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

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**REGULATIONS OF THE BOARD OF DIRECTORS OF
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CHAPTER I

PRELIMINARY

ARTICLE 1.- ORIGIN AND DUTIES

1. These Regulations are hereby approved by the Board of Directors of CaixaBank, S.A. (hereafter, la **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.
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.

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. 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. In particular, the following duties of the Board of Directors may not be delegated:
 - (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;
 - (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;
 - (c) To guarantee the integrity of the accounting and financial information systems, including financial and operational control and compliance with the applicable law;
 - (d) To supervise the process of dissemination of information and communications relating to the credit institution;
 - (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.
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:
 - (a) the Company's general policies and strategies.

This will include, in particular, the following:

 - (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 policy;

- (vi) remuneration and evaluation of Senior Officers;
 - (vii) risk control and management, and the periodic monitoring of internal procedures for identification, management, control and communication of the risks; and
 - (viii) dividend policy, as well as the policies and limits applying to treasury stock.
- (b) the following operating decisions:
- (i) the appointment and removal of Senior Officers, and their compensation clauses;
 - (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;
 - (iii) financial information that all listed companies must periodically disclose;
 - (iv) investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting; and
 - (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.
- (c) the transactions which the Company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto (***Related Party Transactions***).

Nevertheless, the authorization of the Board of Directors will not be required for Related Party Transactions that simultaneously meet the following three (3) conditions:

- (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.

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.

5. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
6. The Board of Directors will also ensure that no shareholder receives privileged treatment vis-à-vis the others.

CHAPTER III

BOARD OF DIRECTORS

ARTICLE 5.- QUALITATIVE COMPOSITION

1. When exercising its powers to propose appointments to the General Shareholders' Meeting and co-opt directors to cover vacancies, the Board shall endeavour to ensure that external Directors or non-executive Directors represent a 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 within companies that are dependent on it.

2. The Board will also strive to ensure that the group of external directors includes stable significant shareholders of the Company or 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.
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 will be independent 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 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.

ARTICLE 8.- VICE-CHAIRMAN

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.

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 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.
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.

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.

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 the event that the Secretary is unable 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.

ARTICLE 11.- DELEGATED BODIES 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 Remunerations Committee and a Risks Committee with the powers set forth in 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. 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.

3. 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.
4. The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

ARTICLE 13.- THE AUDIT AND CONTROL COMMITTEE AND THE RISKS COMMITTEE

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.

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;
- (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 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;
- (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;

- (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 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;
- (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;
- (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;
- (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;
- (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.
- (xv) any others attributed thereto by Law and other regulations applicable to the Company.

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.

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.

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 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) 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:
- (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:
- (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.
- (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.

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.

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.

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.

3. Both the Audit and Control Committee and the Risks Committee:

- (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;
- (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;
- (iii) 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;
- (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.
- (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;

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). At least one third of their members, and in any case the President, shall be independent Directors.
2. Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Appointments Committee shall have the following basic responsibilities:
 - (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;
 - (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;
 - (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 Deputy 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) 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;
 - (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.
 - (xi) Supervise and control the smooth operation of the corporate governance of the Company;
 - (xii) Monitor the independence of the independent Directors;
 - (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;
 - (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:
- (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;
 - (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;
 - (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. 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:
 - (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;
 - (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.

CHAPTER V

FUNCTIONING OF THE BOARD OF DIRECTORS

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 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. 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.

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.
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.
6. 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.

ARTICLE 16.- PROCEDURES FOR MEETINGS

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.
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.
3. The Chairman will organize debates by seeking and promoting the participation of all Directors in the Board's deliberations.
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.

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

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.
3. The members of the Board of Directors must fulfil the required standards for the exercise of their duties. In particular, they should have recognised business and professional integrity, have the appropriate knowledge, skills and experience to perform their duties and be able to exercise good governance of the entity within the terms provided by the current legislation.

ARTICLE 18.- APPOINTMENT OF INDEPENDENT DIRECTORS

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.

In particular, the following persons may not be proposed or appointed as independent Directors:

- (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 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, 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, provided that he meets all of the conditions set forth above and, in addition, his shareholding is not significant.

ARTICLE 19.- TERM IN OFFICE

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.
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.

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 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
 - (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. 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. 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.
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, 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.
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 external 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. 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.
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:
 - (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, 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.

CHAPTER IX
DIRECTORS' DUTIES

ARTICLE 24.- GENERAL DUTIES OF DIRECTORS

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. In particular, Directors are required to:

- (a) be informed regarding and prepare suitably for the Board meetings and, if applicable, of the delegate bodies to which they belong;
- (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 Director is unable to attend meetings to which he has been called, he must instruct the Director who will represent him;
- (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);
- (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;
- (e) investigate any irregularity in the management of the Company of which they have learned and to watch over any situation of risk;
- (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
- (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.

ARTICLE 25.- DIRECTORS' 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 legal requirements.

ARTICLE 26.- DUTY NOT TO COMPETE

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.
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.
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 27.- CONFLICTS OF INTEREST

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.

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**).

2. Directors may not directly or indirectly carry out professional or commercial transactions with the Company unless they 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.

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.

3. 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.

4. 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.
5. 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.

ARTICLE 28.- USE OF CORPORATE ASSETS

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.

ARTICLE 29.- 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 30.- BUSINESS OPPORTUNITIES

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.

ARTICLE 31.- INDIRECT TRANSACTIONS

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.

ARTICLE 32.- DIRECTORS' DUTY OF CONFIDENTIALITY

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.
5. Directors must inform the Company of circumstances that affect the Company and that may damage its credit or reputation, especially of criminal charges brought against them and the progress of any subsequent trial. The Board may, after examining the Director's situation, demand his resignation and the Director must abide by this decision.

ARTICLE 33.- DISPENSATION FROM COMPLIANCE WITH DUTIES BY DIRECTORS

In cases in which authorization of the Board of Directors is not expressly 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.

CHAPTER X

RELATIONS OF THE BOARD

ARTICLE 34.- RELATIONS WITH SHAREHOLDERS

1. The Board of Directors will provide suitable channels to familiarize itself with any proposals formulated by shareholders with regard to the management of the Company.
2. Through some of its Directors and with the collaboration of the members of senior management that the Board deems appropriate, the Board may organize informational meetings on the running of the Company, for shareholders residing in the most important financial markets, either in Spain or other countries.

3. Public requests for vote delegation made by the Board of Directors or by any of its members must express how the representative would vote in the event that the shareholder does not give instructions. A vote that has been delegated in response to such a public request may not be exercised relative to agenda items regarding which there is a conflict of interest, unless the person granting the proxy has given precise voting instructions for each of those items, all in accordance with the Corporate Enterprise Act.
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:

- (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;
- (b) it will respond, with utmost diligence, to requests for information formulated by shareholders prior to the Meeting;
- (c) also with utmost diligence, it will answer questions posed by shareholders when the Meeting is held; and
- (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.

ARTICLE 35.- RELATIONS WITH INSTITUTIONAL SHAREHOLDERS

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

ARTICLE 36.- MARKET RELATIONS

1. The Board of Directors, through communiqués of significant events to the Spanish National Securities Market Commission and the corporate web page, will immediately provide the public with all significant information on the terms set forth in the Securities Market Act and current legislative proposals therein.
2. 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.

3. Information obligations will be fulfilled through any technical, information-technology or telematic means, without prejudice to the shareholder's right to request printed information.

ARTICLE 37.- RELATIONS WITH AUDITORS

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