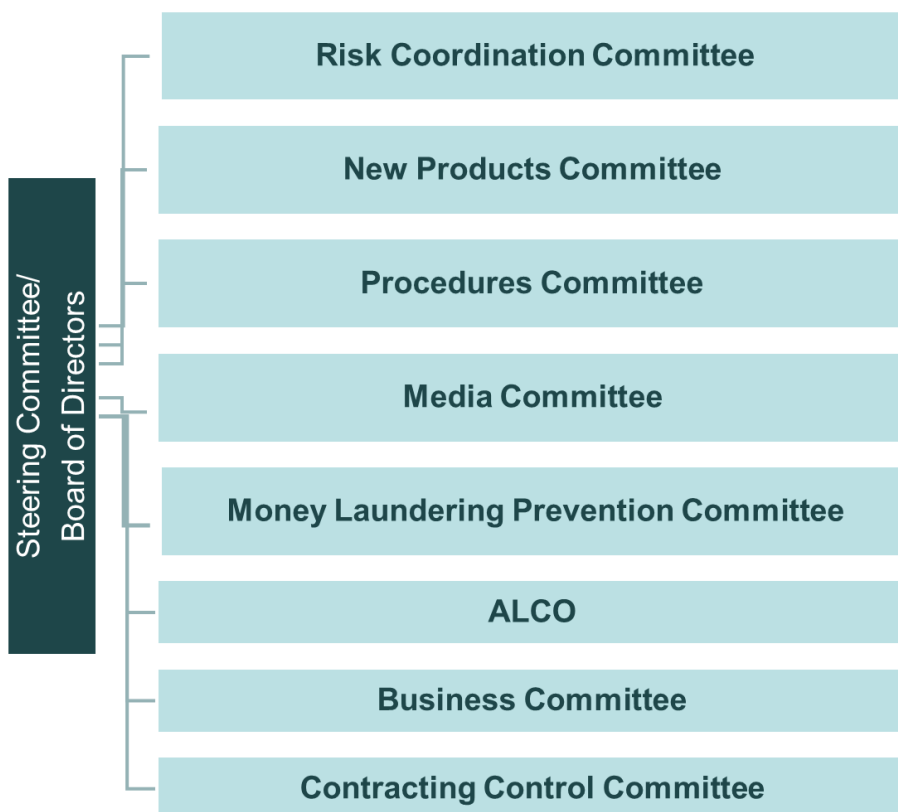


**LINES OF RESPONSIBILITY FOR DECISION-MAKING AND  
FUNCTIONS IN BANCO INVERISIS, S.A.**

The Corporate Governance System of Banco Inversis, S.A. (hereinafter, "Banco Inversis", the "Bank" or the "Entity") is based on a risk management governance culture which makes decisions and assumes responsibilities through joint Commissions and Committees. The delegate Committees of the Board of Directors are as follows:



The Corporate Governance System also includes the powers and responsibilities of several Committees advising the Board of Directors and the Steering Committee in terms of risk management and other matters. The main Committees of Banco Inversis S.A. are detailed below:



Regarding risk management, Banco Inversis has a corporate governance system approved by the Board of Directors of Banco Inversis who is the ultimately responsible, which includes:

- a) A clear organizational structure with well defined transparent and consistent lines of responsibility;
- b) Effective procedures to identify, manage, control and communication of the risks to which they are or may be exposed;
- c) Adequate internal control mechanisms, including administrative procedures and proper accounting;
- d) Remuneration policies and practices with adequate and effective risk management and that they promote it.

Systems, procedures and mechanisms established by the Board of Directors are proportional to the nature, scale and complexity of the risks inherent in the business model and activities of the Banco Inversis Group, always respecting the technical criteria concerning organization and risk treatment.

The Corporate Governance System approved by the Board of Directors ensures healthy and prudent management of the Entity, through proper segregation of duties in the organization and the prevention of conflicts of interest, being the Board of Directors responsible for monitoring the implementation of said system.

Regarding the corporate governance System and risk management, the main participants are as follows:

#### **a) The Board of Directors**

The Board of Directors, in its role of supreme administrative body of the entity, and under the control of Chairman of the Bank, is responsible for the approval of the general guidelines regarding risk policies and the Group's ability to have the necessary resources for the identification, measurement, assessment, management and control of those risks.

According to the provisions of the Law 10/2014, of 26 June, management, supervision and solvency of credit institutions (hereinafter "Law 10/2014"), the Board of Directors, regardless of other obligations under in mercantile or any other applicable legislation, bears the delegable authority over the following functions:

- The surveillance, monitoring and periodic evaluation of the effectiveness of its corporate governance system and the adoption of appropriate measures to remedy, if any, their deficiencies.
- Assume the responsibility for the administration and management of the Bank, the approval and monitoring of the implementation of its strategic objectives, risk strategy and internal governance.
- Ensure the integrity of the accounting and financial information systems, including financial and operational control and compliance with the applicable law.
- Supervise the process of disclosure and communications relating to the Bank.
- Ensure effective supervision of senior management.

In particular, and in compliance with the provisions of Law 10/2014, the Board of Directors is responsible for the risks taken by the Entity and its Group. In exercising its responsibility for risk management, the Board shall:

- Devote sufficient time for consideration of issues related to risks. In particular, actively participate in the management of all material risks addressed in the solvency regulations, it shall ensure that adequate resources for risk management are allocated, and in particular shall intervene in the valuation of assets, the use of external credit ratings, where appropriate, the internal models related to those risks.
- Periodically approve and review the strategies and policies for taking up, managing, monitoring and mitigating the risks to which the entity is or may be exposed to, including those posed by the macroeconomic environment in which it operates in relation to the phase of the economic cycle.

In addition, the Board is responsible for establishing the guidelines of the Bank's commercial strategy, by approving the business plan, as well as risk strategy and capital planning of the Bank.

The Board of Directors of Banco Inversis in compliance with the provisions of Law 10/2014 has created the Risk Management Unit, being responsible the Chief Risk Officer, who reports directly to the Board of Directors.

#### **b) Chief Executive Officer**

It is the lead manager of the Bank and holds responsibility for those matters that have been delegated or assigned by the Board of Directors and the implementation of own business operations, following the general guidelines imparted by the Board of Directors.

#### **c) Steering Committee**

It is the highest governing body of the Bank and holds responsibility for those matters that have been assigned by the Board of Directors, particularly with regard to the management of the risks assumed by the Bank. The Steering Committee is a body of the Board of Directors and under the control of the Chief Executive Officer, which informs and proposes to the Board of Directors enterprise policy and agrees and runs their own business transactions, following the general guidelines transmitted by the Council Administration.

The Steering Committee proposes strategies and general risk policies that should be ratified by the Board of Directors, by monitoring the risk level assumed by the Group. The functions of the Assets and Liabilities Committee (ALCO) are performed by the Steering Committee. Regarding risk management, it proposes strategies and general risk policies, approves improvements on internal regulations related to risk, monitors the level of risk assumed by the Group and realizes reasoned action proposals. Therefore, the Steering Committee being the Risk Officer its registrar, is involved in setting the risk appetite to the interest rate, market, liquidity, etc. and its consistency with the strategy and business plans of the Group. It monitors the evolution of the risk profile in relation to the appetite established in the RAF.

The Steering Committee in its role of COAP analyzes and manages the structural balance risks, being its main functions:

- Identification of the Bank balance exposure to interest rate risk and liquidity.
- Monitoring exchange rate risk to which the Entity balance is exposed.
- Evaluation and regular monitoring of these risks to ensure compliance with existing limits in each case.
- Review of the current situation and forecast the Group's liquidity, approving the measures deemed appropriate to ensure maintenance of optimal levels of liquidity.
- Review and approval of the Groups liquidity contingency plan.
- Proposals for action to optimize the aggregate balance of the Bank, using profitability criteria weighted by risk management.
- Proposals for decision making on the investment portfolio, within the framework authorized by the Board of Directors, and that, in this matter, it attributes to it.
- Implementation of the policies formulated by the various bodies of the Entity in relation to the management of assets and liabilities.

Additionally, the Management Committee regularly reports to the Board on other aspects related to control and risk management.

The Steering Committee is also supported by a Coordination Committee Risk (CCR), which shall be independent of business areas, and will include at least:

- Chief Executive Officer.
- Head and/or Assistant Manager of Legal Department.
- Head of Risk Department.
- Risk Manager.
- Chief Compliance Officer.
- Head of Operations Department.
- Head of HR.
- Chief Financial Officer.

The role of the Coordination Committee Risk is to advise the Steering Committee and carry out, where appropriate, risk proposals for approval by the Board of Directors, or approve transactions that meet the requirements and policies previously authorized by the Board of Directors. Agreements must be adopted unanimously.

Likewise, the Steering Committee has established the creation of an ALCO formed at least by the Chief Executive Officer, the Market Director, the Chief Financial Officer, the Head of Risk Department and the Head of Operations Department, to carry out a more exhaustive monitoring of the evolution of the liquidity and market risk and currency of the Bank. The ALCO meets with a minimum fortnightly periodicity and, with greater assiduity, when established by the business needs or market circumstances, being coordinated and led by the Head of Capital Markets Department.

#### **d) Joint Audit and Risk Committee in its Risk Committee role**

The Board of Directors of Banco Inversis has set up a Joint Committee on Audit and Risks that also assumes the relevant functions of the Risk Committee, based on the provisions in Article 38.3 of Law 10/2014. The Joint Audit Committee and Risk function is supported by the Risk

Management Unit, which serves as a support for purposes of compliance with the functions that it has established.

**e) Risk Management Unit**

The Risk Management Unit under Law 10/2014 and Royal Decree 84/2015 of 13 February, in which it develops the Law 10/2014 of 26 June, management, supervision and solvency of credit entities (hereinafter "RD 84/2015"), assumed under the jurisdiction of the Board, specifically responsible for the risk management function. The Board of Directors has appointed the Risk Management Unit Director, as an independent senior director, who shall not perform operational functions and cannot be revoked from office without prior approval of the Board of Directors.

**f) Appointment and Remuneration Committee**

In relation to the obligations established by Law 10/2014 and Royal Decree 84/2015 regarding remuneration policy and appointments, Banco Inversis has an Appointments and Remuneration Committee responsible for ensuring the provisions of the regulations indicated.

The Appointment and Compensation Committee performs, among other functions, the analysis of decisions regarding remuneration, including those that have implications for risk and risk management of the Entity, to be adopted by the Board of Directors, and in particular on the general policy of remuneration of members of the Board of Directors and managing directors or similar, as well as individual remuneration and other contractual conditions of the members of the Board of Directors who perform executive functions, ensuring its compliance. In making the decision, the Committee shall take into account the long term interests of shareholders, investors and other stakeholders in the Entity as well as public interest.