the transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (Related Party Transactions).</p> <p>Nevertheless, the authorization of the Board of Directors will not be required</p>	<p>policy;</p> <p>(vi) remuneration and evaluation of Senior Officers;</p> <p>(vii) risk control and management, and the periodic monitoring of internal procedures for identification, management, control and communication of the risks; and</p> <p>(viii) dividend policy, as well as the policies and limits applying to treasury stock.</p> <p>(b) the following operating decisions:</p> <p>(i) the appointment and removal of Senior Officers, and their compensation clauses;</p> <p>(ii) within the system called for in the by-laws, directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;</p> <p>(iii) financial information that all listed companies must periodically disclose;</p> <p>(iv) investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; and</p> <p>(v) the creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.</p> <p>(c) the transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (Related Party Transactions).</p> <p>Nevertheless, the authorization of the Board of Directors will not be required</p>
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<p>for Related Party Transactions that simultaneously meet the following three (3) conditions:</p> <ul style="list-style-type: none"> (i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients; (ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and (iii) the amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the parent. <p>Nevertheless, the responsibilities referred to in 1(a) and 1(a) may be adopted for reasons of urgency by the Executive Committee under the authorization conferred, and must be subsequently submitted for ratification.</p> <p>5. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.</p> <p>6. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.</p> <p>ARTICLE 5.- QUALITATIVE COMPOSITION</p> <p>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 majority over executive Directors and that the latter should be the minimum.</p> <p>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 within companies that are dependent on it</p> <p>2. The Board will also strive to ensure that the group of external Directors includes stable significant shareholders of the Company or</p>	<p>for Related Party Transactions that simultaneously meet the following three (3) conditions:</p> <ul style="list-style-type: none"> (i) they are carried out by virtue of adhesion contracts whose conditions are standardized and applied en masse to many clients; (ii) they are carried out at market prices or rates, generally established by the party acting as the provider of the good or service in question; and (iii) the amount of the transaction is not more than one per cent (1%) of the consolidated annual revenue of the group of which the Company is the parent. <p>Nevertheless, the responsibilities referred to in (b) and (c) may be adopted for reasons of urgency by the Executive Committee under the authorization conferred, and must be subsequently submitted for ratification.</p> <p><u>5.6.</u> The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.</p> <p><u>6.7.</u> The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.</p> <p>ARTICLE 5.- QUALITATIVE COMPOSITION</p> <p>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 <u>an overall</u> majority over executive Directors and that the latter should be the minimum.</p> <p>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 <u>or within companies that are dependent on it or its Group, whatever is the legal link between them.</u></p> <p>2. The Board will also strive to ensure that the <u>majority</u> group of external <u>non-executive</u> Directors includes stable significant</p>
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<p>their representatives (stakeholder Directors) and persons of recognized experience who have no relationship with the executive team or with significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the recommendations of good corporate governance that are applicable at any given time.</p> <p>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.</p>	<p>shareholders of the Company or <u>those shareholders that have been proposed as Directors, even when their shareholding is not significant</u> their representatives (stakeholder Directors) and persons of recognized experience who <u>can fulfil their duties without being conditioned by relationships with the Company or its Group, its directors or its</u> have no relationship with the executive team or with significant shareholders (independent Directors). The above definitions of Directors' profiles will be interpreted in line with the <u>definitions established by Law and in the</u> recommendations of good corporate governance that are applicable at any given time.</p> <p>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.</p> <p>4. <u>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.</u></p> <p>5. <u>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.</u></p>
<p>ARTICLE 6.- QUANTITATIVE COMPOSITION</p> <p>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.</p> <p>2. The Board will propose to the General Shareholders' Meeting the number that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.</p>	<p>ARTICLE 6.- QUANTITATIVE COMPOSITION</p> <p>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.</p> <p>2. The Board will propose to the General Shareholders' Meeting the number <u>of Directors</u> that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and proper functioning of the Board.</p>

<p>ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS</p> <ol style="list-style-type: none"> 1. The Chairman of the Board of Directors shall be elected from among its members and shall have the powers and authorities provided by the Company's Articles of Association and any others entrusted to him by the Board. 2. The Chairman is vested with the ordinary powers to call the Board of Directors to meeting, to draw up the agenda for such meetings and to lead the debates. 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. 	<p>ARTICLE 7.- CHAIRMAN OF THE BOARD OF DIRECTORS</p> <ol style="list-style-type: none"> 1. The Chairman of the Board of Directors shall be elected from among its members, <u>with the previous report from the Appointments Committee</u> and shall have the powers and authorities provided by <u>Law</u>, the Company's Articles of Association <u>By-laws, these Regulations</u> and any others entrusted to him <u>/her</u> by the Board. 2. The Chairman, <u>who has the maximum responsibility for the effective functioning of the Board of Directors,</u> is is vested with the ordinary powers to call <u>and chair</u> the Board of Directors' to meeting, to drawing up the agenda for such meetings and to <u>leading the discussions and deliberations, stimulating</u> the debates <u>and the active participation of the Directors during the meetings, safeguarding their free will to take decisions and voice opinion, and ensuring that the Directors previously receive sufficient information to deliberate about all the points of the agenda.</u> 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.
<p>ARTICLE 8.- VICE-CHAIRMAN</p> <ol style="list-style-type: none"> 1. The Board of Directors must, without exception, appoint a Chairman and a Vice-Chairman to replace the Chairman in the event of incapacity or absence. 2. The Board may also appoint additional Vice-Chairmen, in which case the duties described will fall to the First Vice-Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman, and so on, successively. 	<p>ARTICLE 8.- VICE-CHAIRMAN</p> <ol style="list-style-type: none"> 1. The Board of Directors, <u>with the previous report from the Appointments Committee</u> must, without exception, appoint a Chairman and a Vice-Chairman to replace the Chairman <u>in his/her absence, as occurs</u> in the event of <u>vacancy</u>, incapacity or absence <u>leave</u>. 2. The Board may also appoint, <u>with the previous report from the Appointments Committee</u> additional Vice-Chairmen, in which case the duties described of the Chairman will fall, <u>in his/her absence, as occurs in the event of vacancy, leave or incapacity</u> to to the First Vice-

<p>ARTICLE 9.- THE SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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.</p> <p>If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.</p> <p>2. The Secretary will assist the Chairman with his work and significant must ensure the smooth operation of the Board of Directors and, in particular, must provide the Directors with the advice and information that they need, keep corporate documents, duly and faithfully reflect the conducting of meetings in the minute books, and certify the resolutions taken by the Board of Directors.</p> <p>3. The Secretary, or, if the Secretary is not a legal advisor, the legal advisor will ensure the formal and material legality of the Board's actions.</p> <p>4. 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.</p> <p>ARTICLE 10.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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 the event that</p>	<p>Chairman, who in turn will be replaced, if necessary, by the Second Vice-Chairman <u>in the same cases</u>, and so on, successively, <u>and in the absence of these, as occurs in the event of vacancies, leaves or incapacities by the oldest member of the Board of Directors.</u></p> <p>ARTICLE 9.- THE SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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.</p> <p>If the Secretary simultaneously holds the post of legal advisor, a legal professional must be appointed.</p> <p>2. The Secretary <u>of the Board of Directors</u> will assist the Chairman with his work and, <u>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.</u> must ensure the smooth operation of the Board of Directors and, in particular, must provide the Directors with the advice and information that they need, keep corporate documents, duly and faithfully reflect the conducting of meetings in the minute books, and certify the resolutions taken by the Board of Directors.</p> <p>3. The Secretary, or, if the Secretary is not a legal advisor, the legal advisor will ensure the formal and material legality of the Board's actions.</p> <p>4.3. 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.</p> <p>ARTICLE 10.- THE VICE-SECRETARY OF THE BOARD OF DIRECTORS</p> <p>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 <u>in his absence, as occurs</u></p>
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<p>the Secretary is unable to perform his duties for any reason.</p> <p>2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.</p>	<p>in the event of vacancy, leave or incapacity in the event that the Secretary is unable_ to perform his duties for any reason.</p> <p>2. Unless the Board decides otherwise, the Vice-Secretary may attend the meetings of the Board of Directors in order to assist the Secretary.</p> <p><u>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.</u></p> <p><u>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.</u></p>
<p>ARTICLE 11.- DELEGATED BODIES OF THE BOARD OF DIRECTORS</p>	<p>ARTICLE 11.- DELEGATED <u>DELEGATION OF POWERS. COMMITTEES</u> BODIES OF THE BOARD OF DIRECTORS</p>
<p>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.</p> <p>In all events, the Board of Directors will establish an Audit and Control Committee, an Appointment Committee, a Remunerations Committee and a Risks Committee with the powers set forth in these Regulations.</p> <p>2. The Appointments Committee will evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experiences, and will forward their proposals 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.</p> <p>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</p>	<p>1. Pursuant to the Company's byBy-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.</p> <p>In all events, the Board of Directors will establish an Audit and Control Committee, an Appointment Committee, a Remunerations Committee and a Risks Committee with the powers set forth<u>granted by Law, the By-laws and</u> in these Regulations.</p> <p>2. The Appointments Committee will evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experiences, and will forward their proposals 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.</p> <p>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</p>

<p>regarding the Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.</p> <p>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.</p> <p>ARTICLE 12.- THE EXECUTIVE COMMITTEE</p> <p>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.</p> <p>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.</p> <p>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 law and in the Company's by-laws</p> <p>4. In the event that an Executive Committee is created, it will inform the Board of the main matters it addresses and the decisions it makes thereon at its meetings.</p> <p>5. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.</p>	<p>Board, provided that said rules are consistent with the nature of duties of the corresponding Committee.</p> <p>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.</p> <p>ARTICLE 12.- THE EXECUTIVE COMMITTEE</p> <p>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.</p> <p>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.</p> <p>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 <u>Law, and</u> in the Company's By-laws <u>and in these Regulations.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p>4.6. In the event that an <u>The</u> Executive Committee is created, it will inform the Board of the main matters it addresses and the decisions it makes thereon at its meetings.</p> <p>5.7. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.</p> <p>6.8. <u>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.</u></p>
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ARTICLE 13.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE
The Audit and Control Committee

will be formed in its majority 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). At least one member of the Audit and Control Committee will be an independent Director, and will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

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:

- (i) to report at the General Shareholders' Meeting on matters posed by shareholders in the area of its competence;
- (ii) to propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of their professional mandate and, as the case may be, the revocation or non-renewal thereof;
- (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports;

ARTICLE 13.- 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 in its majority 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). At least ~~one~~ two (2) members of the Audit and Control Committee will be ~~an~~ independent Directors, and one (1) of them will be appointed on the basis of knowledge and experience of accounting or auditing, or both.

b) Notwithstanding any other ~~task which~~ 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:

- (i) to report ~~at~~ to the General Shareholders' Meeting ~~on~~ about matters posed by shareholders ~~in the area of its~~ that are competence of the Committee;
- (ii) to ~~propose~~ submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposals for selection ~~the~~ appointment, re-election and replacement of the external auditors, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of ~~their~~ his/her professional mandate and 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, as the case may be, the revocation or non-renewal thereof;
- (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports.;

The internal audit will functionally depend on the Chairman of the Audit and Control Committee, without prejudice of its reporting obligations to the Chairman of the Board of Directors for the due compliance of the

<p>(iv) 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;</p> <p>(v) to oversee the process for preparing and submitting regular financial accounting information and the effectiveness of the Company's internal control systems, internal audit and risk management system and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;</p> <p>(vi) to establish appropriate relationships with auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations.</p> <p>In all events, on an annual basis, the Audit and Control Committee must receive from the auditors written confirmation of their independence vis-à-vis the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.</p> <p>In addition, the Audit and Control Committee will issue annually, prior to the audit report, a report containing an opinion on the independence of the auditors. This report must address the provision of any additional services referred to in the preceding paragraph;</p>	<p style="text-align: right;"><u>Chairman's duties.</u></p> <p>(iv) 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;</p> <p>(v) to oversee the process for preparing and submitting <u>required regular</u> financial accounting information and the effectiveness of the Company's internal control systems, internal audit and risk management system, <u>including tax risks</u>; and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;</p> <p>(vi) to establish appropriate relationships with <u>the</u> auditors in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditors and any other matters relating to the audit process and any other communications provided for in audit legislation and technical audit regulations.</p> <p>In all events, on an annual basis, the Audit and Control Committee must receive from the <u>external</u> auditors <u>a written confirmation declaration</u> of their independence vis-à-vis <u>with regard to</u> the Company or entities related to it directly or indirectly, in addition to information on additional services of any kind rendered to these entities <u>and the corresponding fees received</u> by the aforementioned auditors or persons or entities related to them as stipulated by auditing legislation.</p> <p>In addition, the Audit and Control Committee will issue annually, prior to the <u>issuance of the</u> audit report, a report containing an opinion on the independence of the auditors. This report must address, <u>in all cases, the evaluation of</u> the provision of any additional services referred to in the preceding paragraph, <u>individually and</u></p>
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<p>(vii) 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;</p> <p>(viii) to review the Company's accounts and periodic financial reporting which the Board must furnish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management;</p> <p>(ix) to supervise the compliance with regulations with respect to Related Party Transactions. In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the Ministry of the Economy and Finance Order 3050/2004, of September 15, 2004, 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;</p> <p>(x) to supervises the compliance with the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;</p> <p>(xi) to report to the Board 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</p>	<p><u>collectively considered, different from the legal audit and related to the degree of independence or to the regulatory audit regulations;</u></p> <p>(vii) 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;</p> <p>(viii) to review the Company's accounts and <u>previously report to the Board of Directors about the</u> periodic financial reporting information which the Board Company must <u>periodically publish furnish</u>—to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management, <u>in order to guarantee the integrity of the accounting and financial systems, including the financial and operational control, and compliance with the applicable legislation;</u></p> <p>(ix) to supervise the compliance with regulations with respect to Related Party Transactions <u>and, previously, inform the Board of Directors on such transactions.</u> —In particular, to ensure that the information on said transactions be reported to the market, in compliance with the provisions of the Ministry of the Economy and Finance Order 3050/2004, of September 15, 2004<u>current legislation</u>, 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;</p> <p>(x) to supervises the compliance with the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;</p> <p>(xi) to, <u>previously,</u> report to the Board <u>of Directors</u> 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</p>
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<p>deteriorate the transparency of the Company or of the group to which it belongs;</p> <p>(xii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;</p> <p>(xiii) 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;</p> <p>(xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty.</p> <p>(xv) any others attributed thereto by Law and other regulations applicable to the Company.</p> <p>The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the regular financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.</p> <p>The Audit and Control Committee shall appoint a Chairman from among its members. The Chairman shall be an independent Director. 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. 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</p>	<p>an analogous nature which, due to their complexity, may deteriorate the transparency of the Company or of the group to which it belongs;</p> <p>(xii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;</p> <p>(xiii) 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;</p> <p>(xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty; <u>and-</u></p> <p>(xv) any others attributed thereto by in the <u>Law, the By-laws, these Regulations</u> and other regulations applicable to the Company.</p> <p><u>c) The provisions contained in sections (ii) to (vi) above, shall be understood without prejudice to the regulatory audit regulation.</u></p> <p><u>d) The Audit and Control Committee shall meet, ordinarily on a quarterly basis, in order to review the regular-required financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.</u></p> <p>The Audit and Control Committee shall appoint a Chairman from among its <u>independent</u> members. The Chairman shall be an independent Director.—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. It shall also appoint a Secretary and may appoint a Vice Secretary, both of whom need not be members thereof. In</p>
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<p>of the Board shall act as Secretary.</p> <p>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. The Committee may also request the attendance at its meetings of the Company's auditors.</p> <p>The Risk Committee shall comprise members of the Board of Directors who do not perform executive functions 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). At least a third of these members, and in every case the President, shall be independent Directors.</p> <p>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:</p> <p>(i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the entity 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.</p> <p>(ii) To propose to the Board the Group's risk policy, which shall identify in particular:</p> <p>(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;</p> <p>(b) The information and internal control systems that will be used to monitor and manage these risks;</p>	<p>the event that such appointments are not made, the Secretary of the Board shall act as Secretary.</p> <p>e) 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. The Committee may also request the attendance at its meetings of the Company's auditors.</p> <p><u>2. The Risks Committee:</u></p> <p>a) The Risks Committee shall comprise <u>exclusively non-executive members of the Board of Directors</u> who do not perform executive functions 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) <u>members</u>. At least a third of these members, members and in every case the President, shall be independent Directors.</p> <p>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:</p> <p>(i) To advise the Board of Directors on the overall susceptibility to risk, current and future, of the entity 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.</p> <p>(ii) To propose to the Board the Group's risk policy, which shall identify in particular:</p> <p>(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;</p> <p>(b) The information and internal control systems that will be used to monitor and manage</p>
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<p>(c) The level of risk that the Company considers acceptable;</p> <p>(d) The planned measures to mitigate the impact of the identified risks in the event that they materialise;</p> <p>(iii) Propose to 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.</p> <p>(iv) Regularly review exposures with its main customers, economic business sectors, geographic areas and types of risk.</p> <p>(v) Examine the information and control processes of the Group's risk as well as the information systems and indicators, which should enable:</p> <p>(a) The adequacy of the structure and the functionality of risk management throughout the Group;</p> <p>(b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution;</p> <p>(c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes;</p> <p>(d) The proper functioning of policies and procedures that mitigate the operational risks;</p> <p>(vi) 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</p>	<p>these risks;</p> <p>(c) The level of risk that the Company considers acceptable;</p> <p>(d) The planned measures to mitigate the impact of the identified risks in the event that they materialise;</p> <p><u>(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.</u></p> <p>(iii)<u>(iv) Determine with the</u> 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.</p> <p>(iv)<u>(v) Regularly review exposures with its</u> main customers, economic business sectors, geographic areas and types of risk.</p> <p>(v)<u>(vi) Examine the information and control</u> processes of the Group's risk as well as the information systems and indicators, which should enable:</p> <p>(a) The adequacy of the structure and the functionality of risk management throughout the Group;</p> <p>(b) To know the risk exposure of the Group in order to assess whether it conforms to the profile determined by the institution;</p> <p>(c) The availability of sufficient information to enable accurate knowledge of the risk exposure for decision-making purposes;</p> <p>(d) The proper functioning of policies and procedures that mitigate the operational risks;</p> <p>(vi)<u>(vii) Evaluation of the regulatory compliance</u> risk in its scope of action and determination, understood as the risk management of legal or regulatory</p>
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<p>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.</p> <p>(vii) Report on new products and services or significant changes to existing ones, in order to determine:</p> <p>(a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.</p> <p>(b) Information and internal control systems for the management and control of these risks.</p> <p>(c) The corrective measures to limit the impact of the identified risks in the event that they materialise;</p> <p>(d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.</p> <p>(viii) Examine, without prejudice to the functions of the remuneration committee, if the incentives anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.</p>	<p>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.</p> <p>(vii)(viii) Report on new products and services or significant changes to existing ones, in order to determine:</p> <p>(a) The risks facing the Company from their issue and their commercialisation on the market, as well as from significant changes in existing ones.</p> <p>(b) Information and internal control systems for the management and control of these risks.</p> <p>(c) The corrective measures to limit the impact of the identified risks in the event that they materialise;</p> <p>(d) The means and the appropriate channels for their commercialisation in order to minimise any reputational risks and mis-marketing.</p> <p>(viii)(ix) Examine, without prejudice to the functions of <u>Cooperate with</u> the remuneration committee <u>Remuneration committee</u> <u>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, if the incentives</u> anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits.</p> <p><u>(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</u></p>
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<p>For the proper performance of its functions, the entity shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk situation of the entity and, if necessary, specialised outside expertise, including external auditors and regulators.</p> <p>The Risk 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.</p> <p>The Committee shall appoint a Chairperson from among its members, who shall be an independent Director and may also appoint a Secretary. In the absence of this latter appointment, that of the Board shall act as Secretary or one of the Deputy Secretaries.</p> <p>Both the Audit and Control Committee and the Risks Committee:</p> <p>Shall meet 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;</p> <p>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;</p>	<p>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.</p> <p>(xi) Any others attributed thereto by the Law, the By-laws, these Regulations and other regulations applicable to the Company.</p> <p>c) For the proper performance of its functions, the entityCompany shall ensure that the delegated Risks Committee can access without difficulty the information concerning the risk situation of the entityCompany and, if necessary, specialised outside expertise, including external auditors and regulators.</p> <p>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.</p> <p>d) The Risks Committee shall appoint a Chairperson from among its members, who shall be an independent Director and mayalso 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.</p> <p>3. Common Regulations:</p> <p>Both the Audit and Control Committee and the Risks Committee:</p> <p>a) Shall meet, without prejudice of the provisions of section 13.1.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.;</p> <p>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</p>
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<p>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;</p> <p>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.</p> <p>They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof. Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement;</p> <p>ARTICLE 14.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE</p> <p>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). At least one third of their members, and in any case the President, shall be independent Directors.</p> <p>Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:</p> <p>(i) To bring before report 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;</p>	<p>Committee.;</p> <p>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.;</p> <p>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.</p> <p>e) They shall prepare an annual report on their operation, highlighting the principal incidents arising, if any, in relation to the functions characteristic thereof<u>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.</u> -Furthermore, if the Committee in question considers it appropriate it will include in that report suggestions for improvement.;</p> <p>ARTICLE 14.- THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE</p> <p>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) <u>members.</u> At least one third of their members <u>should be independent Directors, and in no event the number of independent Directors shall be less than two (2).</u> and in any case the President<u>Chairman of the Appointments Committee and the Chairman of the Remuneration Committee will be respectively appointed from among the , shall be independent Directors forming part of such Committees.</u></p> <p><u>2. The Appointments Committee:</u></p> <p>Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:</p> <p>(i) To bring before report<u>Evaluate</u> 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</p>
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<p>(ii) Propose to the Board of Directors 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 Meeting;</p> <p>(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;</p> <p>(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy Secretaries for submission for approval of the Board;</p> <p>(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experience, and forward these proposals to the Board;</p> <p>(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;</p> <p>(vii) Prepare, when the time is right, and in collaboration with the Chair of the Board, his or her succession as well as that of 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;</p>	<p>Company;</p> <p>(ii) Propose <u>Submit</u> to the Board of Directors the <u>proposals for the</u> 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 <u>Shareholders Meeting</u>;</p> <p>(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;</p> <p>(iv) Report on the proposals for appointment and, if necessary, removal of the Secretary and Deputy the Vice-Secretaries for submission for approval of the Board;</p> <p>(v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experience, and forward these proposals to the Board;</p> <p>(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;</p> <p>(vii) Prepare, when the time is right, <u>and Examine and organize</u> in collaboration with the Chair of the Board, his or her succession as well as that of 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;</p>
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<p>(viii) Report to the Board on gender diversity issues 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;</p> <p>(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. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions;</p> <p>(x) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p> <p>(xi) Supervise and control the smooth operation of the corporate governance of the Company;</p> <p>(xii) Monitor the independence of the independent Directors;</p> <p>(xiii) Propose to the Board the Annual Corporate Governance Report;</p> <p>(xiv) 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;</p>	<p>(viii) Report to the Board on gender diversity issues, <u>ensuring that the procedures for selection of its members favour the diversity of experience, knowledge, and facilitate the selection of female Directors,</u> 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;</p> <p>(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. Evaluate the composition of the Steering Committee as well as its replacement tables for adequate provision for transitions;</p> <p><u>(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.</u></p> <p><u>(xi) Periodically review the Board of Directors selection and appointment policy in relation to senior executives and make recommendations.</u></p> <p>(xii) <u>(xii)</u> Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p> <p>(xiii) <u>(xiii)</u> Supervise and control the smooth operation of the corporate governance <u>system</u> of the Company, <u>making, if applicable, the proposals it deems necessary for its improvement;</u></p> <p>(xiv) <u>(xiv)</u> Monitor the independence of the independent Directors;</p> <p>(xv) <u>(xv)</u> Propose to the Board the Annual Corporate Governance Report;</p> <p>(xvi) <u>(xvi)</u> 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;</p>
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<p>(xv) Report to the Board concerning the balance of knowledge, skills, diversity and experience of the Board of Directors</p> <p>Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:</p> <p>(i) 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, the individual remuneration of the executive Directors, general managers and those performing senior management duties, as well as 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.;</p> <p>(ii) Ensure compliance with the remuneration policy for Directors and senior managers as well as compliance with the conditions established in the contracts of these;</p> <p>(iii) Report on 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;</p>	<p>(xv)(xvii) <u>Evaluate the Report to the Board concerning 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.</u></p> <p><u>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.</u></p> <p><u>2.3. The Remuneration Committee:</u></p> <p>Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration Committee shall have the following basic responsibilities:</p> <p>(i) <u>Draft the resolutions related to remunerations and, particularly, report and</u> 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, <u>as well as</u> the individual remuneration of the executive <u>Executive Directors</u> Directors and Senior Managers, and the <u>general managers and those performing senior management duties, as well as</u> 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.;</p> <p>(ii) Ensure compliance with the remuneration policy for Directors and senior <u>Senior managers</u> Managers as well as <u>report compliance with</u> the basic conditions established in the contracts of these; <u>and compliance of the contracts.</u></p> <p>(iii) Report <u>and prepare on</u> 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.;</p>
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<p>(iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance;</p> <p>(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;</p> <p>(vi) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p>	<p>(iv) Analyse, formulate and periodically review the remuneration programs, weighing their adequacy and performance and ensuring compliance.;</p> <p>(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.;</p> <p>(vi) Consider the suggestions posed thereto by the Chairman, the Board members, officers or shareholders of the Company.</p>
<p>Both the Appointments Committee and the Remuneration Committee</p> <p>(i) may regulate their own operation, they shall elect their Chairperson 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.</p>	<p><u>3.4. Common regulations:</u></p> <p>Both the Appointments Committee and the Remuneration Committee;</p> <p>(i) <u>May</u> regulate their own operation, they shall elect their Chairperson <u>among the independent Directors forming part of each of them</u> 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.</p>
<p>3. Both the Appointments Committee and the Remuneration Committee:</p> <p>Shall meet each time they are convened by their Chairperson, who must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal and, in any case, whenever it is appropriate for the proper performance of its functions.</p> <p>They shall be convened by the Chairperson of the respective Committee, either on his or 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;</p>	<p>3. Both the Appointments Committee and the Remuneration Committee:</p> <p><u>(ii) Shall meet each time <u>when considered appropriate for the good performance of their duties and they the meetings will be called</u> are convened by their Chairperson, <u>either by his/her own initiative, or when required by two (2) members of the Committee itself, and who</u> must do so whenever the Board or its Chair requests the issuance of a report or the adoption of a proposal and, in any case, whenever it is appropriate for the proper performance of its functions.</u></p> <p>They shall be convened by the Chairperson of the respective Committee, either on his or 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;</p> <p><u>(iii) The Secretary of each of the Committees will be responsible for calling the meetings and of the filing of the minutes and documentation</u></p>

Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board 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;

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.

ARTICLE 15.- MEETINGS OF THE BOARD OF DIRECTORS

1. The Board of Directors shall meet in ordinary session at least six (6) times a year and, at the Chairman's initiative, whenever he or she considers it necessary for the smooth running of the Company. The Board of Directors must also meet when requested to do so 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, and will be

presented to the Committee.

~~(iii)~~(iv) Minutes will be prepared of the resolutions adopted at each meeting, which shall be reported to the Board 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;

~~(iv)~~(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.

~~(v)~~(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.

ARTICLE 15.- MEETINGS OF THE BOARD OF DIRECTORS

1. The Board of Directors shall meet ~~in ordinary session at least six (6) times a year and, at the Chairman's initiative,~~ whenever ~~he or she~~ 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 ~~to do so~~ 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

<p>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.</p> <p>3. Meetings of the Board of Directors and its committees may be held remotely, if any Board member is unable to attend at the location indicated for the meeting in the notice.</p> <p>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.</p> <p>4. 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.</p> <p>5. The Board may also adopt resolutions in writing, with no need for a meeting to be held, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, provided that the identity of the Director casting the vote has been verified.</p> <p>6. At least once a year, the Board, as a plenary body, shall evaluate:</p> <p>(i) the quality and efficiency of the functioning of the Board;</p> <p>(ii) the carrying out of their duties on the part of the Chairman of the Board and the chief executive of the Company; and</p>	<p><u>means that allows acknowledgment of receipt</u>, 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.</p> <p><u>3.</u> <u>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.</u></p> <p>3.4. <u>4.</u> Meetings of the Board of Directors and its committees may be held remotely, if any Board member is unable to attend at the location indicated for the meeting in the notice.</p> <p>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. <u>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.</u></p> <p>4.5. <u>5.</u> 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.</p> <p>5.6. <u>6.</u> The Board may also adopt resolutions in writing, with no need for a meeting to be held, in accordance with current regulations and the Company's by-laws, and votes may be cast in writing or by e-mail, <u>or by any other means that allows acknowledgment of receipt</u>, provided that the identity of the Director casting the vote has been verified.</p> <p>6.7. <u>7.</u> At least once a year, the Board, as a plenary body, shall evaluate:</p> <p>(i) the quality and efficiency of the functioning of the Board;</p> <p>(ii) the carrying out of their duties on the part of the Chairman of the Board and</p>
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<p>(iii) the functioning of the Committees;</p> <p>ARTICLE 16.- PROCEDURES FOR MEETINGS</p> <p>1. A meeting of the Board of Directors will be validly assembled when at least half plus one 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.</p> <p>2. Board members will do everything possible to attend Board meetings. 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 proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.</p> <p>3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations.</p> <p>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.</p> <p>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</p>	<p>the chief executive of the Company; and</p> <p>(iii) the functioning of the Committees;</p> <p><u>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. -</u></p> <p>ARTICLE 16.- PROCEDURES FOR MEETINGS</p> <p>1. A meeting of the Board of Directors will be validly assembled when at least half plus one <u>the majority</u> 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.</p> <p>2. Board members will do everything possible to <u>should</u> attend Board meetings <u>in person</u>. Nevertheless, W 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. <u>The non-executive Directors can only grant their proxy to another non-executive Director.</u> The proxy may be granted by any postal, electronic means or by fax, provided that the identity of the Director is assured.</p> <p>3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations, <u>and will lead the voting.</u></p> <p>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.</p> <p><u>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.</u></p> <p>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</p>
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<p>or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to legal requirements, into a special book of minutes of the Board of Directors.</p> <p>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.</p> <p>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.</p> <p>ARTICLE 17.- APPOINTMENT OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Corporate Enterprise Act and 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. <p>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.</p>	<p>or, if applicable, the Vice-Chairman and the Secretary or Vice-Secretary. The minutes which will be transcribed or entered, pursuant to <u>applicable legal</u> requirements, into a special book of minutes of the Board of Directors.</p> <p>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.</p> <p>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.</p> <p>ARTICLE 17.- APPOINTMENT OF DIRECTORS</p> <ol style="list-style-type: none"> 1. Directors will be appointed by the General Shareholders' Meeting of the Board of Directors in accordance with the provisions of the Corporate Enterprise Act <u>the Law</u> and <u>in</u> the Company's by<u>By</u>-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. <u>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.</u> 4. <u>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.</u>
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<p>ARTICLE 18.- APPOINTMENT OF INDEPENDENT DIRECTORS</p> <p>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, to its significant shareholders and to its Senior Officers.</p> <p>In particular, the following persons may not be proposed or appointed as independent Directors:</p> <ul style="list-style-type: none"> (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. <p>For the purposes of this section, dividends or</p>	<p>ARTICLE 18.- APPOINTMENT <u>CLASSIFICATION</u> OF INDEPENDENT DIRECTORS</p> <ul style="list-style-type: none"> 1. <u>The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.</u> 2. <u>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 stakeholders Directors.</u> <p><u>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.</u></p> 3. <u>Stakeholders 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.</u> 4. <u>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 <u>or its group</u>, to its significant shareholders and to its Senior Officers.</u> <p>In particular, the following persons may not be proposed — or — appointed <u>considered, under any circumstance</u> as independent Directors <u>in any of the following situations:</u></p> <ul style="list-style-type: none"> (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 <u>for the Director.-</u> <p>For the purposes of this section,</p>
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<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.</p> <p>(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.</p> <p>Persons who are mere patrons of a foundation receiving donations will not be considered included in this item.</p> <p>(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.</p> <p>(h) Persons who have not been proposed, either for appointment or renewal, by the Appointments Committee.</p>	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>Relationships of suppliers of goods or providers of services, including financial services, advisory services or consultant services shall be considered to business relationships.</p> <p>(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.</p> <p>Persons who are mere patrons of a foundation receiving donations will not be considered included in this item.</p> <p>(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.</p> <p><u>(h)</u> Persons who have not been proposed, either for appointment or renewal, by</p>
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<p>(i) 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.</p> <p>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.</p> <p>A Director who holds a shareholding in the Company may be an independent Director, provided that he meets all of the conditions set forth above and, in addition, his shareholding is not significant.</p> <p>ARTICLE 19.- TERM IN OFFICE</p> <p>1. Directors shall remain in their posts for the term of office stipulated in the by-laws 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 12 years.</p> <p>2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal deadline</p>	<p>the Appointments Committee-;</p> <p><u>(i) persons who have been Directors for a continued period of more than twelve (12) years;</u></p> <p>(h)<u>(j)</u> 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.</p> <p>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.</p> <p>A Director who holds a shareholding in the Company may be an independent Director, provided thatif he meets all of the conditions set forth above and, in addition, his shareholding is not significant.</p> <p><u>5. Other external directors will be considered as non-executive directors that are not considered as stakeholder or independent directors.</u></p> <p><u>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.</u></p> <p>ARTICLE 19.- TERM IN OFFICE</p> <p>1. Directors shall remain in their posts for the term of office stipulated in the byBy-laws <u>while the General Meeting does not agree their removal or they resign from the position,</u> 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 <u>twelve (12)</u> years.</p> <p>2. Directors designated by co-option shall hold their post until the date of the next General Shareholders' Meeting or until the legal</p>
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<p>for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed.</p> <p>ARTICLE 20.- REMOVAL OF DIRECTORS</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (a) when they depart the executive positions 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; (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 stake holding external Directors, when the shareholder they represent sells 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 external stake holding Directors; (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and 	<p>deadline for holding the General Shareholders' Meeting that is to decide whether to approve the accounts for the previous financial year has passed, <u>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.</u> -</p> <p>ARTICLE 20.- REMOVAL OF DIRECTORS</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (a) when they depart the executive positions, <u>posts or functions</u> -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 <u>or no longer meet the suitability requirements according to the applicable regulations.</u> † (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 stake-holding external Directors, when the shareholder they represent sells <u>transfers</u> 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 external-stake-holding holder Directors; (e) when significant changes in their professional status or in the conditions under which they were appointed Director take place; and
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<p>(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.</p> <p>3. 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.</p> <p>ARTICLE 21.- INFORMATION AND INSPECTION POWERS</p> <p>1. Directors have the duty of diligently informing themselves on the running of the Company. For such purpose, they may 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.</p> <p>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.</p> <p>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.</p> <p>ARTICLE 22.- ASSISTANCE FROM EXPERTS</p> <p>1. To receive assistance in fulfilling their duties, external 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.</p>	<p>(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.</p> <p><u>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.</u></p> <p>3.4. 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.</p> <p>ARTICLE 21.- INFORMATION AND INSPECTION POWERS</p> <p>1. <u>In the development of their duties, the</u> Directors have the duty <u>of demanding and the right to recompile from the Company the necessary information for fulfilling their obligations</u> of diligently informing themselves on the running of the Company. For such purpose, they <u>the Director should</u> may 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.</p> <p>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.</p> <p>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.</p> <p>ARTICLE 22.- ASSISTANCE FROM EXPERTS</p> <p>1. To receive assistance in fulfilling their duties, external <u>the non-executive</u> 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</p>
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<p>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:</p> <p>(a) it is not necessary for the proper performance of the duties entrusted to the external directors;</p> <p>(b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;</p> <p>(c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or</p> <p>(d) it may entail a risk to the confidentiality of the information that must be handled.</p>	<p>exercise their duties.</p> <p>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:</p> <p>(a) it is not necessary for the proper performance of the duties entrusted to the external <u>non-executive</u> directors;</p> <p>(b) the cost thereof is not reasonable in view of the importance of the problem and of the assets and income of the Company;</p> <p>(c) the technical assistance being obtained may be adequately dispensed by experts and technical staff of the Company; or</p> <p>(d) it may entail a risk to the confidentiality of the information that must be handled.</p>
<p>ARTICLE 23.- REMUNERATION OF DIRECTORS</p>	<p>ARTICLE 23.- REMUNERATION OF DIRECTORS</p>
<p>1. Directors will be entitled to receive the remuneration set forth in accordance with the provisions of the by-laws and, if applicable, the indications of the Remuneration Committee.</p>	<p>1. Directors will be entitled to receive <u>The Board of Directors will determine</u> the remuneration <u>corresponding to each Director, in their condition as such, and, when applicable, for the development of executive functions, set forth</u> in accordance with the provisions of the by-laws and <u>the remuneration policy approved by the General Meeting and in accordance</u>, if applicable, <u>with</u> the indications of the Remuneration Committee. <u>With the exception of the remuneration expressly approved by the General Shareholders Meeting.</u></p>
<p>2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions.</p>	<p>2. The Board of Directors will strive to ensure that remuneration is moderate and commensurate with market conditions. <u>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.</u></p>
<p>3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, including any remuneration they receive as members of</p>	<p>3. In particular, the Board of Directors will adopt all measures within its means to ensure that remuneration of external Directors, <u>in their condition as such</u>, including any remuneration</p>

<p>the Committees, conforms to the following guidelines:</p> <p>(a) external Directors must be remunerated according to their effective dedication; and</p> <p>(b) the amount of external Directors' remuneration must be calculated such that it offers incentives for dedication without undermining their independence.</p> <p>4. In addition, Directors may receive compensation in the form of Company shares or shares in another group company, options or other share-based instruments. When the remuneration is keyed to shares of the Company or share-based instruments, it must be agreed on by the General Shareholders' Meeting. Where appropriate, the agreement will list the number of shares to be delivered, the exercise price for the options, and the price of the shares taken as reference and the term set for this type of remuneration.</p> <p>5. The Board of Directors must prepare an annual report on the Directors' remuneration policy, under the terms provided for in law. This report will be made available to the shareholders when the General Shareholders' Meeting is called and</p>	<p>they receive as members of the Committees, conforms to the following guidelines:</p> <p>(a) external Directors must be remunerated according to their effective dedication <u>and of the functions and responsibilities attributed to them;</u> and</p> <p>(b) the <u>remuneration</u> amount of external Directors, <u>in their condition as such;</u> remuneration must be calculated such that it offers incentives for dedication without undermining their independence.</p> <p>4. In addition, Directors may receive compensation in the form of Company shares or shares in another group company, options or other share-based instruments. When the remuneration is keyed to shares of the Company or share-based instruments, it must be agreed on by the General Shareholders' Meeting. Where appropriate, the agreement will list the number of shares to be delivered, the exercise price for the options, and the price of the shares taken as reference and the term set for this type of remuneration.</p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p>4.6. <u>The Board of Directors must prepare and annually publish an annual</u> report on the Directors' the remunerations of the Directors including what they perceive or should perceive in their condition as such, and if applicable, for</p>
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<p>will be brought to an advisory vote of the Meeting, as a separate item on the agenda</p> <p>ARTICLE 24.- GENERAL DUTIES OF DIRECTORS</p> <p>In performing their duties, Directors will act with the diligence of respected businesspersons and loyal representatives. Their actions 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.</p> <p>In particular, Directors are required to:</p> <p>(a) be informed regarding and prepare suitably for the Board meetings and, if applicable, of the delegate bodies to which they belong;</p> <p>prepare suitably for the Board meetings and, if applicable, of the delegate bodies to which they belong;</p> <p>(b) 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</p>	<p><u>the development of executive functions, remuneration policy,</u> 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, <u>in addition to the proposal for the remuneration policy proposed, when appropriate, to the General Shareholders Meeting for approval.</u></p> <p><u>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 there (3) years has not passed.-</u></p> <p>ARTICLE 24.- GENERAL DUTIES OF DIRECTORS</p> <p>In performing their duties, Directors will act with the diligence of respected businesspersons and <u>the loyalty</u> loyal representatives <u>of a faithful representative.</u> Their actions <u>should be in good faith and</u> 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.</p> <p>ARTICLE 25.- DUTY OF DILIGENCE</p> <p><u>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.</u> In particular, Directors are required to:</p> <p><u>(a) have adequate dedication and adopt the necessary measures for the good management and control of the Company;</u></p> <p>(a) be informed regarding and prepare suitably for the Board meetings and, if applicable, of the delegate bodies to which they belong;</p> <p><u>(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;</u></p> <p>(b) <u>(c)</u> 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</p>
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<p>Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him;</p> <p>(c) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business (this also applies, to a lesser extent, to independent Directors);</p> <p>(d) 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;</p> <p>(e) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;</p> <p>(f) 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</p> <p>(g) oppose resolutions that are contrary to the law, to the by-laws 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.</p>	<p>Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him, <u>as established in these Regulations</u>;</p> <p>(c)(d) contribute their strategic vision, as well as innovative measures, opinions and concepts for the optimal functioning and evolution of the Company's business (this also applies, to a lesser extent, to independent Directors);</p> <p>(d)(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;</p> <p>(e)(f) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;</p> <p>(f)(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</p> <p>(g)(h) oppose resolutions that are contrary to the LLaw, to the Bby-laws, <u>to the General Meeting Regulations, to these Regulations</u> 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.</p> <p><u>ARTICLE 26.- DUTY OF LOYALTY</u></p> <p><u>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:</u></p> <p>a) <u>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;</u></p> <p>b) <u>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 27 of these Regulations;</u></p> <p>c) <u>not exercise their powers for other aims than those for which they have been granted; and</u></p>
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<p>ARTICLE 25.- DIRECTOR'S DUTY OF CONFIDENTIALITY</p> <ol style="list-style-type: none"> 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 legal requirements. <p>ARTICLE 26.- DUTY NOT TO COMPETE</p> <ol style="list-style-type: none"> 1. Directors may not engage in, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, unless they have the express 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 5 of the following article. 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. 	<p>d) <u>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</u></p> <p>e) <u>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.</u></p> <p>ARTICLE 2527.- DIRECTOR'S DUTY OF CONFIDENTIALITY</p> <ol style="list-style-type: none"> 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 legal requirements<u>the laws</u>. <p>ARTICLE 2628.- DUTY NOT NOT TO COMPETE COMPETE</p> <ol style="list-style-type: none"> 1. Directors may not engage in<u>should refrain from developing</u>, for their own account or the account of others, activities the exercise of which entails effective competition with the Company, <u>either current or potential, or which any other way, position them in permanent conflict with the Company interests</u>, unless they have the express <u>and separate</u> 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 5-3<u>5-3</u> of the following article. <u>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.</u> Excepted from the above are offices
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<p>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 the following article and Article 229 of the Corporate Enterprise Act.</p> <p>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.</p> <p>ARTICLE 27.- CONFLICTS OF INTEREST</p> <p>1. Directors shall strive to avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto. In any case, Directors must report, when they have knowledge thereof, the existence of conflicts of interest to the Board of Directors and abstain from attending and intervening in deliberations and voting which affect matters in which they are personally interested.</p> <p>For purposes of these Regulations, persons related to Directors shall be deemed to be those determined by Article 231 of the Corporate Enterprise Act currently in force (hereinafter, Related Persons).</p> <p>Directors may not directly or indirectly carry out professional or commercial transactions with the Company unless they</p> <p>report, in advance, the conflict of interest and the Board of Directors approves the transaction, subject to a report by the Audit and Control Committee.</p>	<p>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.</p> <p>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 the following article and Article 229 of the Corporate Enterprise Act.<u>current legislation.</u></p> <p>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.</p> <p>ARTICLE 27.- <u>DUTY TO AVOID</u> CONFLICTS OF INTEREST</p> <p>1. Directors shall strive to avoid situations which may imply a conflict of interest between the Company and themselves or persons related thereto, <u>taking for these purposes any measures that may be necessary.</u> In any case, Directors must report, when they have knowledge thereof, the existence of conflicts of interest to the Board of Directors and abstain from: attending and intervening in deliberations and voting which affect matters in which they are personally interested.</p> <p>For purposes of these Regulations, persons related to Directors shall be deemed to be those determined by Article 231 of the Corporate Enterprise Act currently in force (hereinafter, Related Persons).</p> <p>a)2. Directors may not directly or indirectly carry out professional or commercial transactions with the Company unless they <u>are ordinary operations made in standard conditions for all clients and with little relevance;</u></p> <p><u>a) use the Company's name or invoke their status as Director in order to unduly influence the carrying out private transactions;</u>report, in advance, the conflict of interest and the Board of Directors approves the transaction, subject to a report by the Audit and Control Committee.</p>
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<p>In the case of transactions falling within the ordinary course of corporate business and which are habitual or recurring in nature, a generic authorization from the Board of Directors shall be sufficient.</p> <p>The votes of the Directors who are affected by the conflict and who are required to abstain will be deducted for the tally of the required majority of votes.</p> <p>In all events, conflicts of interest in which Directors are involved will be reported in the annual report and in the Annual Corporate Governance Report. Directors must inform the Board of any direct or indirect participation that either they or their Related Parties have in the share capital of any company in a situation of direct competition with the Company as well as of the positions they hold or the duties they perform in that company. This information will also be reported in the notes to the company's annual financial statements.</p>	<p>b) In the case of transactions falling within the ordinary course of corporate business and which are habitual or recurring in nature, a generic authorization from the Board of Directors shall be sufficient. <u>use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage or for any private aims;</u></p> <p>c) 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;</p> <p>d) 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</p> <p>e) developing activities on its own account of for third parties that in any case position them in permanent conflict of interests with the Company.</p> <p><u>3. 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).</u></p> <p>The votes of the Directors who are affected by the conflict and who are required to abstain will be deducted for the tally of the required majority of votes.</p> <p>In all events, conflicts of interest in which Directors are involved will be reported in the annual report and in the Annual Corporate Governance Report. Directors must inform the Board of any direct or indirect participation that either they or their Related Parties have in the share capital of any company in a situation of direct competition with the Company as well as of the positions they hold or the duties they perform in that company. This information will also be reported in the notes to the company's annual financial statements.</p> <p><u>4. 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</u></p>
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<p>ARTICLE 28.- USE OF CORPORATE ASSETS</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage unless they have paid an adequate consideration. 2. Exceptionally, Directors may be dispensed of the obligation to pay the consideration, but in such cases the economic advantage will be considered an indirect remuneration and must be authorised by the Board, subject to a report from the Remuneration Committee. If the Director receives the economic advantage as a shareholder, the advantage will be acceptable only if the principle of equal treatment of shareholders is abided by. <p>ARTICLE 29.- USE OF NON-PUBLIC INFORMATION</p> <ol style="list-style-type: none"> 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. 	<p><u>the Company.</u></p> <ol style="list-style-type: none"> 5. <u>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.</u> 6. <u>The situations of conflict of interests in which the Directors are involved will be reported in the annual report.</u> <p>ARTICLE 28.- USE OF CORPORATE ASSETS</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's assets or avail themselves of their position at the Company to obtain an economic advantage unless they have paid an adequate consideration. 1. Exceptionally, Directors may be dispensed of the obligation to pay the consideration, but in such cases the economic advantage will be considered an indirect remuneration and must be authorised by the Board, subject to a report from the Remuneration Committee. If the Director receives the economic advantage as a shareholder, the advantage will be acceptable only if the principle of equal treatment of shareholders is abided by. <p>ARTICLE 2930.- USE OF NON-PUBLIC INFORMATION</p> <ol style="list-style-type: none"> 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.
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<p>ARTICLE 30.- BUSINESS OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's name or invoke their status as Directors thereof in order to carry out transactions for their own account or for the account of Related Persons. 2. Directors may not use for their own benefit or that of a Related Person, as set forth in Article 27, supra, a business opportunity of the Company within the Company's ordinary scope of business, unless it is first offered to the Company and the latter desists from exploiting it, subject to authorization of the Board of Directors, following a report by the Audit and Control Committee. 3. For the purposes of the preceding item, business opportunity is understood to be any possibility to carry out an investment or commercial operation that has arisen and has been discovered in connection with the Director's performance of his duties or his use of means and information of the Company or that has arisen under circumstances such that it is reasonable to believe that a third party offer was in fact intended for the Company. 	<p>ARTICLE 30.- BUSINESS OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Directors may not use the Company's name or invoke their status as Directors thereof in order to carry out transactions for their own account or for the account of Related Persons. 1. Directors may not use for their own benefit or that of a Related Person, as set forth in Article 27, supra, a business opportunity of the Company within the Company's ordinary scope of business, unless it is first offered to the Company and the latter desists from exploiting it, subject to authorization of the Board of Directors, following a report by the Audit and Control Committee. 2. For the purposes of the preceding item, business opportunity is understood to be any possibility to carry out an investment or commercial operation that has arisen and has been discovered in connection with the Director's performance of his duties or his use of means and information of the Company or that has arisen under circumstances such that it is reasonable to believe that a third party offer was in fact intended for the Company.
<p>ARTICLE 31.- INDIRECT TRANSACTIONS</p> <p>A Director violates his duties of loyalty vis-à-vis the Company if, with prior knowledge, he permits or fails to disclose the existence of Related Person transactions not submitted to the conditions and controls set forth in the preceding articles.</p>	<p>ARTICLE 31.- INDIRECT TRANSACTIONS</p> <p>A Director violates his duties of loyalty vis-à-vis the Company if, with prior knowledge, he permits or fails to disclose the existence of Related Person transactions not submitted to the conditions and controls set forth in the preceding articles.</p>
<p>ARTICLE 32.- DIRECTORS' INFORMATION DUTY</p> <ol style="list-style-type: none"> 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 banking institutions. 	<p>ARTICLE 32<u>31</u>.- DIRECTORS' INFORMATION DUTY</p> <ol style="list-style-type: none"> 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

<p>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.</p> <p>ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS</p> <p>In cases in which authorization of the Board of Directors is not expressly provided, the latter, 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, the Director may be dispensed from compliance with certain obligations.</p> <p>ARTICLE 34.- RELATIONS WITH SHAREHOLDERS</p> <p>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.</p> <p>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.</p> <p>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 Corporate Enterprise Act.</p> <p>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</p>	<p><u>and solvency of credit entities</u>banking institutions.</p> <p>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.</p> <p>ARTICLE 3332.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS</p> <p>In cases in which authorization of the Board of Directors is not expressly provided<u>prohibited</u>, the latter<u>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</u>exceptionally, previously and exceptionally<u>,</u> 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,the Director may be dispensed from compliance with certain obligations.</p> <p>ARTICLE 3433.- RELATIONS WITH SHAREHOLDERS</p> <p>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.</p> <p>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.</p> <p>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 Corporate Enterprise Act<u>Law</u>.</p> <p>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</p>
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<p>the duties that correspond to it in accordance with the law and the Company's by-laws.</p> <p>In particular, the Board of Directors will adopt the following measures:</p> <p>(a) it will strive to make available to the shareholders, prior to the Meeting, 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;</p> <p>(b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;</p> <p>(c) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and</p> <p>(d) 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.</p> <p>ARTICLE 36.- MARKET RELATIONS</p> <p>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 Securities Market Act and current legislative proposals therein.</p> <p>The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information which prudence 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. For this purpose, said information shall be reviewed by the Audit and Control Committee.</p>	<p>the duties that correspond to it in accordance with the law and the Company's by-laws.</p> <p>In particular, the Board of Directors will adopt the following measures <u>in accordance with the Law:</u></p> <p>(a) it will strive to make available to the shareholders, prior to the Meeting <u>and in sufficient advance</u>, 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;</p> <p>(b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;</p> <p><u>(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;</u></p> <p>(c)<u>(d)</u> also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and</p> <p>(d)<u>(e)</u> 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.</p> <p>ARTICLE 36<u>35</u>.- MARKET RELATIONS</p> <p>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 Securities Market Act and current legislative proposals therein<u>regulations.</u></p> <p>2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information which prudence<u>that the Law</u> -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. For this purpose, said information shall be reviewed by the Audit and Control Committee<u>The Audit and Control Committee will report before to the Board of Directors about the financial information that</u></p>
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<p>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.</p>	<p>the Company should periodically make public.</p> <p>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.</p>
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ANNEX IV

Consolidated text of the Board Regulations is included in the present Report as Annex IV, entering into force at the same time as the amendments to the By-laws proposed to the Shareholders General Meeting under sections 1, 2, 3, 4, 5 and 6 of item 5 of the agenda

REGULATIONS OF THE BOARD OF DIRECTORS OF "CAIXABANK, S.A."

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.
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.- GENERAL DUTIES OF THE BOARD OF DIRECTORS

1. Apart from those issues reserved to the shareholders in General Shareholders' Meetings, the Board of Directors is the Company's highest decision-making body.
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 Company corporate governance policy and of the Group of which it is the dominant company, the policy related to its own shares, the investment and financing policy, the corporate responsibility policy and the dividends policy.
- (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 pervious 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:
- (i) they are performed pursuant to contracts with standardized conditions and applied in mass to a large amount of clients;
 - (ii) they are performed at prices or rates, generally established by the party acting as the provider of the relevant good or service; and
 - (iii) 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 an overall 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.
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, is vested with the ordinary powers to call and chair the Board of Directors' meeting, drawing up the agenda for such meetings and leading the discussions and deliberations, stimulating the debates and the active participation of the Directors during the meetings, safeguarding their free will to take decisions and voice opinion, and ensuring that the Directors previously receive sufficient information to deliberate about all the points of the agenda.
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, as occurs in the event of vacancies, leaves or incapacities by the oldest member of the Board of Directors.

ARTICLE 9.- 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 10.- 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 11.- 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 the different Committees, based on their knowledge, aptitudes and experiences, and will forward their proposals 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 12.- 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 13.- 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). At least two (2) 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.
- 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:
 - (i) to report to the General Shareholders' Meeting about matters posed by shareholders that are competence of the Committee;
 - (ii) 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 external auditor, in accordance with regulations applicable to the Company, as well as the contracting conditions thereof, the scope of his/her professional mandate and 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;
 - (iii) to supervise the internal auditing services, verifying the adequacy and integrity thereof, to propose the selection, appointment and substitution of their responsible persons, to propose the budget for such services, and to verify that senior management bears in mind the conclusions and recommendations of their reports.

The internal audit will functionally depend on the Chairman of the Audit and Control Committee, without prejudice of its reporting obligations to the Chairman of the Board of Directors for the due compliance of the Chairman's duties.

- (iv) 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;
- (v) to oversee the process for preparing and submitting required financial information and the effectiveness of the Company's internal control systems, internal audit and risk management system, including tax risks; and to discuss with auditors of accounts any significant weaknesses in the internal control system identified during the course of the audit;
- (vi) to establish appropriate relationships with the auditor in order to receive information, for examination by the Audit and Control Committee, on matters which may jeopardize the independence of said auditor and any other matters

relating to the audit process 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 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 auditing legislation.

In addition, the Audit and Control Committee will issue annually, prior to the issuance of the audit report, a report containing an opinion on the independence of the auditor. This report must address, in all cases, the evaluation of the provision of any additional services referred to in the preceding paragraph, individually and collectively considered, different from the legal audit and related to the degree of independence or to the regulatory audit regulations;

- (vii) 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;
- (viii) to review the Company's accounts and previously report to the Board of Directors about the periodic financial information which the Company must periodically publish to the markets and their supervisory bodies and, in general, to monitor compliance with legal requisites on this subject matter and the correct application of generally accepted accounting principles, as well as to report on proposals for modification of accounting principles and criteria suggested by management, in order to guarantee the integrity of the accounting and financial systems, including the financial and operational control, and compliance with the applicable legislation;
- (ix) 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;
- (x) to supervise the compliance with the Internal Rules of Conduct on Matters Related to the Securities Market and, in general, of the rules of corporate governance;
- (xi) 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;

- (xii) to consider the suggestions submitted to it by the Chairman of the Board of Directors, Board members, executives and shareholders of the Company, and to establish and supervise a mechanism which allows the employees of the Company or of the group to which it belongs confidentially and, if deemed appropriate, anonymously, to report irregularities of potential significance, especially financial and accounting ones, which they observe within the Company;
 - (xiii) 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;
 - (xiv) to supervise compliance with the internal protocol governing the relationship between the majority shareholder and the Company and the companies of their respective groups, as well as the carrying out of any other actions established in the protocol itself for the best compliance with the aforementioned supervisory duty; and
 - (xv) 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 (ii) to (vi) 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 stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation.

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. 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.

- e) 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. The Committee may also request the attendance at its meetings of the Company's auditors.
2. The Risks Committee:
 3. 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. At least a third of these members shall be independent Directors.

- a) 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.
- b) 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.

- c) 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.

4. Common Regulations:

Both the Audit and Control Committee and the Risks Committee:

- a) Shall meet, without prejudice of the provisions of section 13.1.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.

ARTICLE 14.- 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. At least one third of their members should be independent Directors, and in no event the number of independent Directors shall be less than two (2). 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 on the proposals for appointment and, if necessary, removal of the Secretary and the Vice-Secretaries for submission for approval of the Board
- (v) Evaluate the profile of the most suitable persons to sit on the different Committees, based on their knowledge, aptitudes and experience, and forward these proposals to the Board
- (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 in collaboration with the Chair of the Board, his or her succession as well as that of 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;
- (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. 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 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 15.- 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 may be held remotely, if any Board member is unable to attend at the location indicated for the meeting in the notice.

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.

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 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 16.- 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. 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.

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.

- 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 17.- APPOINTMENT OF DIRECTORS

- 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.
- 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.
- 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.
- 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 18.- CLASSIFICATION OF DIRECTORS

- The directors will be classified as executives or non-executives, distinguishing among these between stakeholder, independent or other external directors.
- 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 stakeholders 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. Stakeholders 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 19.- 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 20.- 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 21.- 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 22.- 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 23.- 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 24.- 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 25.- 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 26.- 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 27 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 27.- 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 28.- 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 29.- 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 30.- 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 31.- 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 32.- 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 33.- 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 34.- 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 35.- 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 36.- 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.
3. The Board of Directors will strive to definitively formulate the financial statement such that there is no room for qualifications from the auditor. Nevertheless, when the Board deems that it must maintain its position, it will publicly explain the content and scope of the discrepancy.

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