



ANNUAL CORPORATE GOVERNANCE REPORT



ISSUER IDENTIFICATION DATA

DATE OF END OF REFERENCE 2019 FINANCIAL YEAR

Company Tax No.
A70302039

Company Name:
ABANCA CORPORACIÓN BANCARIA, S.A.

Registered Office:
CANTÓN CLAUDINO PITA, 2
BETANZOS
A CORUÑA
15300
SPAIN

ANNUAL CORPORATE GOVERNANCE REPORT OF OTHER COMPANIES – DIFFERENT FROM SAVINGS BANKS OR STATE MARKETING COMPANIES OR PUBLIC ENTITIES- ISSUING SECURITIES THAT ARE NEGOTIATED IN OFFICIAL MARKETS

A PROPERTY STRUCTURE

A.1. Detail the most significant shareholders or participants of your entity at the closing date of the financial year:

| Name or corporate name of the shareholder or participant | % On share capital |
|--|---------------------|
| Juan Carlos Escotet Rodríguez | 77.76% ¹ |
| ABANCA Corporación Bancaria, S.A. | 8.77% |

A.2. Indicate, as the case may be, family, commercial, contractual or corporate relations that exist between significant shareholders or interested parties, to the extent that they are known by the entity, unless they are of little relevance or arise from ordinary business or trade:

A.3. Indicate, as the case may be, the commercial, contractual or corporate relationships that exist between the significant shareholders or interested parties, and the entity, unless they are of little relevance or arise from ordinary business or trade:

A.4. Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on the right to vote. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as those prior authorization or communication systems which, regarding the acquisition or transfer of instruments are applicable by sector regulations, shall be notified:

YES NO

¹ On 27 February, 2020, the merger through absorption between ABANCA Corporación Bancaria, S.A. (absorbing company) and Abanca Holding Financiero, S.A. (absorbed company) was finalised with its entry in the A Coruña Business Registry, with Mr. Escotet Rodríguez proceeding to hold 77.76 % of the capital directly, thereby making him to date the indirect controlling shareholder

| Description of restrictions |
|---|
| <p>In accordance with the stipulations of article 25.5 of the Bank's Bylaws, the Company shareholder shall find themselves in a situation of a conflict of interests and may not exercise the right to vote regarding his/her shares when the agreement to be adopted is intended to:</p> <ul style="list-style-type: none"> a) release him/her from an obligation or grant him/her a right; b) provide him/her with any type of financial assistance, including the provision of guarantees in his/her favour; or c) dispense with the obligations derived from the duty of loyalty legally established for managers in accordance with the provisions of current legislation. <p>Also, in accordance with the Law on the organization, supervision and solvency of credit institutions (LOSSEC), acquisitions of significant shares are subject to notification obligations and, where appropriate, non-opposition from the European Central Bank.</p> |

B GENERAL SHAREHOLDERS' MEETING OR EQUIVALENT BODY

- B.1. List the quorum of the general meeting or equivalent body established in the bylaws. Describe how it differs from the minimum regime stipulated for in the Capital Company Act (LSC), or the regulations applying to it.

It does not differ with the minimum regime stipulated in the LSC. In accordance with the provisions of the Bank Bylaws, the General Meeting, whether ordinary or extraordinary, shall be validly constituted in the first or second call when the shareholders present or represented hold the percentage of voting capital established by law.

The validity of the constitution shall be determined with respect to each of the agreements to be adopted, the agenda being reduced, where appropriate, to the matters for which there is a quorum.

Notwithstanding the foregoing, the Board shall be validly constituted as a shareholders' meeting at which all shareholders are present or represented stipulated that all capital is present or represented and the attendees unanimously accept the holding of the Meeting and the agenda.

B.2. Explain the system for adopting corporate agreements. Describe how it differs from the system stipulated for in the LSC, or in the regulations that apply to it.

Attendees of the General Meeting will have one vote for each action they own or represent. The system for the adoption of corporate agreements does not differ with respect to those stipulated in the LSC, since the resolutions of the Board shall be adopted with the affirmative vote of the simple majority of the votes of the shareholders present or represented, the agreement therefore being deemed adopted when there are more votes in favour of than against the share capital, present or represented, as stated in article 201.1 of the aforementioned regulation. The cases in which the law stipulates a higher majority are an exception to this.

B.3. Briefly indicate the resolutions adopted at the general meetings or equivalent bodies held in the financial year to which this report refers and the percentage of votes with which the agreements have been adopted.

On 10 June 2019, the Ordinary General Meeting of Shareholders of ABANCA Corporación Bancaria, S.A. adopted, with the affirmative vote of 90.87619% of its present or represented share capital, the following resolutions:

1 Examination and approval, where appropriate, of the annual accounts (balance sheet, profit and loss account, statement of recognized income and expenses, total statement of changes in equity, cash flow statement and memory) of ABANCA Corporación Bancaria, S.A. and of its consolidated Group, corresponding to the financial year ending on 31 December 2018.

2 Approval, if applicable, of the Non-Financial Information Statement included in the Abanca's Corporate Responsibility Report.

3 Examination and approval, if applicable, of the proposal to apply the result of the 2018 financial year.

4 Approval, if applicable, of social management during the 2018 financial year.

5 Determination of the maximum number of members of the Board of Directors, within the limits established in the Bylaws and ratification of directors.

6 Remuneration System:

- a) update of the maximum amount of the annual remuneration of the directors and of the Remuneration Policy of the Board of Directors.
- b) With the affirmative vote of 90,77951% of the present or represented share capital, the following agreement was adopted: approval of the maximum ratio between the fixed and variable components of the total remuneration of executive directors and other employees belonging to categories whose professional activities significantly affect the risk profile.
- c) With the affirmative vote of 90,87619% of the present or represented share capital, the following agreement was adopted: authorization to use a maximum number of Bank shares from treasury stock to meet the payments arising from the Regulation for the payment in shares of part of the variable remuneration for certain members of the group identified.

Similarly, with the affirmative vote of 90,87619% of the present or represented share capital, the following agreements were adopted:

7 Authorization for Abanca Corporación Bancaria, S.A. to proceed to the acquisition of its own shares, under the provisions of article 146 of the Capital Company Act.

8 Authorization for the Board of Directors to substitute, formalize, correct, interpret and execute the agreements that are adopted by the General Meeting, and to record such agreements as a public deed.

9 Merger by absorption between Abanca Holding Financiero, S.A. (absorbed company) and Abanca Corporación Bancaria, S.A. (absorbing company).

B.4. Indicate whether there has been any item on the agenda at the general meetings or equivalent bodies held in the year that has not been approved by the shareholders.

All decision points on the agenda have been approved.

B.5. Indicate the address and mode of access to the entity's website for information on corporate governance.

www.abancacorporacionbancaria.com

The Bank's corporate information is available on the website www.abancacorporacionbancaria.com. Specifically, in the sections "Information for shareholders and investors" and "Corporate Governance and remuneration policy".

B.6. Indicate whether meetings of the different unions, if any, of holders of securities issued by the entity have been held, the purpose of the meetings held in the year to which this report refers and the main agreements adopted.

There have been no meetings of unions of holders of securities issued by the entity.

C STRUCTURE OF ENTITY ADMINISTRATION

C.1. Board or administrative body

C.1.1. Detail the maximum and minimum number of directors or members of the administrative body, as stipulated in the bylaws:

| | |
|--|----|
| Maximum number of directors/members of the body | 15 |
| Minimum number of directors/members of the body | 5 |
| Number of directors/members of the body set by the board or assembly | 11 |

C.1.2. Complete the following table on the members of the board or administrative body, and their different condition:

²DIRECTORS/MEMBERS OF THE ADMINISTRATIVE BODY

| Name or company name of the director/member of the administrative body | Representative | Last appointment date |
|--|----------------|-----------------------|
| JUAN CARLOS ESCOTET RODRÍGUEZ | | 23-06-2014 |
| FRANCISCO BOTAS RATERA | | 23-06-2014 |
| PEDRO RAÚL LÓPEZ JÁCOME | | 23-06-2014 |
| CARINA SZPILKA LÁZARO | | 23-06-2014 |
| EDUARDO ERAÑA GUERRA | | 24-10-2016 |
| JOSÉ RAMÓN RODRIGO ZARZA | | 23-06-2014 |
| JOSÉ GARCÍA MONTALVO | | 23-06-2014 |
| LETICIA IGLESIAS HERRAIZ | | 30-08-2018 |
| ANA DA CUNHA BARROS | | 29-07-2019 |

The Board of Directors, at its meeting held on 29 July 2019, agreed to approve, on the proposal of the Appointments Committee, the co-opted appointment of Ana da Cunha Barrosas an independent director of ABANCA Corporación Bancaria, S.A.

We report below the status of the members of the Bank's Board of Directors:

- Executive director: Francisco Botas Ratera.
- Proprietary Director: Juan Carlos Escotet Rodríguez.
- Other external director: Pedro Raúl López Jácome.
- Independent external directors: Ms. Carina Szpilka Lázaro, José Ramón Rodrigo Zarza, José García Montalvo, Eduardo Eraña Guerra, Leticia Iglesias Herraiz and Ana da Cunha Barros.

During the 2019 financial year, the members of the Board of Directors have attended all the meetings of the Board. There was therefore no absence. The number of meetings held by the Board of Directors during the same financial year has been 14.

² It is hereby stated that on 28 October, 2019, the Board of Directors agreed, upon a favorable proposal from the Appointments Commission, to appoint Mr. Manuel Víctor López Figueroa as a new independent director of the company, having obtained the supervisory authorization, the appointment being fully effective as of the day of appointment.

C.1.3. Identify, where applicable, the members of the board or administrative body that assume positions of directors, directors' representatives or managers in other entities that are part of the entity's group:

| Name or company name of the director/member of the administrative body | Corporate name of the group entity | Post |
|--|---|---|
| JUAN CARLOS ESCOTET RODRIGUEZ | SOGEVINUS, SGPS, S.A. | LEGAL REPRESENTATIVE OF THE PRESIDENT ABANCA CORPORACION INDUSTRIAL Y EMPRESARIAL, S.L. |
| JUAN CARLOS ESCOTET RODRIGUEZ | ABANCA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A. | LEGAL REPRESENTATIVE OF THE PRESIDENT CORPORACION EMPRESARIAL DE TENENCIA DE ACTIVOS DE GALICIA, S.L.U. |
| JUAN CARLOS ESCOTET RODRIGUEZ | ABANCA HOLDING FINANCIERO, S.A. ³ | CHAIRPERSON |
| JUAN CARLOS ESCOTET RODRIGUEZ | ABANCA SERVICIOS FINANCIEROS, E.F.C., S.A. | LEGAL REPRESENTATIVE OF THE PRESIDENT CORPORACION EMPRESARIAL DE TENENCIA DE ACTIVOS DE GALICIA S.L.U. |
| JUAN CARLOS ESCOTET RODRIGUEZ | BANCO CAIXA GERAL, S.A. ⁴ | CHAIRPERSON |
| FRANCISCO BOTAS RATERA | ABANCA HOLDING FINANCIERO, S.A. | VICE PRESIDENT AND CEO |
| FRANCISCO BOTAS RATERA | ABANCA VIDA Y PENSIONES DE SEGUROS Y REASEGUROS, S.A. | LEGAL REPRESENTATIVE OF THE VICE PRESIDENT VIBARCO, S.L.U. |
| FRANCISCO BOTAS RATERA | ABANCA SERVICIOS FINANCIEROS, E.F.C., S.A. | LEGAL REPRESENTATIVE OF THE VICE PRESIDENT VIBARCO, S.L.U. |
| FRANCISCO BOTAS RATERA | BANCO CAIXA GERAL, S.A. | MANAGING DIRECTOR |

C.1.4. Complete the following table with information regarding the number of female directors on the board of directors and their committees, as well as their progress in the last four years:

| | Number of female directors | | | | | | | |
|--------------------|----------------------------|-------|---------------------|----|---------------------|-------|---------------------|-------|
| | 2019 Financial year | | 2018 Financial year | | 2017 Financial Year | | 2016 Financial year | |
| | Number | % | Number | % | Number | % | Number | % |
| Board of directors | 3 | 33.33 | 2 | 25 | 1 | 14.28 | 1 | 11.11 |

³ Information as of 31 December, 2019. Abanca Holding Financiero, S.A. has been dissolved on 27 February 2020 (see footnote on the question A1).

⁴ At present, Banco Caixa Geral, S.A. has ceased to exist as a result of the merger by absorption with ABANCA Corporación Bancaria, S.A. (absorbing society), with effect from 15 March 2020, date on which the merger was entered in the A Coruña Business Registry.

| | | | | | | | | |
|--------------------------------|---|-------|---|-------|---|-------|---|----|
| Delegate Credit Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Appointments Committee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remunerations Committee | 1 | 33.33 | 1 | 33.33 | 1 | 33.33 | 1 | 25 |
| Audit and Compliance Committee | 2 | 40 | 2 | 40 | 1 | 25 | 1 | 25 |
| Comprehensive Risk Committee | 1 | 25 | 0 | 0 | 0 | 0 | 0 | 0 |

C.1.5. Indicate whether the company has diversity policies in relation to the company's administrative, management and supervisory bodies with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized companies, in accordance with the definition contained in the Accounts Auditing Law, will have to report, as a minimum, on the policy they have established in relation to gender diversity.

YES NO

If yes, please describe this diversity policy, its objectives, the measures and how it has been applied, and its results for the year. The specific measures adopted by the administrative body and the appointments and remuneration committee to achieve a balanced and diverse presence of directors or managers must also be indicated.

If the company does not apply a diversity policy, explain the reasons why.

The purpose of the Policy for the Selection and Continuous Evaluation of the Conditions of Suitability and Qualification of Directors of ABANCA Corporación Bancaria, S.A. (Suitability Policy), is to establish a set of criteria and guidelines for action, which must ensure that the models and schemes for appointments, ratification and re-election of the directors of ABANCA Corporación Bancaria, S.A. are compatible with its business strategy, objectives, values and long-term interests and with adequate and effective risk management, avoiding conflicts of interest.

Similarly, it aims to implement the appropriate procedure and designate the competent unit in order to undertake the analysis and continuous evaluation of the maintenance of the conditions of suitability and correct qualification of the directors.

The Suitability Policy therefore establishes that the appointment of directors shall be guided by the principle of professionalism in management, in accordance with which all members of the Board of Directors shall be persons of recognized commercial and professional repute and with adequate

knowledge and experience, and in a position to exercise good governance of the entity, and not involved in anything whatsoever that would give grounds for incompatibility or disqualification.

Finally, the Policy states that the general composition of the Board of Directors as a whole must gather sufficient knowledge, skills and experience in the governance of credit institutions to adequately understand the Bank's activities, including its main risks, and ensure the effective capacity of the Board of Directors to make decisions independently and autonomously for the benefit of the Bank. It must ensure that the selection procedures for its members favour diversity of experience and knowledge, facilitate the selection of female directors and, in general, do not suffer from implicit biases that may imply some discrimination. This policy is fully aligned with the European Central Bank's Directors' Suitability Assessment Guide, and with guideline EBA/GL/2017/12 on evaluating the suitability of board members and other key personnel.

In the 2019 financial year, the application of the above principles was revealed with the appointment of Ana da Cunha Barrosas an independent director of the Company. This appointment meant reaching and exceeding the objective of 30% of representation of the least represented sex within the Board of Directors, thus complying with recommendation 14 of the Code of Good Governance of listed companies and the provisions of the Suitability Policy of ABANCA regarding compliance with this objective. Similarly, it meant increasing the number of directors belonging to the independent category.

This measure has been completed in accordance with the results of the evaluation of the Board of Directors and its Committees, whose action plan was approved by it at its meeting of 10 June 2019 following a favourable proposal from the Appointments Committee, held previously on that same date.

C.1.6. Complete the following table regarding the aggregate remuneration of directors or members of the administrative body, accrued during the financial year:

| Remuneration Item | Thousands of euros | |
|-----------------------|--------------------|----------|
| | Individual | Group |
| Fixed remuneration | 1,300 | 0 |
| Variable remuneration | 1,288 | 0 |
| Per diems | 1,936 | 0 |
| Other remuneration | 65 | 0 |
| Total: | 4,589 | 0 |

C.1.7. Identify the members of senior management who are not also directors or members of the executive management body, and indicate the total remuneration they accrued during the financial year:

| Name or company name | Post |
|--------------------------------------|--|
| JOSE EDUARDO ÁLVAREZ-NAVEIRO SÁNCHEZ | M.G. CORPORATE GOVERNANCE AND LEGAL ISSUES |
| LUIS BERAZA DE DIEGO | M.D. BUSINESS SPAIN |
| MARÍA CAMINO AGRA | M.D. HUMAN CAPITAL |
| ALFONSO CARUANA CAMARA | M.G. INTERNATIONAL BUSINESS |
| MIGUEL ÁNGEL ESCOTET ALVAREZ | M.G. CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATION |
| ALBERTO DE FRANCISCO GUIASOLA | M.G. FINANCE |
| JULIÁN JOSÉ SERRAPIO VIGO | GENERAL AUDITOR |
| PABLO TRIÑANES LAGO | M.G. CORPORATE AND RISK MANAGEMENT |
| JOSE MANUEL VALIÑO BLANCO | M.G. IT, Information, Processes and Operations |
| JUAN LUIS VARGAS-ZÚÑIGA MENDOZA | M.G. Capital Markets, Management and Distribution: |
| JOSE LUIS VÁZQUEZ FERNÁNDEZ | M.G. CREDIT |
| PEDRO VEIGA FERNÁNDEZ | M.G. STRATEGIC PLANNING AND PMO |

| | |
|---|-------|
| Total senior management remuneration (thousands of euros) | 4,891 |
|---|-------|

For the purposes of the total remuneration accrued by senior management during the financial year, account has been taken of Juan María Hernández Andrés, deceased before the end of the financial year.

C.1.8. Indicate whether the bylaws or board regulations establish a limited mandate for the directors or members of the body:

YES NO

| | |
|-----------------------------------|---|
| Maximum number of years in office | 4 |
|-----------------------------------|---|

C.1.9. Indicate whether the individual and consolidated annual accounts presented for approval to the board or administrative body have been previously certified:

YES NO

Identify, where appropriate, the person(s) who have or have certified the entity's individual and consolidated annual accounts, for formulation by the board or administrative body:

C.1.10. Explain, if any, the mechanisms established by the board or administrative body to prevent the individual and consolidated accounts prepared by it from being presented at the General Meeting or equivalent body with qualifications in the audit report.

In accordance with article 31.1 of the Regulations of the Board of Directors, the relations of the Board with the external auditors of the Company shall be channelled through the Audit and Compliance Committee. Moreover, article 12 e. of the Regulations of the Audit and Compliance Committee stipulates that, for the proper functioning of its operations, the Audit Committee, through its Chairperson, and notwithstanding the involvement of other members of the Committee, shall establish an effective communication channel and periodically with the main auditor responsible for the audit of accounts as defined by the LAC (where appropriate, the auditor or auditors of accounts designated by the corresponding audit firm as the main persons responsible for the audit work).

For these purposes, the Bank's Audit and Compliance Committee is responsible for establishing the appropriate relationships with the external auditors in order to receive information on any matter that may jeopardize their independence and any other issue related to the process of developing the accounts audit.

Similarly, it is the responsibility of the Audit and Compliance Committee, in relation to the external auditor, to serve as a communication channel between the Board of Directors and the external auditors, to evaluate the results of each audit and the management team's responses to the external auditor's recommendations and mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements.

The Audit and Compliance Committee must supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted clearly and precisely.

Moreover, article 31.2 of the Board Regulations establishes that the Board of Directors shall endeavour to formulate the accounts definitively in such a way that there is no room for qualifications by the auditor. However, when the Board believes that it must maintain its criteria, it shall publicly explain the content and scope of the discrepancy.

C.1.11. Does the secretary of the board or the administrative body have the status of director?

YES NO

If the secretary does not have the status of director, complete the following table:

| Name or company name of the secretary | Representative |
|--|----------------|
| DJOSÉ EDUARDO ÁLVAREZ-NAVEIRO SÁNCHEZ | |
| Ms. MARÍA CONSOLACIÓN BORRÁS RETAMERO (Deputy Secretary) | |

C.1.12. Indicate, if any, the mechanisms established to preserve the independence of the external auditor, financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

It is the role of the Bank's Audit and Compliance Committee to propose to the Board of Directors the appointment of account auditors for submission to the General Meeting. Similarly, it establishes relations with them and watches over their independence, and must issue annually, prior to the issuance of the accounts audit report, and in accordance with article 5 2.3 of the Regulations of the Audit and Compliance Committee, a report express an opinion on the independence of the auditors. This report must rule on the provision of additional services by the auditor.

In this sense, the written confirmation of their independence vis-à-vis the entity or companies directly or indirectly linked to it must be received annually from the auditors, as well as information concerning the additional services of any kind stipulated to these companies by the aforementioned auditors, or by the people or entities linked to them.

In addition, as good practice and in application of the Technical Guide 3/2017 of the CNMV [Spanish

Securities & Exchange committee] on auditing committees of public interest entities, the account auditor is asked for explanations about the internal quality

control system that it has established in matters of independence, as well as information on the internal rotation practices of the audit partners and their staff. The auditor shall comply with this request and provide the committee with the required information.

The report on independence of the external auditor submitted to the General Meeting is therefore of importance here. In the report, the Audit and Compliance Committee decides on different aspects related to its independence, concluding that the information obtained through the available communication channels has not identified aspects that question compliance with the regulations in force in Spain on the activity of auditing accounts in the area of auditor independence and, in particular, confirms that no aspects of this nature have been identified that are related to the provision of additional services of any kind.

Similarly, in compliance with the International Framework for the Professional Practice of Internal Auditing (2050 standard), the Director of Internal Audit meets quarterly with the external auditor in order to coordinate underwriting business in the Bank and minimize duplication of efforts.

In this regard, if the Director of Internal Audit, either through quarterly meetings with the external auditor, or through any other source, were to become aware of the existence of conflicts of interest or independence problems in the performance of services stipulated by the external auditor, he/she would inform the Bank's Governing Bodies.

Furthermore, ABANCA has complied during the 2019 financial year with the limitation established in article 4.2 of the RUE (from its application in 2020), since the fees received by the accounts auditor for services other than auditing have not exceeded 70% of the average of the fees paid in the last three consecutive financial years by the statutory audit of the Entity.

This practice has been carried out in accordance with the recommendation 65 section c) of the Technical Guide 3/2017 of the CNMV on audit committees: "establish a guideline limit on the fees to be received by the auditor for non-audit services, taking into account the provisions of article 4.2 of the RUE and articles 24 and 41.2 of the LAC".

Regarding the selection of investment banks, the criteria are restrictive in order to avoid that they may have overlapping interests in more operations in the same markets and at the same time.

On the other hand, ABANCA Corporación Bancaria, S.A. has also contracted the services of four rating agencies, including three of the main international agencies, periodically submitting to its analysis and using its recommendations as an effective method for improvement.

C.2. Board or Administrative Body Committees.

C.2.1. List the committees of the board or administrative body:

| Name of body | No of members |
|--------------------------------|---------------|
| MANAGING DIRECTOR | 1 |
| DELEGATE CREDIT COMMITTEE | 3 |
| AUDIT AND COMPLIANCE COMMITTEE | 5 |
| APPOINTMENTS COMMITTEE | 3 |
| REMUNERATION COMMITTEE | 3 |
| COMPREHENSIVE RISK COMMITTEE | 4 |

C.2.2. List all the committees of the board or administrative body and its members and the proportion of executive, proprietary, independent and other external directors that comprise them (companies that do not have the legal form of a capital company shall not fill in the category of director in the respective table and in the text section shall explain the category of each director in accordance with their legal regime and the way in which they meet the composition conditions of the audit committee and the appointments and remuneration committee):

The position of secretary in all the Board Committees indicated in this section has been held by the non-director secretary of the Board of Directors

DELEGATE CREDIT COMMITTEE

| Name | Post | Category |
|--------------------------|-------------|----------------------|
| FRANCISCO BOTAS RATERA | CHAIRPERSON | EXECUTIVE DIRECTOR |
| PEDRO RAÚL LÓPEZ JÁCOME | MEMBER | OTHER EXTERNALS |
| JOSÉ RAMÓN RODRIGO ZARZA | MEMBER | INDEPENDENT DIRECTOR |

| | |
|----------------------------|---------|
| % of executive directors | 33.33 % |
| % of proprietary directors | 0% |
| % of independent directors | 33.33% |
| % of other externals | 33.33% |
| Number of meetings | 16 |

Explain the functions assigned to this committee, and describe the procedures and rules for its organization and operation. For each of these functions, indicate its most important actions during the financial year and how it has exercised in practice each of the functions assigned to it, whether by law, bylaws or other corporate agreements.

According to article 11 of the Board Regulations, the Delegate Credit Committee shall comprise a minimum of three (3) directors.

The Delegate Credit Committee shall be executive and, therefore, may adopt the respective decisions within the scope of the powers delegated by the Board.

The Delegate Credit Commission shall appoint a chairperson from among its members. It shall also have a secretary and, where appropriate, a deputy secretary, both of whom may be persons other than the secretary and deputy secretary of the Board of Directors, respectively.

The delegation of powers to the Delegate Credit Committee and the appointment agreements of its members shall require the affirmative vote of at least two thirds of the Board members.

The Delegate Credit Committee shall have the powers specifically stipulated in the delegation agreement, which shall include, at least, the powers that correspond to the Board of Directors in relation to the granting and monitoring of financing operations whatever their nature, including those related to the improvement, recognition, modification, extension, anticipation of expiration, resolution, termination, renewal and, in general, all that concern the acts, contracts or operations of the bank's business or trade in its financing operations.

The Committee shall meet, on a regular basis, on a weekly basis and, in addition, as many times as convened by its chairperson, at his own initiative or at the request of at least one third of its members.

The Committee shall be validly constituted with the assistance, present or represented, of more than half of its members and shall adopt its agreements by a majority of the attendees, present or represented, its chairperson having the casting vote.

The members of the Committee may delegate their representation to one another, taking into account that non-executive directors may only do so with another non-executive director. The agreements of the Committee shall be recorded in a minutes book, which shall be signed, for each of them, by the chairperson and the secretary. The relevant documentation for each meeting shall be stipulated to the members of the committee 3 business days before the meeting is held, unless urgent reasons prevent compliance with that deadline, in which case the information shall be stipulated to the directors as soon as possible.

Meetings may be held in several rooms simultaneously, provided that the interactivity and intercommunication between them is ensured by audio-visual or telephone means. In this case, the connection system and, if applicable, the places where the technical means necessary to attend and participate in the meeting are available, shall be recorded. The agreements shall be regarded as adopted in the place where the majority of the Committee members are located and, in case of equality, in the registered office.

The Committee, through its chairperson, shall inform the Board of the matters and decisions taken in its sessions, making a copy of the minutes of the sessions of this Committee available to all directors.

Due to the high number of meetings held and the high volume of proposed operations and other matters dealt with by the Committee, its main actions are set out below:

- It studied and sanctioned the active operations that, under the Credit Admission Standard, fall within his competence, and provided information regarding those that should have been sanctioned by the Board.
- It agreed to pre-classify the main business groups, which entails speeding up the admission process for pre-selected customers and is constantly informed of their development.
- It approved the adhesion to various Agreements with Official Organizations.
- It approved the classification for operations in interbank market for a number of national and foreign entities.
- It received periodic information from the Credit Risk Profile Monitoring Committee, which support the Committee in strengthening the follow-up action and the level of credit risk consolidation, in accordance with the best practices in the field of governance, anticipation and management of situations involved in the performing portfolio.
- It periodically monitored the sanitation of individually significant borrowers both for the purpose of re-assessing their impairment loss and to authorize a grace period for their doubtful and substandard loans.
- It permanently monitored the state and the positions with the Bank of its reputed capital.
- It analysed and sanctioned, where appropriate, all proposals submitted in favour of individuals and legal entities classified as "Related Parties" in accordance with the Corporate Policy on Operations with Related Parties approved by the Board of Directors on 14 December 2018.

AUDIT AND COMPLIANCE COMMITTEE

| Name or company name | Post | Category |
|--------------------------|-------------|----------------------|
| LETICIA IGLESIAS HERRAIZ | CHAIRPERSON | INDEPENDENT DIRECTOR |
| JOSÉ GARCÍA MONTALVO | MEMBER | INDEPENDENT DIRECTOR |
| CARINA SZPILKA LÁZARO | MEMBER | INDEPENDENT DIRECTOR |
| PEDRO RAÚL LÓPEZ JÁCOME | MEMBER | OTHER EXTERNALS |
| JOSÉ RAMÓN RODRIGO ZARZA | MEMBER | INDEPENDENT DIRECTOR |

| | |
|----------------------------|-----|
| % of proprietary directors | 0% |
| % of independent directors | 80% |
| % of other externals | 20% |
| Number of meetings | 12 |

Explain the functions, including, where appropriate, those additional to those stipulated by law, which are attributed to this committee, and describe the procedures and rules for its organization and operation. For each of these functions, indicate their most important actions during the financial year and how

each of the functions assigned have been exercised in practise, whether by law, bylaws or other corporate agreements.

The chairperson of the Committee must be replaced every four years, and may be re-elected after the expiration of one year from his/her termination. The Committee shall also have a secretary and, where appropriate, a deputy secretary, both of whom may be persons other than the secretary and deputy secretary of the Board of Directors, respectively. The deputy secretary shall replace the secretary in cases of absence, disability or vacancy.

The committee shall meet, ordinarily, on a monthly basis and, in addition, as many times as called by its chairperson, either on its own initiative, at the request of the chairperson of the Board or at the request of at least one third of its members.

The Audit and Compliance Committee shall be validly constituted with the attendance, present or represented, of the majority of its members and shall adopt its resolutions by majority vote of the attending members, present or represented, with the chairperson having a casting vote in the event of a tie.

For the adoption of agreements relating to transactions related to shareholders, individually or jointly with others, of a controlling interest, or with their related persons, excluding legal entities belonging to the ABANCA Corporación Bancaria group, only those directors with independent status may participate in the deliberation and vote, deducting from the calculation of the majority of votes those corresponding to the directors who are not considered independent. The members of the Committee may delegate their representation to another of them. The agreements of the Committee shall be recorded in a minutes book, which shall be signed, for each of them, by the chairperson and the secretary. The relevant documentation for each meeting (draft agenda, presentations, minutes of previous meetings, etc.) shall be stipulated to the members of the committee 3 business days prior to the meeting, unless urgent reasons prevent this deadline being met, in which case the information shall be stipulated to the directors as soon as possible.

Meetings may be held in several rooms simultaneously, provided that the interactivity and intercommunication between them is ensured by audio-visual or telephone means. In this case, the connection system and, if applicable, the places where the technical means necessary to attend and participate in the meeting are available, shall be recorded. The agreements shall be regarded as adopted in the place where the majority of the Committee members are located and, in case of equality, in the registered office.

Notwithstanding other tasks assigned by the Board, the Audit and Compliance Committee shall have at least the following functions:

1. Inform the Annual General meeting about the issues raised in relation to the matters that are the responsibility of the Committee and, in particular, about the result of the audit explaining how it has contributed to the integrity of the financial information and the function that the Committee has played in that process.
2. In relation to the external auditor:
 - 2.1 Submit to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the auditor, taking responsibility for the selection process, in accordance with the provisions of the articles 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) no. 537/2014, of 16 April, for its submission to the General Meeting, as well as the conditions of his/her hiring and regularly collect from him/her information about the audit plan and its execution, in addition to maintaining his/her independence in the exercise of his/her functions.

2.2 Establish the appropriate relations with the external auditor to receive information on those issues that may pose a threat to their independence, for consideration by the Committee, and any others related to the process of developing the audit of accounts, and, where appropriate, the authorization of services other than those prohibited, in the terms contemplated in articles 5, section 4, and 6.2.b) of Regulation (EU) no. 537/2014, of 16 April, and in the stipulations of section 3, chapter IV of sub-section I of Law 22/2015, of 20 July, on Accounts Auditing, as concerns the independence regime, as well as those other communications stipulated in account auditing legislation and audit regulations. The external auditors must send annually the statement of their independence in relation to the entity or entities linked to it directly or indirectly, as well as the detailed and individualized information of the additional services of any kind stipulated and the respective fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of the regulatory regulations for the activity of auditing accounts.

The aforementioned authorizations, in case of duly justified urgency, may be granted by the chairperson of the Committee, and must be ratified by the latter in its next session.

2.3 Issue annually, prior to the issuance of the account audit report, a report in which an opinion shall be expressed as to whether the independence of the account auditors or audit firms is compromised. This report must contain the reasoned assessment of the provision of each and every one of the additional services mentioned above, individually considered and as a whole, other than the legal audit and in relation to the independence regime or the regulations governing the activity of auditing accounts

2.4 Serve as a communication channel between the Board of Directors and the external auditors, to evaluate the results of each audit and the management team's responses to the external auditor's recommendations and mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements. The committee shall also verify that senior management takes into account the recommendations of the external auditor;

2.5 Supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted in a clear and precise manner;

2.6 Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform it about the work undertaken and the development of the accounting and risk situation of the Company.

3. Concerning internal information and control systems and the internal audit function:

3.1 Check the adequacy and integrity of internal control systems and review the appointment and replacement of those responsible;

3.2 Know and supervise the process of preparation and presentation and the integrity of the mandatory financial information related to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application accounting criteria, presenting, where appropriate, recommendations or proposals to the Board, aimed at safeguarding its integrity;

3.3 Supervise the effectiveness of the Company's internal monitoring, internal audit, and risk management systems, so that the main risks are adequately identified, managed and disclosed, and discuss with the external auditor the significant weaknesses of the internal monitoring system detected, where appropriate, in the development of the audit, all without infringing upon their independence. To this end, and where appropriate,

recommendations or proposals may be submitted to the Board and the respective deadline for their follow-up.

3.4 Supervise and ensure the independence and effectiveness of the internal audit function; propose the selection, appointment, re-election and removal of the Auditor General; propose the Internal Audit Statute, propose the direction and annual work plan of the internal audit function, ensuring that its activity is focused mainly on the Company's relevant risks; propose the budget and resource plan of the internal audit function, after evaluating the scope and resources of the function; receive periodic information on its activities and on incidents that occur in its development; and verify that senior management takes into account the conclusions and recommendations of their reports. On the other hand, the Auditor General shall have full access to the Audit and Compliance Committee, through its chairperson;

3.5 Establish and supervise a mechanism that allows employees to communicate, in a confidential manner, potential irregularities, especially financial and accounting, that are noticed within the company; and

3.6 Review the Company's accounts, monitor compliance with legal requirements and the correct application of generally accepted accounting principles, as well as report proposals for modification of accounting principles and criteria suggested by management.

4. Examine compliance with the Internal Code of Conduct in the securities markets, with the Regulations of the Board of Directors and, in general, with the Company's rules of governance and make the necessary proposals for its improvement. In particular, it is the responsibility of the Audit and Compliance Committee to receive information and, where appropriate, issue a report on disciplinary measures to members of the Company's senior management.

5. Supervise the operation and compliance of the Internal Control Manual for the Prevention of Criminal Risks approved by the Board in accordance with section 4.4 Article 4 of the Regulations of the Board of Directors.

In order to carry out this task, the Committee shall have, among others, the power to collect any information it deems appropriate and to summon any manager or employee of the Group, including, in particular, those responsible for the compliance function and the various Committees with powers in this area to assess their performance, as well as the power to initiate and direct the internal investigations that it deems necessary on facts related to the possible breach of the Internal Control Manual for the Prevention of Criminal Risks.

Similarly, the Committee shall periodically evaluate the operation of the Internal Control Manual for the Prevention of Criminal Risks and its effectiveness in the prevention or mitigation of the committing of crimes, relying on it in conjunction with external advice when it deems appropriate, and shall propose to the Board of Directors any changes to the Internal Control Manual for the Prevention of Criminal Risks and, in general, to the compliance programme that it deems appropriate in view of such an assessment.

6. In addition, the Audit and Compliance Committee shall inform the Board, in advance, of all matters stipulated in the Law, the Bylaws and the Regulations of the Board and in particular regarding:

1. The financial information that the Company must publish periodically.
2. The creation or acquisition of shares in special purpose entities or those domiciled in countries or territories that are considered tax havens.
3. Transactions with related parties, in the terms established in the Regulations of the Board of Directors.

For these purposes, the Committee must collect and analyze all the necessary information and documentation, valuing the operation from the point of view of equal treatment and market conditions. To do this, in accordance with section 9, it may request expert reports when deems appropriate to pronounce, for example, on the effects on the social interest of the proposed transaction or whether it would be carried out in market terms.

4. The modifications of these Regulations and those of the Regulations of the Board of Directors.
7. Formulate for the Board of Directors as many proposals as it deems appropriate on issues included in its field of competence.
8. Any others stipulated in the Regulations of the Board of Directors or in the applicable regulations.
9. For the best performance of its functions, the Audit and Compliance Committee may seek the advice of external professionals in matters within its competence.

In accordance with the ABANCA Corporate Governance Excellence Plan, and according to the 3/2017 Technical Guide of the CNMV on audit committees of public interest entities, on 15 December 2017, the Board of Directors approved the Regulations of the Audit and Compliance Committee.

During the 2019 financial year, its main actions have been, among others, to:

- o Submit the 2018 Audit and Compliance Committee Activities Report to the Board of Directors.
- o Advocate to the Board the approval of the modifications made to the MiFID regulatory block arising from the annual review.
- o Receive information on the recommendations and requirements by Internal Audit, as well as the report of its activity.
- o Advocate to the Board the formulation of the liquidity accounting statement for the payment of dividends on account concerning the 2018 financial year.
- o Receive the report of the Ethics Committee on the operation of the Whistleblower Channel.
- o Favourably inform the Board of 2019 treasury stock objectives.
- o Authorize the hiring of KPMG for work other than auditing the company's accounts.
- o Agree to submit to the Board the hiring of the external advisors and the expert for the issuance of fairness opinion, within the framework of the joint merger project between ABANCA Corporación Bancaria (absorbing company) and Abanca Holding Financiero, S.A. (absorbed company).
- o Submit favourably to the Board the assessment of the financial strategy and the financial risks control and management policy.
- o Propose to the Board the updating of the "Document of practical application of the criteria for determining the group identified".
- o Issue a favourable opinion to the Board on the appointment of the head of Regulatory Compliance and Prevention of Money Laundering at the Miami Branch.
- o Submit a favourable proposal to the Board for the statement and report of the external auditor regarding its independence, as well as the committee's own report on it and the audit services stipulated to the Bank or related companies.
- o Advocate the submission of the Annual Corporate Governance Report to the Board.

- Report favourably to the Board on the annual accounts, the management report and the 2018 CSR Report.
- Receive the annual activity report of the Money Laundering Prevention Committee.
- Agree to submit a favourable proposal to the Board on the approval of the Report on the evaluation of compliance with the RIC for the first half of 2018.
- Submit to the Board a proposal to update the Criminal Risk Prevention Policy of ABANCA and its Manual, as in Annex I: Risk Matrix - Controls and Risk Map of Grupo ABANCA.
- Submit a proposal to the Board for the approval of the Customer Service Report for the 2018 financial year.
- Receive a report on the Internal Audit function activity, as well as the status of recommendations and audit requirements.
- Receive the annual report on transactions with related parties.
- Submit a favourable report to the Board on the review of suitability and honourability of all the members of the group identified.
- Submit to the Board a proposal for payment of the 2018 variable remuneration, as well as the 2019 SRV.
- Receive information on the significant facts discussed in the Ethics Committee
- Submit to the Board the External Expert Report on certain measures to prevent money laundering and terrorist financing. And propose to transfer the information to the administrative bodies of the rest of Grupo ABANCA companies incorporated in the perimeter of PBC/FT.
- Report favourably on the annual report for the 2018 financial year on Regulatory Compliance for submission to the Board of Directors.
- Agree to report favourably to the Capital Planning Process Board (ICAAP) and the 2018 Liquidity Planning Process (ILAAP).
- Receive information from the authorized treasury stock operations report.
- Submit a favourable proposal to the Board for the formulation of the Consolidated Summary Interim Financial Statements to 31 March 2019 and for the distribution of the first dividend on account for the 2019 financial year for the amount of € 62,484,000.
- Report favourably to the Board and submit to the General Shareholders Meeting the proposal for “Approval of the Joint Proposed Merger (via takeover) between Abanca Holding Financiero, S.A. and ABANCA Corporación Bancaria, S.A.”
- Receive the Compliance Committee report from the Miami branch during 1T 2019.
- Agree to submit the “Report on prevention of money laundering and terrorist financing of ABANCA Corporación Bancaria, S.A. Branch in Portugal”
- Receive the annual compliance report regarding activity in Switzerland.
- Agree with the Comprehensive Risk Committee and the Remuneration Committee to favourably propose to the Board the approval of the issuance of Information of Prudential Relevance (IPR) of Abanca Holding Financiero, S.A. with information up to 31 December 2018.
- Submit a favourable proposal to the Board for the modification of the Internal Code of Conduct in the area of the Stock Market and the modification of the General Rules of Internal Procedures for the Execution and Monitoring of the RIC.
- Favourably inform the Board of the modification of the Regulation for ABANCA’s Customer Protection.
- Receive information on the implementation of the Property Credit Law.

- Take account of the Customer Service Claims Report referring to the first semester of 2019.
- Advocate to the Board the approval of the modification of the 2019 Annual Operating Plan.
- Inform the Board favourably of the update of the Internal Audit Procedures Manual.
- Submit a favourable proposal to the Board for the formulation of the condensed interim consolidated financial statements up to 30 June 2019.
- Report favourably to the Board on the execution of the distribution of the dividend against the item of free distribution reserves of ABANCA agreed by the Ordinary General Shareholders Meeting of 10 June, under item Nine of the Agenda.
- Propose to the Board the distribution of a second interim dividend for the 2019 financial year for the amount of € 37,560,400.
- Agree to submit to the Board the hiring of KPMG Asesores, S.L. for the issuance of a Comfort Letter relating to the issuance of fixed-income securities by ABANCA.
- Inform the Board of the Self-Assessment of Risk in the Prevention of Money Laundering and Terrorism Financing.
- Submit a favourable proposal to the Board on the modification of the Product Governance Policy.
- Advocate to the Board the approval of the modification of the 2019 Annual Operating Plan.
- Advocate to the Board the updating of the Outsourcing Policy.
- Submit a favourable proposal to the Board in order to process the authorization for use by ASF in Portugal of ABANCA's "community passport" with a view to providing the services it has been undertaking through its Portuguese branch.
- Raise favourably to the Board the formulation of the Individual Balance to 31 August 2019 of ABANCA.
- Receive the valuation report issued by the independent expert Financial Managers, about the merger project between ABANCA and Banco Caixa Geral, S.A.
- Report favourably to the Board on the agreements of the joint merger project between ABANCA Corporación Bancaria, S.A. (absorbing company) and Banco Caixa Geral, S.A. (absorbed company).
- Submit a favourable proposal to the Board in order to approve the Internal Audit Follow-up Committee Manual and the update of the FAI Government's Manual.
- Propose to the Board the formulation of the condensed interim consolidated financial statements up to 31 September 2019 and the proposal of a third interim dividend for the 2019 financial year for the amount of € 60,706,800.
- Propose the hiring of KPMG Asesores, S.L. for the independent review of the 2019 RSC and 2019 EINF Annual Reports of ABANCA.
- Inform favourably the Board of the modification of the Annual Operating Plan 2019.
- Submit a favourable proposal to the Board for the approval of the new Internal Audit Statute.
- Inform the Board of the 2020 Risk Assessment.
- Inform the Board favourably of the update of the Internal Audit Procedures Manual.
- Submit proposal for modification to the Board of the NG of the Regulation of the Whistleblower Channel.

Identify the members of the audit committee who have been appointed, taking into account their knowledge and experience in accounting, auditing or both, and report on the date of appointment of the Chairperson of this committee in office.

| | |
|--|---|
| Name of experienced director | LETICIA IGLESIAS HERRAIZ JOSÉ GARCÍA MONTALVO PEDRO RAÚL LÓPEZ JÁCOME |
| Number of years of the chairperson in office | 1 |

APPOINTMENTS COMMITTEE

| Name or company name | Post | Category |
|--------------------------|-------------|----------------------|
| EDUARDO ERAÑA GUERRA | CHAIRPERSON | INDEPENDENT DIRECTOR |
| PEDRO RAÚL LÓPEZ JÁCOME | MEMBER | OTHER EXTERNALS |
| JOSÉ RAMÓN RODRIGO ZARZA | MEMBER | INDEPENDENT DIRECTOR |

| | |
|----------------------------|--------|
| % of proprietary directors | 0% |
| % of independent directors | 66.66% |
| % of other externals | 33.33% |
| Number of meetings | 11 |

Explain the functions, including, where appropriate, those additional to those stipulated by law, which are attributed to this committee, and describe the procedures and rules for its organization and operation. For each of these functions, indicate their most important actions during the financial year and how each of the functions assigned have been exercised in practise, whether by law, bylaws or other corporate agreements.

According to article 11 of the Board Regulations, the Appointments Committee shall comprise a minimum of three (3) directors: all of them non-executive. At least one third of these members (or, if superior, two of its members) and, in any case, the chairperson, must be independent directors.

The members of the Appointments Committee shall be appointed by the Board of Directors, taking into account the knowledge, skills and experience of the directors and the tasks of the Committee. The Committee shall have a secretary and, optionally, a deputy secretary, who may be persons other than the secretary and deputy secretary of the Board of Directors. The deputy secretary shall replace the secretary in cases of absence, disability or vacancy.

The committee shall meet, ordinarily, on a monthly basis and, in addition, as many times as called by its chairperson, either on its own initiative, at the request of the chairperson of the Board or at the request of at least one third of its members. Similarly, it will also meet every time the Board of Directors or its chairperson requests the issuance of a report or the adoption of proposals.

The Committee shall be validly constituted with the assistance, present or represented, of more than half of its members and shall adopt its agreements by a majority of the attendees, present or represented, its chairperson having the casting vote.

The members of the Committee may delegate their representation to another of them. The agreements of the Committee shall be recorded in a minutes book, which shall be signed, for each of them, by the chairperson and the secretary. The relevant documentation for each meeting (draft agenda, presentations, minutes of previous meetings, etc.) shall be stipulated to the members of the committee 3 business days prior to the meeting, unless urgent reasons prevent this deadline being met, in which case the information shall be stipulated to the directors as soon as possible.

Meetings may be held in several rooms simultaneously, provided that the interactivity and intercommunication between them is ensured by audio-visual or telephone means. In this case, the connection system and, if applicable, the places where the technical means necessary to attend and participate in the meeting are available, shall be recorded. The agreements shall be regarded as adopted in the place where the majority of the Committee members are located and, in case of equality, in the registered office.

Notwithstanding other tasks assigned by the Board, the Appointments Committee shall have, at least, the following functions:

1. Evaluate the balance of knowledge, capacity, diversity and experience required on the Board of Directors and prepare a description of the functions and skills required for a specific appointment, valuing the time and dedication required for them to carry out their duties effectively;
2. Establish a representation objective for the least represented sex on the Board of Directors and prepare guidelines on how to achieve the aforementioned objective;
3. Identify and recommend, with a view to their approval by the Board of Directors or by the General Meeting, candidates to fill the vacant positions of the Board of Directors and, in particular:
 - 3.1. Submit to the Board of Directors the proposals for the appointment of independent directors for appointment by co-option or, where appropriate, for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of those directors by the General Meeting; and
 - 3.2. Inform the proposals for the appointment of the remaining directors for their appointment by co-option or, where appropriate, for their submission to the decision of the General Meeting of shareholders, as well as the proposals for their re-election or removal by the General Meeting.
4. Periodically review the policy of the Board of Directors regarding the selection and appointment of members of senior management and make recommendations to it, as well as report on proposals for appointment and removal of senior management and the basic conditions of their contracts;
5. Apply and supervise the succession plan for directors approved by the Board of Directors;
6. Inform the Board prior to the members who must form part of each of the committees;
7. Annually verify the character of the Company's directors and inform the Board in this regard, for its consideration in the preparation of the Annual Corporate Governance Report;
8. Periodically evaluate, and at least once a year, the structure, size, composition and performance of the Board of Directors, making recommendations to it concerning possible changes;
9. Periodically evaluate, and at least once a year, the suitability of the various members of the Board of Directors and of the Board as a whole, and report to the Board of Directors accordingly;

10. Define policies and guidelines for the management of the Company's Human Capital; and

11. Inform the proposed appointment of the Honorary Chairperson.

12. Any others stipulated in the Regulations of the Board of Directors or in the applicable regulations.

In the performance of its tasks, the Appointments Committee shall take into account, as far as possible and on an ongoing basis, the need to ensure that the decision-making of the Board of Directors is not dominated by an individual or a small group of individuals where the interests of the Company as a whole are harmed.

The committee may use the resources it deems appropriate for the performance of its functions, including external advice.

Following the recommendations of the Technical Guide of 20 February 2019, on the CNMV appointments and remuneration committees, the Board of Directors approved the Appointments Commission Regulation at its meeting on 13 December 2019

During the 2019 financial year, its main actions have been, among others, to:

- Submit the Appointment Committee Activities Report to the Board of Directors 2018.
- Report on the annual revaluation process of the suitability conditions of the directors of the Bank, ASF and Abanca Seguros, as well as their rating.
- Advocate to the Board the appointment proposal to be submitted to the General Meeting of the components of the governing bodies of Banco Caixa Geral, S.A.
- Report favourably to the Board on the regulatory update affected by the definition of key management personnel: suitability of key management personnel and determination of the group identified.
- Show agreement with the proposed Director Training Plan for the 2019 period.
- Submit agreement to the 2019 Scorecard, agreeing to submit a favourable proposal to the Board for its update.
- Report to the Board on the commitment of the directors.
- Inform the situation point about the evaluation of the effectiveness of the functioning of the Board as a whole and of its 2018 Committees.
- Show agreement, together with the Remuneration committee, regarding the preliminary proposal of 2019 SRV, agreeing to its submission to the Board.
- Take account of the report on the statement of office in Aena SME, S.A. notified by Iglesias Herraiz, stating that it does not affect the maintenance of suitability conditions.
- Agree to submit to the Board the content of the different sections of the IAGC 2018 of ABANCA that affect the scope of its powers.
- Submit a favourable proposal to the Board on the information on the remuneration of directors and senior management to be included in the Annual Accounts Report for the 2018 financial year.
- Agree to submit to the Board a proposal to the General Meeting to set the maximum number of Board members, within the limits established in the Bylaws. Similarly, submit a favourable proposal to ratify the appointment by co-optation of Leticia Iglesias Herraiz as an independent director of the company.
- Take account of the report on the statement of office in LAFISE VALORES notified by Eraña, concluding that it does not affect the maintenance of the suitability conditions.

- Submit a favourable proposal to the Board for the candidacy of Ana Barros as a director of ABANCA, requesting that a suitability report be submitted.
- Take account of the appointment of managers, as well as the composition of the Corporate Governance System of ABANCA Portugal.
- Submit a favourable proposal to the Board for the appointment of Pedro Veiga as Strategic Planning and PMO General Manager.
- Submit a favourable proposal to the Board for the appointment by co-option of Ana Barros as an independent director of the Board of Directors appointed by co-option of ABANCA.
- Display compliance with the Succession Plan of the Board of Directors, submitting the Plan to it.
- Submit analysis regarding the dedication of the non-executive directors of ABANCA in light of the report published by the ECB In August 2019, "Report on declared time commitment of non-executive directors in the SSM".
- Submit a favourable proposal to the ASF Board of Directors for the appointment of the general manager of that company.
- Advocate to the Board the appointment by co-option of Manuel López Figueroa as an independent director of ABANCA.
- Report to the Board on the degree of compliance with the CNMV 1/2019 Technical Guide on Appointments and Remuneration Committees.
- Submit a favourable report to the Board for the approval of the Appointments Committee Regulations.

REMUNERATION COMMITTEE

| Name or company name | Post | Category |
|-------------------------|-------------|----------------------|
| CARINA SZPILKA LÁZARO | CHAIRPERSON | INDEPENDENT DIRECTOR |
| JOSÉ GARCÍA MONTALVO | MEMBER | INDEPENDENT DIRECTOR |
| PEDRO RAÚL LÓPEZ JÁCOME | MEMBER | OTHER EXTERNALS |

| | |
|----------------------------|--------|
| % of proprietary directors | 0% |
| % of independent directors | 66.66% |
| % of other externals | 33.33% |
| Number of meetings | 7 |

Explain the functions, including, where appropriate, those additional to those stipulated by law, which are attributed to this committee, and describe the procedures and rules for its organization and operation. For each of these functions, indicate their most important actions during the financial year and how each of the functions assigned have been exercised in practise, whether by law, bylaws or other corporate agreements.

According to article 116 of the Board Regulations, the Remuneration Committee shall comprise a minimum of three (3) directors, all of them non-executive. At least one third of these members (or, if superior, two of its members) and, in any case, the chairperson, must be independent directors.

The members of the Remuneration Committee shall be appointed by the Board of Directors, taking into account the knowledge, skills and experience of the directors and the tasks of the Committee. The Committee shall have a secretary and, optionally, a deputy secretary, who may be persons other than the secretary and deputy secretary of the Board of Directors. The deputy secretary shall replace the secretary in cases of absence, disability or vacancy.

The committee shall meet, ordinarily, on a monthly basis and, in addition, as many times as called by its chairperson, either on its own initiative, at the request of the chairperson of the Board or at the request of at least one third of its members. Similarly, it will also meet every time the Board of Directors or its chairperson requests the issuance of a report or the adoption of proposals.

The Committee shall be validly constituted with the assistance, present or represented, of more than half of its members and shall adopt its agreements by a majority of the attendees, present or represented, its chairperson having the casting vote.

The members of the Committee may delegate their representation to another of them. The agreements of the Committee shall be recorded in a minutes book, which shall be signed, for each of them, by the chairperson and the secretary. The relevant documentation for each meeting (draft agenda, presentations, minutes of previous meetings, etc.) shall be stipulated to the members of the committee 3 business days prior to the meeting, unless urgent reasons prevent this deadline being met, in which case the information shall be stipulated to the directors as soon as possible.

Meetings may be held in several rooms simultaneously, provided that the interactivity and intercommunication between them is ensured by audio-visual or telephone means. In this case, the connection system and, if applicable, the places where the technical means necessary to attend and participate in the meeting are available, shall be recorded. The agreements shall be regarded as adopted in the place where the majority of the Committee members are located and, in case of equality, in the registered office.

Notwithstanding other tasks assigned by the Board, Remuneration Committee shall have, at least, the following functions:

1. Propose to the Board of Directors the remuneration policy for directors (which must be submitted to a vote by the General Meeting, in accordance with the provisions of article 24 section 7 of the Board Regulations) and that of the senior executives of the Company, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring their observance;
2. Directly supervise the remuneration of the managers in charge of risk management and with compliance functions;
3. Periodically review the remuneration programmes for their updating, ensure that the remuneration of directors and senior managers comply with criteria of moderation and adequacy with the results of the Company and that the remuneration policies of these and other members of the group identified (as this term is defined in the applicable regulations)

do not offer incentives to assume risks that exceed the level tolerated by the Company, so that they promote and are compatible with adequate and effective risk management.

Additionally, the remuneration policy of the group identified shall be subject, at least once a year, to a central and independent internal evaluation, in order to check whether the remuneration guidelines and procedures adopted by the Board of Directors are complied with;

4. Verify the independence of the external advisers that are hired, as the case may be, as remuneration experts, adopted by the Board of Directors;
5. Ensure the transparency of the remuneration policies in the terms stipulated by the applicable regulations and the observance of the remuneration policy established by the Company;
6. Assess the fulfilment of the objectives to which the remuneration is linked, as well as the need, where appropriate, to apply risk adjustments to that remuneration; and
7. Any others stipulated in the Regulations of the Board of Directors or in the applicable regulations.

For the best performance of its functions, the Remuneration Committee may seek the advice of external professionals on matters within its competence.

Following the recommendations of the Technical Guide of 20 February 2019, on the CNMV appointments and remuneration committees, the Board of Directors approved the Remuneration Commission Regulation at its meeting on 02 March 2020.

During the 2019 financial year, its main actions have been, among others, to:

- Submit to the Board the 2018 Remuneration Committee Activity Report.
- Inform the Board favourably of the revision of the Remuneration Policy proposed by the DG of Human Capital.
- Propose to the Board the setting of 2019 treasury stock targets.
- Propose to the Board the update of the Scorecard for the 2019 period.
- Agree with the preliminary proposal for SRV 2019.
- Report favourably to the Board on the update of "Document of practical application of the criteria for determining the group identified".
- Submit a favourable proposal to the Board in order to maintain the valuation formula established in the Regulations without making adjustments, for the purposes of determining the share price of ABANCA with a view to the payment of part of the 2019 variable remuneration.
- Agree to submit to the Board the content of the different sections of the ABANCA 2018 IAGC 2018 that affect the scope of its powers.
- Advocate to the Board the information on the remuneration of directors and senior management to be included in the memory of the Annual Accounts for the 2018 financial year.
- Agree to submit to the Board a proposal to the General Meeting to set the maximum amount of the annual remuneration of the directors, as well as the update of the Board of Directors' Remuneration Policy.
- Propose to the Board the detailed recommendation for the adoption by the General Meeting of an agreement regarding the limit of the relationship between RF and RV.
- Agree to submit to the Board a proposal for the General Meeting in order to approve the payment of a part of the variable remuneration in the form of shares of ABANCA

to certain categories of personnel whose activities have a significant impact on risk profile.

- Inform the Board favourably of the performance evaluation of the CEO for 2018.
- Submit a favourable proposal to the Board for the payment of the VR concerning the CEO in accordance with the general regulations and the Salary Policy of Grupo ABANCA, as well as for the approval of the 2018 SRV regarding 1st and 2nd level and the members of the group identified.
- Agree to submit to the Board favourable proposal for the approval of the design SRV 2019 regarding the template.
- Submit to the Board for its information the information stipulated on the decision of the ECB relating to the request made by ABANCA regarding the repurchase of own funds without substitution.
- Receive information on the news regarding remuneration introduced by the Capital Requirements Directive V (CRD V) of the European Parliament and of the Board.
- Receive a report on the remuneration policy corresponding to 2018.
- Report to the Board on the degree of compliance with the CNMV 1/2019 Technical Guide on Appointments and Remuneration Committees.

COMPREHENSIVE RISK COMMITTEE

| Name or company name | Post | Category |
|--------------------------|-------------|----------------------|
| JOSÉ GARCÍA MONTALVO | CHAIRPERSON | INDEPENDENT DIRECTOR |
| JOSÉ RAMÓN RODRIGO ZARZA | MEMBER | INDEPENDENT DIRECTOR |
| PEDRO RAÚL LÓPEZ JÁCOME | MEMBER | OTHER EXTERNALS |
| LETICIA IGLESIAS HERRAIZ | MEMBER | INDEPENDENT DIRECTOR |

| | |
|----------------------------|-----|
| % of executive directors | 0% |
| % of proprietary directors | 0% |
| % of independent directors | 75% |
| % of other externals | 25% |
| Number of meetings | 12 |

Explain the functions assigned to this committee, and describe the procedures and rules for its organization and operation. For each of these functions, indicate their most important actions during the financial year and how each of the functions assigned have been exercised in practise, whether by law, bylaws or other corporate agreements.

According to article 13 of the Board Regulations, the Comprehensive Risk Committee shall comprise a minimum of three (3) directors. all of them non-executive. At least one third of these members must be independent directors.

The members of the Comprehensive Risk Committee shall be appointed by taking into account the knowledge, skills and experience of the directors in order to fully understand and monitor the Company's risk strategy and risk appetite, as well as the tasks of the Committee. The committee shall be chaired by an independent director. The Committee shall have a secretary and, optionally, a deputy secretary, who may be persons other than the secretary and deputy secretary of the Board of Directors. The deputy secretary shall replace the secretary in cases of absence, disability or vacancy.

The committee shall meet, ordinarily, on a monthly basis and, in addition, as many times as called by its chairperson, either on its own initiative, at the request of the chairperson of the Board or at the request of at least one third of its members. Similarly, it will also meet every time the Board of Directors or its chairperson requests the issuance of a report or the adoption of proposals.

The Committee shall be validly constituted with the assistance, present or represented, of more than half of its members and shall adopt its agreements by a majority of the attendees, present or represented, its chairperson having the casting vote.

The members of the Committee may delegate their representation to another of them. The agreements of the Committee shall be recorded in a minutes book, which shall be signed, for each of them, by the chairperson and the secretary. The relevant documentation for each meeting (draft agenda, presentations, minutes of previous meetings, etc.) shall be stipulated to the members of the committee 3 business days prior to the meeting, unless urgent reasons prevent this deadline being met, in which case the information shall be stipulated to the directors as soon as possible.

Meetings may be held in several rooms simultaneously, provided that the interactivity and intercommunication between them is ensured by audio-visual or telephone means. In this case, the connection system and, if applicable, the places where the technical means necessary to attend and participate in the meeting are available, shall be recorded. The agreements shall be regarded as adopted in the place where the majority of the Committee members are located and, in case of equality, in the registered office.

Notwithstanding any other tasks that may be assigned to it at any time by the Board of Directors, the Comprehensive Risk Committee shall exercise, at least, the following functions:

1. Advise the Board of Directors on the Company's current and future global risk appetite and its strategy in this area, and assist it in monitoring the implementation of that strategy.
2. Ensure that the pricing policy of the assets and liabilities offered to customers fully takes into account the Company's business model and risk strategy. Otherwise, the committee shall submit to the Board of Directors a plan to correct it.
3. Determine, together with the Board of Directors, the nature, quantity, format and frequency of information on risks that the committee and the Board of Directors must receive.
4. Collaborate to establish rational remuneration policies and practices. To this end, the committee shall examine, notwithstanding the functions of the Remuneration Committee, whether the incentive policy stipulated in the remuneration system takes into account risk, capital, liquidity and the probability and timing of benefits.

5. Propose the selection, appointment, re-election and removal of the director of the risk management unit (Managing Director of Corporate Control and Risks).
6. Any others stipulated in the Regulations of the Board of Directors or in the applicable regulations.

For the proper exercise of its functions, the Board shall ensure that the committee can easily access information about the Company and its risk situation, including access to the General Director of Corporate Control and Risks and specialized external advice, if necessary. Similarly, the General Director of Corporate Control and Risks shall have full access to the Comprehensive Risk committee, through its chairperson.

During the 2019 financial year, its main actions have been, among others, to:

- Submit to the Board the Activity Report of the 2018 Comprehensive Risk Committee.
- Take account of the news and follow-up of the Law on Data Protection and Digital Rights Management.
- Report on the proposed methodology for risk assessment, thresholds and calibration, as well as the Preliminary List of Risks.
- Report the result of the 2018 Maturity Level measurement according to the Gartner IT Score model in the functions of Information Security, Identity and Access Management, Privacy, Business Continuity and Technological Risk Management.
- Submit a favourable proposal to the Board for the approval of the requested RAROC powers.
- Advocate to the Board the approval of the modifications applied in the re-estimation of IFR9 parameters carried out in 2018, and of the modifications requested in the models.
- Submit a favourable proposal to the Board for the approval of the actions derived from the validation of the internal monitoring policies.
- Propose to the Board the approval of the Model Governance Framework.
- Record the degree of progress of the Advanced Models of Capital project plan.
- Submit a follow-up on the Panel of Strategic Indicators for Comprehensive Risk Management.
- Submit a favourable proposal to the Board for setting the 2019 treasury stock objectives.
- Display agreement with the modifications incorporated in the Remuneration Policy by submitting a report to the Board.
- Submit a proposal for updating the 2019 Committee scorecard 2019.
- Receive information about the requirement of MREL from the Bank as established by SRB.
- Submit a favourable report to the Board for the approval of the 2019 RAF document.
- Take account of the completion of the risk identification and quantification process of the ICAAP based on the proposed list of risks.
- Receive the presentation of the monographic report on 2018 Inflow.
- Receive information on the launch of the development of the 2019 NPEs Strategic Management Plan.
- Submit a favourable proposal to the Board for the approval of the modifications requested in relation to the TRIAD Monitoring of Development and Monitoring Models.
- Show agreement with the internal validation of the calculation of the solvency numerator undertaken with data on 31 December 2018.
- Take account of the publication of the "EU-wide Transparency Exercise 2018" and the presentation of the analysis of the densities of Spanish entities according to data from the 2017 Transparency Exercise compared with those of the 2018 financial year.

- Be aware of the presentation of the report on the statistics of detection and response to cybersecurity events in 2018.
- Propose to the Board the approval of the Resolution Plan Policy.
- Receive information related to the Follow-up of the Panel of Strategic Indicators for Comprehensive Risk Management.
- Propose to the Board the update of the "Document of practical application of the criteria for determining the group identified".
- Express agreement with the content of the brief presented in response to the draft decision of the SRB on the minimum requirements of own funds and legal liabilities.
- Submit a favourable proposal to the Board for the ratification of the policies and procedure manuals of the new operational branch in Miami.
- Submit a favourable proposal to the Board in order to approve the target levels for the set of 2019 RAF indicators.
- Record the Resolution Plan: Working Priorities.
- Submit a favourable proposal to the Board in order to approve the 2019-2021 NPES strategy.
- Submit a favourable proposal to the Board for the approval of the Policy for determining Risk-Weighted Assets.
- Submit a proposal to the Board with a view to approving the modifications and updates in the regulations/policies and credit risk admission circuits.
- Agree, jointly with the Audit and Compliance Committee, to propose to the Board the formulation of the individual and consolidated annual accounts and management reports for the 2018 financial year. Similarly, report favourably on the approval of the 2018 RSC Annual Report and, therefore, of the state of non-financial information,
- Submit a favourable proposal to the Board for the Covered Bonds issuance program.
- Submit a proposal to the Board, after a favourable report from the Remuneration Committee and the Appointments Committee, for the payment of the 2018 RV due to the CEO. Similarly, agree on the approval of the 2018 SRV subscription pertaining to the 1st and 2nd level and to the members of the group identified.
- Advocate to the Board the 2019 Variable Remuneration Policy for the CEO and 2019 SRV for the staff.
- Propose to the Board the approval of the manuals that develop the Data Governance Policy, that is, the Claim Management Procedure, Incident Management Procedure, Quality Procedure, Traceability Procedure and Information Use Procedure,
- Submit a favourable proposal to the Board for the approval of the Report on Capital Self-Assessment (ICAAP) and the 2018 Internal Liquidity Adequacy Assessment Process (ILAAP).
- Submit a favourable report to the Board for the approval of the 2019 RAF document.
- Report favourably to the Board in order to approve the 2018 ICAAP and ILAAP.
- Submit proposal to the Board for the approval of the Entity's Capital Plan.
- Advocate to the Board the approval of updates to the Corporate Risk Framework and the Entity's risk policy manuals.
- Submit proposal for approval to the Board of the Entity's Scorecard for Key Technology Risk Indicators).
- Agree on an action plan to undertake the transition to the new benchmarks.
- Submit a favourable proposal to the Board for the approval of the Miami Risk Appetite Framework.
- Submit a proposal to the Board for approval of the issuance of the final internal validation report regarding the models of IFRS 9.
- Raise for the Board's information the follow-up of the Panel of Strategic Indicators of Comprehensive Risk Management, as well as, where appropriate, the ratification of the decisions taken.

- Report favourably to the Board for approval of the Governance of the Resolution Plan.
- Submit a report to the Board with a view to approving adaptations to the RAROC methodology.
- Submit a favourable report to the Board for approval of the Internal Validation Framework and Guidelines and the Risk Map.
- Report favourably to the Board on the update of the Operational Risk Policy.
- Submit a favourable proposal to the Board in order to process the authorization for use by ASF in Portugal of ABANCA's "community passport" with a view to providing the services it has been undertaking through its Portuguese branch.
- Submit a favourable proposal to the Board for the approval of the modifications in the 2018 Recovery Plan concerning points: CBL´s, MLE´s and CEF´s, Recovery Indicators, Scenarios, Recovery Measures, Governance and Communication Plan, and Dryrun.
- Report to the Board on the main conclusions of the Portuguese Comprehensive Risk Committee and on the main conclusions of the Operational Risk Committee.
- Submit a favourable proposal to the Board to approve the update of the Internal Communication of Economic Groups.
- Submit a proposal to the Board for updating the Market Risk Manual.
- Submit a favourable proposal to the Board for the approval of the Recovery Indicators (calibration and rational), Scenarios and Recovery Measures (impacts on the scenarios) of the 2018 Recovery Plan, with the modifications suggested by the directors.
- Advocate to the Board the approval of the proposals arising from the annual follow-up process of the Mortgage Reactive Scoring models. Similarly, inform the Board of the proposals arising from the annual monitoring process of the Rating models.
- Submit a favourable proposal to the Board for the approval of the methodology for obtaining A-IRB parameters.
- Submit a proposal to the Board for approval of the response and action plans on demand 2019 SREP of ECB.
- Submit a favourable report to the Board for the approval of the 2018 Recovery Plan.
- Advocate to the Board the approval of changes in the self-employed model.
- Receive information about the main conclusions of the Comprehensive Risk Committee of Portugal.
- Agree to propose to the Board the expansion of the methodology used in the estimation of ARs for investment credits, as well as for the approval of the update of the ARs allocation policy manual.

D RELATED PARTY TRANSACTIONS AND INTRAGROUP OPERATIONS

D.1. Detail the operations carried out between the entity or entities of its group, and the shareholders, cooperative members, proprietors of proprietary rights or any other of an equivalent nature of the entity.

At the end of the 2019 financial year, the outstanding transactions and balances held with shareholders, cooperative members, holders of proprietary rights or any other of an equivalent nature of the Entity, reach the following amounts (thousands of euros):

Loans granted: 35,040

Deposits: 24,147

Other transactions: 37,029

Financial income: 392

Financial expenses: -

D.2. Detail the operations carried out between the entity or entities of its group, and the managers or members of the administrative body, or managers of the entity.

At the end of the 2019 financial year, the outstanding operations and balances maintained with the Entity's managers and executives reached the following amounts (thousands of euros):

Loans and credits granted 3,832

Deposits: 5,168

Other transactions: -

Financial income: 25

Financial expenses: 46

D.3. Detail intragroup operations.

At the end of the 2019 financial year, outstanding operations and balances held with multi-group companies or entities and associates of the Grupo ABANCA Corporación Bancaria, S.A., which are not eliminated in the consolidation process, reach the following amounts (thousands of euros):

Loans granted: 122,830

Deposits: 18,748

Other transactions: 6,724

Financial income: 4,986

Financial expenses: 1

D.4. Detail the mechanisms established in order to detect, determine and resolve possible conflicts of interest between the entity or its group, and its directors or members of the administrative body, or managers.

As established in the article 28 of the Bank's Board Regulations, the director must abstain from:

1. Carrying out operations with the Company, except in the case of ordinary operations, under standard conditions for customers and of little relevance, such operations being understood as those whose information is not required in order to express the true and fair image of corporate net worth, the financial situation and the Company results.
2. Using the name of the Company or invoke his/her status of director in order to unduly influence the performance of private operations.
3. Making use of the company's assets, including the Company's confidential information, for private purposes.
4. Taking advantage of the Company's business opportunities.
5. Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the performance of their position, except in the case of mere acts of courtesy.
6. Carrying out activities for their own account or for the account of others that involve effective competition, whether current or potential, with the Company or which, in any other way, place them in a permanent conflict with the interests of the Company.

The foregoing provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person related to the director. For the purposes of these regulations, the following shall be considered as persons related to the directors:

1. The spouse of the director or people with a similar personal relationship.
2. The ascendants, descendants and siblings of the director or the director's spouse.
3. The spouses of the ascendants, descendants and siblings of the director.
4. The companies in which the director, by him- or herself or by an interposed person, is in any of the situations listed in the first section of article 42 of the Commercial Code.
5. In the case of a legal entity director, those indicated in article 231.2 of the Capital Company Act.

The cases that have been authorized by the Company in accordance with the Law, the Bylaws and the Board Regulations are excepted.

The authorization must necessarily be agreed by the General Meeting when the purpose is to dispense with the prohibition of obtaining an advantage or remuneration from third parties, affects a transaction worth more than ten percent of the company's assets, or refers to the obligation to not compete with the Company.

In other cases, authorization may be granted by the Board of Directors provided that the independence of the members who grant it with respect to the excused director is guaranteed. In addition, the safety of the authorized operation for corporate assets or, where appropriate, its execution under market conditions and the transparency of the process is necessary.

The obligation not to compete with the Company may only be waived in the event that there is no reason to expect harm to be caused to the Company or where compensation for the benefits expected to be obtained from the waiver can be expected. The waiver shall be granted by means of an express agreement separate from the General Meeting, in which the authorized competitive activities shall be specified.

At the request of any partner, the General Meeting shall decide on the dismissal of any manager who engages in competitive activities when the risk of harm to the Company has become relevant.

Directors must notify the Board of any direct or indirect conflict situation that they or, to the extent that they are aware of them, the persons related to them (as defined in section 2 of article 27 of the Board Regulations), may have with the interest of the Company. The conflict situations in which the Company's managers find themselves shall be detailed in the report and in the annual corporate governance report. In addition, the directors must communicate the direct or indirect holding that both they and their related parties, insofar as they are aware of them, have in the capital of a company with the same, analogous or complementary type of activity stipulated in its business purpose, and shall also notify as to the positions or the functions they exercise in it.

As established in article 29 of the Bank's Board Regulations. "Related Transactions"

The board shall at least be aware of the operations that the Company or its Group companies undertake with directors (in the terms stipulated by law and in article 28 of the Board Regulations), with shareholders, individually or in concert with others, who hold a significant share, including shareholders represented on the Board of Directors of the Company or other Group companies or with persons related to them.

The execution of these operations shall require the authorization of the Board, after a favourable report from the Audit and Compliance Committee, except in cases where its approval pertains by law to the General Meeting. The aforementioned operations shall be valued from the point of view of equal treatment and market conditions, and be included in the annual 28 corporate governance report and in the periodic public information in the terms stipulated in the applicable regulations.

There shall be no obligation to inform the Board, nor to obtain the authorization stipulated in the previous section when dealing with operations that simultaneously meet the following three conditions: (a) they made under contracts whose conditions are standardized and applied en masse to a large number of customers. (b) they are carried out at prices or rates established in general by the person acting as the supplier of the good or service in question or, when the operations refer to goods or services in which there are no established rates, are carried out in usual market conditions, similar to those applied in business relationships with customers of similar characteristics; and c) their amount does not exceed zero point five percent of the Company's annual income, according to the audited individual annual accounts of the last financial year ending on the date of the operation in question, a percentage that was reduced (previously it was the one percent) in application of the aforementioned Corporate Policy on Operations with Related Parties.

Exceptionally, when urgent reasons so advise, in accordance with the last paragraph of section 4, article 4 of these regulations, related-party transactions may be authorized by the CEO, with subsequent ratification by the Board.

Notwithstanding the foregoing, the granting of credits, warranties and guarantees by the Company, in favour of its directors, general or similar directors, shall be subject, in addition, to the prior authorization of the Bank of Spain. As an exception, the authorization referred to in the preceding paragraph shall not require the granting of a credit, warranty or guarantee that: a) is covered by the collective agreements concluded between the Company and all of its employees. b) is carried out pursuant to contracts whose conditions are standardized and are applied en masse and on a regular basis to a large number of customers, provided that the amount granted to the same person, their second-degree relatives or the companies in which these people have a controlling interest equal to or greater than 15 percent, or whose board they are part of, does not exceed 200,000 euros. The concession of the above operations shall be notified to the Bank of Spain immediately after its concession.

Pursuant to the provisions of the Regulations of the Board of Directors, article 29 bis "Breaches", in the event that the directors seriously or repeatedly fail to comply with the provisions of Chapter IX of the Board Regulations, the Appointments Committee, on its own initiative or at the request of the Audit and Compliance Committee or the Board of Directors, shall gather the necessary information and formulate a proposal for action that it shall submit to the Board of Directors. This proposal may include a serious warning to be imposed, where appropriate, by the Audit and Compliance Committee. In this case, once the serious warning has been imposed, the Appointments Committee must issue a report, to be submitted to the Board of Directors, on the advisability of the removal of the manager, in accordance with section 2.3 of article 20 of the Board Regulations.

Similarly, the Bank has a Code of Ethics and Conduct, an Internal Code of Conduct in the area of the Securities Market, a Conflicts of Interest Management Policy implementing this, and a Corporate Policy on Operations with Related Parties that includes the general principles established by the Bank for conflicts of interest management.

In relation to the codes of ethical principles or good practices to which the Bank has voluntarily adhered, ABANCA CORPORACIÓN BANCARIA, S.A. is attached, since March 2012, to the Code of Good Practice included in the Annex to the Royal Decree-law 6/2012, of urgent measures to protect mortgage debtors without resources. Similarly, ABANCA CORPORACIÓN BANCARIA, S.A. is adhered to the Code of Good Practices for the viable restructuring of debts with a mortgage guarantee on habitual residence, with the modifications introduced in Law 1/2013, of 14 of May, for measures to strengthen the protection of mortgage debtors, debt restructuring and social rent, from July 2013.

Furthermore, corporate social responsibility has been a strategic priority for ABANCA from the outset. The Entity strongly wishes for its activity to serve as an impetus for social improvement and sustainable growth, and it is committed to doing so transparently and in accordance with the ten principles of the Global Compact, as well as with the development objectives approved by United Nations. As a sign of the commitment to disseminate these objectives among all Bank professionals, the Company joined the #Companies4SDGs campaign. The purpose of ABANCA is to align the lines of action of the social responsibility strategy in this area in order to help achieve the objectives established in the Agenda 2030, an action plan that seeks to improve the life, in a sustainable way, of future generations.

E RISK CONTROL SYSTEMS

E.1. Explain the scope of the entity's Risk Control and Management System.

The Group's risk management and control model follows the Basel guidelines, establishing a transversal risk management that encompasses the entire organization, and is defined in three lines of defence:

- i. **First line of defence:** management and control functions performed by the Group units, understood as the Business and Credit Units. In this line are the primary controls.

- ii. **Second line of defence:** control functions carried out independently and in accordance with comprehensive risk management, through DG Corporate Control and Risks and DG Corporate Governance and Legal Affairs, addressing all types of risks to which the Bank would be exposed. Establishes regulations and monitors compliance with the first line.
- iii. **Third line of defence:** supervisory functions performed by Internal Audit.

With this model, the Group seeks to guide the Entity towards the best banking practices, promoting risk culture and undertaking comprehensive risk management, which includes the review of key operational processes, in order to guarantee solvency and Bank resilience according to the Risk Profile defined by the Governing Bodies.

The quality of risk management constitutes a focal point of action for the Group. The Group's risks policies are directed at maintaining a medium-low profile, with its risk management model constituting a key element in achieving its strategic objectives.

The Group has therefore implemented comprehensive risk management in which the definition and control of Risk Appetite is one of the key elements, this being necessary to guarantee compliance with the desired risk profile, consistent and coherent with the annual budget approved in the medium-term strategic plan.

The Group defines risk appetite as the amount and type of risks that is considered reasonable to assume in the execution of the business strategy considering each of the types of risks, so that it can maintain its ordinary activity against the occurrence of unexpected events. For this, severe scenarios are considered that could have a negative impact on its capital, liquidity and/or profitability levels.

The Entity carries out an active management of the entire life of the risk, from the pre-analysis, through the analysis/concession, follow-up and until the extinction. The main risks are not only analysed at the time of their origination or when irregular situations arise in the ordinary recovery process, but are carried out continuously for all customers.

Credit risk management is also supported by credit management tools such as scoring models (private, self-employed and micro-SMEs), rating systems (exposures with medium and large companies) and pre-classifications (large customers).

The Bank's exposure information and aggregation systems enable the monitoring of exposures, verifying systematic compliance with the approved limits, as well as adopting, if necessary, the pertinent corrective measures. The status of the Bank's main portfolios is regularly monitored and presented to the Board.

The Bank has a risk limit system that is updated with a minimum annual frequency and that covers credit risk, as well as the different exposures of market risk, both trading and liquidity, and structural, interest rate risk and liquidity, to which exhaustive monitoring is applied, encompassing the highest Governing Bodies.

E.2. Identify the company bodies responsible for the development and execution of the Risk Control and Management System.

The Board of Directors is entrusted with the function of setting the Entity's general risk policy, authorizing the system of established control limits and periodically monitoring compliance therewith, as well as determining the risk appetite framework.

The Comprehensive Risk Committee monitors risk management and control in order to guarantee the content, integrity and effectiveness of the risk appetite framework (hereinafter, the RAF), advising the Board on risk matters. To do this, it periodically monitors the Group's risk profile. Furthermore, the committee ensures that the Group's actions are consistent with its level of risk tolerance and, in this sense, establishes global limits on the main risk exposures, carrying out follow-up work through the systematic review, and establishing the necessary actions in case of deviations. It is also in charge of global risk control (credit, market, liquidity, interest and operational).

The role of the Audit and Compliance Committee includes the supervision of the effectiveness of internal control and risk management systems, so that the main risks are adequately identified, managed and disclosed.

The Delegate Credit Committee has delegated the powers that pertain to the Board of Directors in relation to the granting and monitoring of financing operations, whatever their nature. In turn, this committee delegates the sanction of certain operations to lower committees, in accordance with the provisions of the Bank's General Standard on Attributions (approved through the Comprehensive Risk Committee).

The Management Committee is the committee responsible for proposing and monitoring the Strategic Plan, the Annual Global Budget and the Entity's Annual Operating Plan. This committee is also responsible for approving the Entity's annual general objectives and its distribution by business lines, responsibility centres and segments; as well as making relevant corporate decisions or monitoring the Entity's day-to-day business. The Management Committee, supported by the General Management of Corporate Control and Risks, periodically reviews the control environment, internally monitoring the main risks.

The Assets and Liabilities committee (COAP) is the body responsible for designing the financial strategy, including, amongst others, the Equity Adequacy Policies, Rate Setting, Funding Strategy, Strategy and investment policies; ensuring compliance. Similarly, it defines the operational objectives in terms of financial management (balance sheet, liquidity and margin) in order to meet the strategic objectives. It is in charge of the correct implementation of asset and liability management strategies, transmitting to the Capital Markets General Management, Management and Distribution the operating instructions for the proper management of the Entity's liquidity. Finally, it monitors trade policy.

E.3. Indicate the main risks that may affect the achievement of business objectives.

In accordance with the current situation in the environment and due to the Bank's own structure, liquidity and market risks are not presented as those that may have a greater impact in achieving business objectives, whereas credit, interest rate and operational risks could mainly do so.

Credit risk would be more affected by the evolution of the outstanding portfolio than by the new production portfolio. This focuses on risk monitoring and early reaction to indicators of deterioration of borrowers, as well as the establishment of specialized admission channels with the establishment of maximum admissibility thresholds for expected loss.

The influence of interest rate risk in achieving the objectives is not currently motivated by events that may affect the interest rate curve, but rather by the levels at which the curve is currently moving with negative values in various tranches, which pushes down the margin of the sector. Added to this is a strongly competitive context in a market with an intense decline in spread in recent months, which is why the monitoring of both the curve (interest risk) and production prices is intensified in order to make the decisions considered appropriate in every moment. In addition, the Bank focuses on managing risk-associated returns in order to maximize the return on capital in an unfavourable interest rate environment for margin creation.

The Entity continuously improves operational risk management, through new control tools, and having reinforced internal control mechanisms to prevent, among others, possible fraud in those borrowers who are in a worse economic situation.

E.4. Identify if the entity has risk tolerance levels.

As a fundamental element in risk management, the Bank has defined a framework for risk appetite (hereinafter RAF, "Risk Appetite Framework"), through which the Group's Governing Bodies explicitly define the desired and maximum levels of risk (appetite and tolerance) that they are willing to assume.

This exercise is carried out both at the global risk level and for each of the relevant risks that the Group faces in its activity. The maximum representatives of the Entity and its Governing Bodies intervene in the conception of the Bank's RAF. The document is approved at the level of the Board of Directors, with the prior approval of the Comprehensive Risk Committee, after having been submitted to the Comprehensive Risk Committee. Additionally, the members of the Management Committee have a very active participation in the conceptualization and establishment of Appetite based on the strategic planning defined for the Bank.

The definition of appetite and tolerance is made by selecting the set of both qualitative and quantitative indicators, after calibrating the desired (appetite) and maximum (tolerance) levels.

The definition of the RAF considers all the relevant risks to which the Group is exposed in the development of its activity, as well as in the achievement of its business objectives. For this reason, the criteria established in the RAF shall be taken into account at all times within the normal circuits of analysis and approval of operations. Specifically, the established and monitored indicators correspond to the following risk categories:

- i. **Business and strategic risk:** the risk in the business, in its results and/or in the bank's solvency, arising from possible damages due to failures in the evaluation of

the environment, due to inappropriate decisions regarding business orientation or due to lack of bank's response to relevant changes in the sector.

- ii. **Credit Risk:** originates from the possibility of losses arising from the total or partial default of the financial obligations contracted by the group by its customers or counterparties. This concept includes the risk arising from the concentration of credit risk, given the impact that this aspect may have on the Entity's solvency.
- iii. **Interest Rate Risk:** is the possibility that variations in interest rates may adversely affect the value of a financial instrument, a portfolio or the Group as a whole. It affects, amongst others, loans, deposits, debt securities, most of the assets and liabilities of the trading portfolios, as well as derivatives.
- iv. **Liquidity and Financing Risk:** The ability of an entity to finance its growth and to meet its payment obligations at maturity, without incurring unacceptable losses.
- v. **Market Risk:** The risk of incurring losses, and therefore the risk of a negative impact on the Group's results and capital, due to the maintenance of open positions in the financial markets, as a consequence of an adverse movement in the financial variables (factors of risk) that determine the market or realization value of these positions.
- vi. **Operational Risk:** the risk of losses resulting from deficiencies or failures of internal processes, human resources or systems, or derived from external circumstances, including legal risk and aspects related to technological risk.
- vii. **Reputational Risk:** this is linked to the perception of the Group of the different interest groups with which it is related, both internal and external, in the development of its activity, and which may have an adverse impact on the results or expectations of business development.

E.5. Indicate which risks have materialized during the year.

During the 2019 financial year, there have been no significant events that have affected the Entity's risk profile according to the Risk Appetite Framework defined for that financial year, and at the end of the financial year all the indicators are at the expected levels.

The risks are monitored on a monthly basis, presenting themselves to the Governing Bodies. Through it, it is verified that the Entity is in a controlled risk position and adequate control of the positions assumed is guaranteed. For all risks, the opportune analysis and evaluation of trend and behaviour is undertaken, counting at all times with the explanations of their movement, including the details of the regulatory/normative changes.

E.6. Explain the response and supervision plans for the entity's main risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise.

The plans are implemented in two blocks:

A. The organizational structure associated with the risk function.

In line with section E1, ABANCA has an organizational model of risk control and management that encompasses the entire organization, and which is specified in three lines of defence, taking as reference the definition of an RAF at the Entity level, on which the management and supervision of the response is carried out, and from which the following activities are derived:

The Corporate Control and Risks DG participates in the definition of the RAF (monitoring and control) and in the definition of policies and procedures for the management of the different risks, guaranteeing that any deviation will be reported to the Comprehensive Risk committee.

This General Directorate reports directly to the Comprehensive Risk committee, guaranteeing the independence of Risk Control. Its mission is to foster a risk culture throughout the organisation, representing the second line of defence through the comprehensive management of risks, ensuring the solvency and resilience of the Entity in accordance with the risk profile defined by the governing bodies, and leading the Bank towards best practices in risk culture.

Once the RAF has been defined, from the Credit DG and the Capital Markets, Management and Distribution DG (responsible for managing the operations in the Group's wholesale markets), what is established is transferred from day to day and throughout the life of the risk, guaranteeing compliance with said risk appetite framework.

The Entity carries out active risk management throughout its life, following the policies established by the Corporate Control and Risks DG, in search of compliance with the Entity's risk profile. The risk, in this regard, is managed in several stages, which depend on the events that take place during the period in which the transactions are ongoing.

In the credit investment admission phase, a criterion must be applied according to the defined risk profile, seeking a reasonable balance between efficiency and effectiveness through the decentralization of the decision, based on the delegation of powers and the allocation of powers based on of the risk assumed, and relying on the management and control tools implemented.

In the monitoring phase, the Entity's primary objective is the early detection of situations of risk of non-compliance by customers that allow specific action plans to be implemented in order to avoid this occurring, as well as the control and management of collateral associated with assets.

Recovery is centralized in the Recovery Department, currently within the Credit DG, aimed at recovery actions and anticipation of late payments. The actions carried out by this Directorate are aimed at complying with the RAF, monitoring the expected recovery levels, and ensuring that they are in line with those defined in the business plan.

B. The use of appropriate tools and the support of expert analysts.

ABANCA has opted for the development of its own models based on the historical information available and continues its development in this regard, with the ultimate objective of assisting those responsible for the different risks in decision-making, based on criteria of efficiency and experience, with a comprehensive approach to risk, taking into account at all times the implications that certain decisions may have on the Bank's global risk profile. Additionally, for decision making, the developed models are complemented by individualized analyzes carried out by expert analysts for each type of risk.

During the 2017 financial year, ABANCA developed internal credit loss determination models in the framework of the implementation of the new IFRS9 regulations in force since January 1, 2018.

During the 2019 financial year, the Entity continues with its cycle of maintenance and updating of support tools for credit risk management, and continues to increase integration in their management.

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms that make up the risk control and management systems in relation to the process of issuing financial information (SCIIF) of your entity.

F.1. Entity control environment

Report, noting its main characteristics of, at least:

F.1.1. Which organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its supervision.

The Board of Directors of Abanca Corporación Bancaria, S.A. (hereinafter, "the Bank" or "the Entity"), is responsible for the existence and maintenance of an adequate and effective Internal Control System for Financial Information (hereinafter, "SCIIF").

The Bank's Bylaws state, in article 27, that the Board of Directors shall assume, without delegation, those powers legally reserved for its direct knowledge, as well as those others necessary for a responsible exercise of the general supervisory function. Additionally, the Regulations of the Board of Directors in article 4 indicates that the Board of Directors, amongst other functions, has the "approval of the main lines of the Company's policies and strategies, as well as the monitoring and supervision of their execution".

For its part, within the Bank's organizational structure, the General Finance Directorate, through the General Audit and Accounting Directorate, which is under its authority, is responsible for the implementation, maintenance and development of the general framework of the internal control systems for financial information, so as to ensure the adequacy of the information prepared by the Bank.

Similarly, the Audit and Compliance Committee Regulations define, through their Art. 5.3, the functions in relation to the internal control and information systems and the internal audit function assigned to it, which are, among others, the following:

- Check the adequacy and integrity of internal control systems and review their appointment and replacement.
- Understand and supervise the preparation and presentation process and the integrity of the mandatory financial information related to the Company and, where appropriate, to its Group.
- Supervise the effectiveness of internal control and risk management systems, so that the main risks are adequately identified, managed and disclosed.

The Bank has an Internal Audit Area, which is under the direct dependence of the Audit and Compliance Committee and whose functions include supervising the compliance, adequacy and effectiveness of internal control procedures and systems, including those information systems.

F.1.2. If they exist, especially in relation to the process of preparing financial information, the following elements:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures for their correct dissemination in the entity.**

The Directorate General of Human Capital, reporting to the CEO, has defined a flexible Job Map for the organization, and is transparent for the employee.

The Organizational Chart and its functional units are published on the corporate intranet.

The Bank's current organizational structure aims to guarantee a solid model of internal control over financial reporting.

- **Code of conduct, body of approval, degree of dissemination and instruction, principles and values included (indicating if there are specific references to the registration of operations and preparation of financial information), body responsible for analysing non-compliance and proposing corrective actions and sanctions.**

In August 2014, the Bank's Management Body approved ABANCA's Code of Ethics and Conduct. The Code of Ethics and Conduct, with the status of a general rule, is based on the values of Responsibility, Reliability, Quality and Innovation, and the 139 Articles of the Code are included in these four chapters or sections.

All persons belonging to ABANCA have the right and obligation to know the aforementioned Code, comply with and disseminate it to third parties who may be subject to any of its provisions. For this, the Code of Ethics is permanently available to the staff on the intranet.

ABANCA's Code of Ethics and Conduct contains specific references to the preparation of financial information (articles 9, 10 and 73, among the most notable, establishing the last of those mentioned that "ABANCA shall efficiently disseminate its institutional reports and adopt measures to ensure that the financial information, as well as any other that is issued within the framework of its corporate communications, is complete, correct, truthful, symmetrical, equitable and useful over time ") . Regarding the registration of operations, article 30 bis of the code stipulates that "the people who form ABANCA are obliged to adequately account for, record and document all income and expenses, as well as any other accounting item, without omitting, hiding or altering any data or information, so that the accounting and operating records accurately reflect reality and can be verified by the control areas and by the internal and external auditors. Income and expenses must be duly authorized, be stipulated, respond to services actually stipulated and to a legitimate economic purpose.

In July 2017, the Board of Directors of ABANCA approved the anti-corruption policy, which meant the modification of the article 12 of the Code of Ethics and Conduct for its inclusion as an annex/part of the Code of Ethics.

The Anti-Corruption Policy, like the Code of Ethics and Conduct, is applicable to the members of the governing bodies, management team and other bank employees and those persons or entities involved in the provision of services by third parties whose adherence, in the judgement and under the responsibility of the corresponding hiring committees, should be demanded. All of them must know and comply with this.

To monitor the operation and compliance of the Code of Ethics and Conduct, the Ethics Committee has been created to be in charge of ensuring compliance with the standards of ABANCA's Code of Ethics. Its functions shall also include promoting ethics training, solving queries, conflicts of interest that arise, analysing complaints and, where appropriate, sanctioning breaches of the Code of Ethics. The Committee is made up of the CEO, the CEO of Human Capital, the Auditor General, the CEO of Corporate Social Responsibility, the CEO of Corporate Control and Irrigation; and the CEO of Corporate Governance and Legal Affairs.

In addition, to ensure proper compliance with the Code of Ethics and Conduct, there is a Whistleblowing Channel supervised by the Audit Committee and managed by the Internal Audit Unit, in addition to an application to declare and manage potential conflict situations, incompatibilities, etc. between ABANCA and its staff (application of conflicts of interest) whose management is in charge of Human Capital (Employment Consulting). The complaints channel and the application of conflicts of interest are available to the staff on the intranet in the section About ABANCA-Ethical Channels.

Similarly, there is an Internal Code of Conduct in the area of the Stock Market. Its objective is to adjust the actions of the Bank, its administrative bodies, employees and representatives, to the rules of conduct contained in the Securities Market Law and its implementing provisions. In addition, a

Conflict of Interest Management Policy is established, in accordance with the aforementioned regulations. All this in order to promote transparency in the markets and preserve, at all times, the legitimate interest of investors. The application of the aforementioned regulations is undertaken through the Regulatory Compliance Committee, which reports directly to the Audit and Compliance Committee.

- **The Whistleblowing channel enables the Audit Committee to report financial and accounting irregularities, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing if appropriate if it is confidential in nature.**

In accordance with the provisions of the Code of Ethics and Conduct of ABANCA Corporación Bancaria S.A.(hereinafter, ABANCA), as well as in the article 12 of the Regulations of the Board of Directors of ABANCA and in the Criminal Risk Prevention Policy and Manual of Grupo Abanca, a mechanism has been established, the Whistleblowing Channel, which allows any internal interest group, professionals and/or Employees of Grupo ABANCA, as well as any employee of the Service or Goods Providers, who had access to information, in the development of their activities within Grupo ABANCA, to confidentially communicate breaches of the Code of Ethics and Conduct, of the Internal Code of Conduct in the Securities Market, as well as any allegedly criminal act or fraudulent or irregular act, regardless of their type or quantity, that they notice in within the Group.

The objectives of the implementation of the Whistleblowing Channel are to:

- Establish an effective measure for the prevention and detection of illegal or irregular behaviour.
- Enable control measures on the activity of the company.
- Contribute to the continuous improvement of internal processes and policies of ABANCA for the management and control of illegal or irregular conduct that may be committed within it.

For this purpose, the following have been established as basic principles:

- The confidentiality of the identity of the complainant and protection against retaliation.
- The processing of personal data in strict compliance with the provisions of the Regulations (UE) 2016/679 of the European Parliament and Board of 27 April 2016 relating to the protection of natural persons with regard to the processing of personal data and the free movement of these data, in the Law 3/2018, of 5 December, Protection of Personal Data and guarantee of digital rights and other applicable provisions on the matter.
- The exhaustive analysis of the reported facts to ensure the veracity of the possible breach.
- The presumption of innocence and respect for the rights of the persons allegedly involved.
- Rigour in the actions that are undertaken as a consequence of the communications received that must be substantiated and justified.
- Good faith. Anyone who makes a complaint must do so in accordance with an inalienable principle in good faith, with sufficient reasons and objective evidence to demonstrate the existence of the breach.

The following means have been established to formulate anonymous or confidential complaints:

- An internal web application: both internal and external personnel who have access to the Intranet shall have access to the complaints channel application, which will provide them with a unique random number given to the complaint and a password known only to the complainant.
- Email: for those cases in which the complainant does not have access to the Intranet, or does not want to make use of the complaint channel application, an email is made available through which the complaints shall be received: canaldenuncia@abanca.com

On the other hand, to guarantee that the Whistleblowing Channel can operate effectively, and ensure its correct execution, review, supervision and updating, control bodies are required to provide adequate support. The following have therefore been established:

- Group Audit and Compliance Committee: responsible for supervising the proper operation of the Whistleblowing Channel.
- Ethics Committee: decides on the matter investigated, approving or ratifying the sanctions to be applied according to the Company's disciplinary system.
- Human Capital: is responsible for monitoring and executing, whenever necessary, the disciplinary measures adopted by the Ethics Committee.
- Internal Audit: as manager of the Complaints Channel, it is responsible for managing the complaints received, and issuing reports on the matters that must be investigated.

In addition:

- Those matters in which any criminal liability may arise shall be submitted to the competent bodies in the area of criminal risk prevention.
- Complaints regarding potential breaches of the current regulations on the Prevention of Money Laundering and Terrorism Financing committed internally by employees, managers, or agents shall be submitted to the Internal Control Body, through the Technical Unit for the Prevention of Money Laundering.
- Complaints regarding potential or effective infringements in the field of market abuse and other breaches of Securities Market regulations shall be submitted to the Internal Control Body, through the Department of Conduct of the Stock Market.
- The Data Protection Officer shall be informed regarding data protection security breaches or privacy issues deemed relevant,
- An annual report on its operation shall be reported to the Audit and Compliance Committee.
- **Regular training and updating programmes for the personnel involved in the preparation and review of financial information, as well as in the evaluation of the SCIIF, covering at least accounting standards, auditing, internal control and risk management.**
- The Entity's objective is that the personnel involved in the different processes related to the preparation of financial information receive training actions and knowledge updates, specifically designed to facilitate the proper development of their functions. To this end, the Entity seeks to provide a Training Plan in accounting and financial matters adapted to

each of the positions and responsibilities of the personnel involved in the preparation and review of financial information.

- As has been the case in previous financial years, a training plan for the personnel involved in the different processes related to the preparation of financial information was established in the 2019 financial year, in order to complete what was undertaken in previous years in accounting and financial matters, and has been adapted to each of the positions of these personnel. With the 2019 training plan for the General Intervention and Accounting Directorate, 34 training actions with a total of 722.75 hours, which represents 26.76 teaching hours per person, have been undertaken. Three of these training actions have dealt with topics specifically related to accounting standards, auditing, internal control and risk management, with 50 participants. The training carried out in Company valuation analysis, Comprehensive Risk Management and RAROC, as well as the Capital and Solvency and Financial Risks modules, should be highlighted.

F.2. Risk assessment of financial information

Report at least on:

F.2.1. What are the main characteristics of the risk identification process, including those of error or fraud, in terms of:

- Whether the process exists and is documented.

The Entity has a Policy for the identification of processes, relevant areas and risks associated with financial information, which includes those of error or fraud.

- **If the process covers all the objectives of the financial information (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), if it is updated and how often.**

The process of identifying risks and controls of activities and transactions that may materially affect the financial statements is completed annually, using the most recent financial information available as a basis.

However, when circumstances not previously identified that show possible errors in the financial information or substantial changes in the Group's operations become apparent during the year, the Entity evaluates the existence of risks that should be added to those already identified.

The criteria to be followed in identifying risks are as follows:

- The identification of risks shall be carried out fundamentally for the risks of error and fraud regarding the financial information that is reported to the markets.
- Its identification shall be carried out by the respective Directorate General, together with the help of the areas responsible for the selected processes under review.

- Risks of error to be identified shall be those that affect the consolidated financial information of the Grupo Abanca Corporación Bancaria S.A.
- The process is aimed at identifying risks of material error.

In any case, the risks shall refer to possible errors (intentional or not) in the framework of the objectives of financial reporting: (i) existence and occurrence; (ii) integrity; (iii) valuation; (iv) presentation; (v) and rights and obligations.

Similarly, the degree to which these objectives affect each heading of the Financial Statements may be: low, medium or high.

- **The existence of a process to identify the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental entities or special purpose entities.**

The Entity has a Consolidation Procedure detailing the monthly review activity of the consolidation perimeter carried out by the Group and Branch Control and Consolidation Department, belonging to the General Audit and Accounting Department. Through this procedure, the Entity ensures that the variations that occur in the perimeter, in the different periods of generation of financial information, are correctly included in the Group's consolidated financial statements.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The effect of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) shall be considered in the identification of risks of error in financial information.

- **Which governing body of the entity supervises the process.**

The Policy for the identification of processes, relevant areas and risks associated with financial information establishes that the execution of the procedure for identifying risks and controls is the responsibility of the appropriate Directorates-General and the responsibility for supervising the process is the responsibility of the Audit and Compliance Committee through the Internal Audit function, as well as the General Audit and Accounting Directorate.

F.3 Control activities

Report, indicating its main characteristics, if it at least has:

F.3.1. Procedures for reviewing and authorizing financial information and the description of the SCIIF, to be published in the securities markets, indicating those responsible, as well as descriptive documentation of the flows of activities and controls (including those related to the risk of fraud) of the different types of transactions that may materially affect the financial

statements, including the accounting closing procedure and the specific review of the relevant judgements, estimates, valuations and projections.

The Entity has a procedure for reviewing and authorizing financial information that is sent to the markets with the periodicity set by the regulations and that is prepared by the General Directorate of Finance, or from the relevant General Directorates at the request of the former. The supervision function is assigned to the General Audit and Accounting Directorate and the Internal Audit Area.

Within the General Directorate of Finance, the Accounting and Accounting Control department is responsible for the accounting records arising from the different transactions that take place in the Entity and those that carry out the main control activities listed in section F.2.1 above, including the accounting Closing procedure and the review of the relevant Judgements and Estimates, based on the materiality thresholds defined. Similarly, these areas are responsible for preparing, in general, the Entity's financial information on the existing accounting basis, having defined and implemented, in the aforementioned preparation process, additional control procedures that guarantee the quality of the information and its reasonableness for subsequent presentation to Senior Management.

In the processes of preparing this information, the General Directorate of Finance or, where appropriate, the Directorate of General Intervention and Accounting, requests the collaboration of the other General Directorates and/or Areas responsible for obtaining certain additional information, the breakdown of which is required in periodic financial reports. Similarly, and once the information preparation process is completed, the aforementioned managers are requested to review and authorize the information for which they are responsible, prior to publication.

The Audit and Compliance Committee also intervenes in the review process, informing the Board of Directors of its conclusions on the financial information presented by the General Audit and Accounting Directorate. Ultimately, the Board of Directors approves the financial information that the Entity must periodically make public. These functions are included in the Regulations of the Board of Directors. Its implementation is formalized through the minutes of the different meetings.

Regarding the description of the SCIIF, this is reviewed both by the General Audit and Accounting Directorate, as well as by the Internal Audit, as well as by the Governing Bodies mentioned above, as part of the periodic information that the Entity sends to the markets.

Regarding activities and controls directly related to transactions that may materially affect the financial statements, the Entity has a GRC tool that optimizes the supervision and testing of the procedures and risk matrices and controls of the significant processes that affect the generation, preparation and preparation of financial information.

The significant processes (distinguishing between business and cross-cutting processes) associated with the Entity's financial areas for which the aforementioned documentation is available are detailed below:

Specific business processes associated with the relevant areas (epigraphs of the Financial Statements) would be the following:

1. Loans/Credits and Guarantees
2. Wholesale/Unionized
3. Insolvency funds
4. Debt Securities and Other Capital Instruments
5. Hedging and trading derivatives (Assets and Liabilities)
6. Foreclosed assets
7. Debt marketable securities
8. Investments
9. Tax assets and liabilities/Corporation tax
10. Demand accounts and term accounts

Cross-cutting processes that affect all areas as a whole:

1. Balance sheet
2. Consolidation
3. Judgements and estimates
4. General computer controls

The aforementioned tool considers:

- The description of the activities related to the process, indicating the particularities that a specific product or operation may contain.
- The identification of the relevant risks for which the areas involved in the process identify the main risks on financial information related to the process with a material impact on the Entity's financial statements.
- The identification of the controls and their description in relation to the relevant risks previously identified. Similarly, the evidences supporting the existence of each identified control are attached.

The General Directorate of Finance, with the information obtained from the different areas of the Entity, is responsible for the judgements, estimates, projections, accounting policies and critical hypotheses of the Entity, and is the ultimate responsibility of the Board of Directors to approve

them in the yearly accounts. The main estimates identified by the Entity are as follows; useful life of tangible and intangible assets, valuation of certain financial assets, fair value of certain non-financial assets, corporation tax, integrity/accuracy of the consolidation perimeter, provisions for future contingencies and Impairment losses of certain financial assets.

F.3.2. Policies and procedures for internal control over information systems (amongst others, on access security, change control, their operation, operational continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The Entity has a General Computer Controls Process with its respective risk and control matrix detailing the risks and controls relating to access security, change control, their operation, operational continuity and segregation of duties.

Additionally, the information systems that support the processes on which the Entity's financial information is based are subject to internal control policies and procedures to guarantee the integrity of the preparation and publication of financial information.

Specifically, policies have been established in relation to:

- Access security: the applicable regulations regarding the control of logical access to ABANCA's information systems (applications, databases, communication devices and information processing resources), establishing the necessary requirements for access control to the systems and the measures to guarantee the protection of the information subject to processing. There are also specific procedures for the different activities within the scope of identity and access management. These procedures shall cover all stages of the life cycle of user access, from user registration to the modification of authorizations and removal of users in the systems.

Control of access to resources and the identification and authentication of users are fundamental control objectives. The information must be protected by controls that reduce the risk of abuse, loss, alteration, destruction and unauthorized processing or access of the information processed in ABANCA, covering the aspects of:

- Identification, authentication and user access management
 - Access privilege management
 - Password management
 - Database access control
 - Operating system access control
 - Network access control
- Business continuity: the Entity has a Technological Contingency Plan capable of facing disaster situations and guaranteeing the continuity of technological services. Strategies have been developed that allow the recovery of information systems in the shortest possible time. Similarly, it has specific Business Continuity Plans for the most priority business areas.

- Segregation of duties: the development and exploitation of financial information systems is carried out by a wide group of professionals with clearly differentiated and segregated roles:
 - The Entity's project managers carry out functional analyses, management of development projects, evolutionary and operational management and integration tests.
 - The development teams are made up of internal personnel and personnel from collaborating companies, who perform the functions of technological design, construction and testing, always under the development methodologies defined by the Entity.
 - The Systems Area is responsible for the exploitation of computer systems.

Access to the operating environment by personnel outside the Systems area is authorized by the Planning area and is only valid for one day, with all activities carried out in the system being recorded.

- Change management: the management of changes and developments in the systems that support the Entity's financial information is carried out based on a formally defined and institutionalized methodology. The Entity is certified in CMMI (Capability Maturity Model Integration) at its level 5 (optimized), and development activities are formalized in the "CGDN +" tool, which allows the automation of processes, visibility of users and management on the development activities, the improvement of the predictability of the projects, as well as for results regarding the objectives to be quantifiable and predictable, enabling the decision making to correct possible defects detected and avoid their repetition.
- Incident management: the main objective of the policies and procedures established in this area is the resolution of incidents in the shortest possible time. The efficiency of incident management is achieved through adequate risk assessment, the prioritization and monitoring of incidents based on their criticality, the reduction of communication times and, finally, the determination of problems and identification of improvement proposals. The monitoring of the evolution of incidents, as well as the necessary improvement plans, is controlled through the comprehensive management tool CGDN+.

F.3.3. Internal control policies and procedures aimed at supervising the management of activities subcontracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

The Bank has formalized a General Purchasing Policy that regulates the procedures for the acquisition of goods and services. The purchasing procedures establish the segregation of the functions of request, approval, contracting, supervision and payment for the services subcontracted

to third parties. The subcontracting of any activity is always supported by a service provision contract between the Bank and the provider, where the service stipulated is clearly specified.

Additionally, the Bank has established a Service Outsourcing Policy, the latest update of which was approved by the Board of Directors on May 28, 2018. We established a series of assessment criteria in this policy in order to analyze the justification and viability of the outsourcing; identifying, assessing, controlling and managing the inherent risks, and adopting the adequate measures that prevent or mitigate the risk exposure that could arise. In particular, this is when a service performance is delegated or the functions which are carried out are identified as critical.

The study of the justification of the subcontracting of services or functions, takes into consideration the following factors, amongst others: regulatory aspects that could condition subcontracting; impact of subcontracting on the entity's business; the operational convenience of the activity; its demonstrated need (in business, operational or regulatory terms), demonstrated inconvenience for the service to be provided by internal personnel and its economic rationale based on: cost-benefit analysis and prioritization of existing outsourcing capacity; the entity's ability and experience to effectively supervise outsourced functions and to adequately manage risks; business continuity plans, when necessary considering the criticality of the subcontracted function or service.

Meanwhile, the third-party selection and assessment shall be undertaken by attending to diverse factors which guarantee that the provider: holds the competency, capacity, experience and, if necessary, any authorization that the current applicable normative might require, in order to carry out the outsourced function or service in a reliable and professional way; that it complies with the most relevant laws and norms that apply; that it efficaciously carries out the outsourced function or service, while correctly supervising its progress, and that it disposes of adequately trained and experienced personnel, in order to carry out the outsourced service or function in compliance with the applicable regulations; that it communicates any event that could significantly affect the efficacious development of the function or service; that it cooperates with the supervising authority in everything that relates to the outsourced activities; that it adequately manages the associated risks, disposes of the appropriate protection measures for the entity's confidential information and that of its customers, and it has, applies and maintains a contingency plan that enables it to maintain its activity and limits losses in the case of severe incidents in the business.

Amongst others, the Bank uses reports from independent experts on operational valuations that may potentially materially affect the financial statements. For the 2018 financial year, the activities entrusted to third parties related to valuations and calculations by independent experts have been related to: i) actuarial calculation studies, ii) legal and tax advisory services, iii) appraisals on foreclosed properties and on properties that act as collateral in the institution's credit operations and, iv) valuation of certain financial instruments, in accordance with the applicable accounting regulatory framework.

The independent expert evaluations used in matters relevant to the generation of financial information are included within the circuit of review procedures carried out by the control, internal audit and external audit areas.

F.4 Information and communication

Report, indicating its main characteristics, if it at least has:

F.4.1. A specific function tasked with defining, keeping accounting policies updated (accounting policy department or area) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an accounting policy manual that is updated and distributed to the units through which the entity operates.

Since 1 January 2018, Circular 4/2017 has come into force on public and confidential financial reporting standards, and models of financial statements. The objective of the new circular is to adapt the accounting regime of Spanish credit institutions to changes in the European accounting system arising from the adoption of two new International Financial Reporting Standards (NIIF): NIIF 15 and NIIF 9. These have modified the criteria for accounting for ordinary income and financial instruments, respectively, the latter being of special importance for credit institutions.

The Accounting and Accounting Control Department, which reports to the Directorate of General Intervention and Accounting, is responsible for identifying and interpreting the changes that occur in accounting policies, as well as defining and solving doubts arising from the interpretation of the Bank's accounting procedures.

The Entity has an Accounting Policies Manual that aims to establish the accounting principles that govern the activity of ABANCA Corporación Bancaria, S.A. and the companies that make up the Grupo ABANCA Corporación Bancaria in the preparation of its financial statements. This document is updated annually by the General Audit and Accounting Directorate and approved by the Comprehensive Risk committee

Additionally, and completing the previous manual, different documents are available that form an accounting circuit, explaining the details of all the possible events through which the contract or operation may pass and describing the main characteristics of administrative operations, tax regulations and the criteria and accounting standards applied. The documentation corresponding to these accounting circuits is stored by the Directorate of General Intervention and Accounting, and is regularly updated by the Accounting and Accounting Control area.

F.4.2. Mechanisms for the capture and preparation of financial information with homogeneous formats, for application and use by all the units of the entity or group, that support the main financial statements and notes, as well as the information detailed on the SCIIF.

The Bank's systems are fully integrated and the registry of operations automatically triggers their accounting, as well as updating inventories.

Regulatory reporting is undertaken through the "Pyramid" tool. This was designed with the aim of facilitating a dynamic tool, which would enable them to capture the data from the different Financial Statements in a simple and rapid manner, meeting the requirements of the Bank of Spain with regard to the structure of the Reports, magnetic support, data validation, etc. The main functionalities of "Pyramid" are the following:

- Financial Statements Explorer.
- Financial Statements Viewer.
- File Generator.
- File Importer.
- Square Editor.
- Databases.
- Automatic generation and sending of information, XBRL format, Bank of Spain format (BECA), internal format (VAR).
- Shipping control consultation.
- Possible errors and solutions.
- Generation of a Bank of Spain format file of corrections to a previously sent statement.
- Tables out of program.

In order to prepare the consolidated information, all the Group companies have the SAP tool. The capture and preparation of the Group's financial information is therefore performed in homogeneous formats.

F.5 System performance monitoring

Report, noting its main characteristics, at least of:

F.5.1. The SCIIF supervision activities performed by the Audit Committee as well as whether the entity has an internal audit function that has among its competences that of supporting the committee in its work of supervising the internal control system, including the SCIIF. Similarly, the scope of the evaluation of the SCIIF carried out in the financial year and the procedure by which the person in charge of executing the evaluation communicates its results, if the entity has an action plan detailing any corrective measures, and if its impact on financial information has been considered.

Article 5 of the Regulations of the Audit and Compliance Committee of Abanca Corporación Bancaria, S.A., establishes that the functions of the Audit and Compliance Committee, in relation to the internal information and control systems and the internal audit function, include:

- Checking the adequacy and integrity of internal control systems and reviewing the appointment and replacement of those responsible;
- Understanding and supervising the process of preparation and presentation and the integrity of the mandatory financial information related to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application accounting criteria, presenting, where appropriate, recommendations or proposals to the Board, aimed at safeguarding its integrity;
- Supervising the effectiveness of the Company's internal control audit, and risk management systems, so that main risks are adequately identified, managed and disclosed, and discussing with the external auditor the significant weaknesses of the control system internal detected, where appropriate, in the development of the audit, all without violating its independence. To this end, and where appropriate, they may

submit recommendations or proposals to the Board and the respective deadline for their follow-up;

- Supervising and ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and removal of the Auditor General; proposing the Internal Audit Statute, proposing the orientation and annual work plan of the internal audit function, ensuring that its activity is focused mainly on the Company's relevant risks; proposing the budget and resource plan of the internal audit function, after evaluating the scope and resources of the function; receiving periodic information on its activities and on incidents that occur in its development; and verifying that senior management takes into account the conclusions and recommendations of their reports. On the other hand, the Auditor General shall have full access to the Audit and Compliance Committee, through its chairperson;
- Establishing and supervising a mechanism that allows employees to communicate, in a confidential manner, potential irregularities, especially financial and accounting, that are noticed within the company; and
- Reviewing the Company's accounts, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, as well as report proposals for modification of accounting principles and criteria suggested by management.

The Purpose and Mission of this unit are detailed within the Entity's Internal Audit Statute, approved by the Board of Directors:

- The purpose of the Internal Audit Department of ABANCA is to provide independent and objective assurance and consulting services designed to add value and improve the entity's operations. The mission of the internal audit is to enhance and protect the value of the organization by providing risk-based assurance, advice and analysis. The Internal Audit Department helps the entity meet its objectives by providing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The same audit statute defines that the Internal Audit evaluations include verifying that:

- The risks related to the achievement of the entity's strategic objectives are adequately identified and managed.
- The actions of the members of the entity comply with the policies, regulations and procedures of ABANCA.
- The results of operations or programmes are consistent with the established aims and objectives.
- Operations or programmes are being carried out effectively and efficiently.
- The risk of fraud and the possibility of its occurrence is properly managed by the entity.
- The established processes and systems allow compliance with the policies, procedures, laws and regulations that could significantly affect the entity.
- The information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity.

- Resources and assets are acquired economically, used efficiently, and adequately protected.

The Internal Audit function is authorized, with full autonomy, and independence in its actions, to have access to all the relevant information for the performance of its responsibilities.

Every year, the Internal Audit Department submits the activities plan for the year to the Audit and Compliance Committee for approval, periodically informing as to the degree of execution.

The committee may also, at any time, request from Internal Audit the performance of work not contemplated in the Plan.

At the meetings of the committee, Internal Audit reports the results of its work, and the monitoring of its requirements and recommendations, and may propose to the committee such additional actions as it deems appropriate.

F.5.2. If it has a discussion procedure by which the statutory auditor (in accordance with the provisions of the Technical Auditing Standards), the internal audit function and other experts can communicate to senior management and the Audit Committee or managers the entity's significant internal control weaknesses identified during the annual accounts review processes or those that have been entrusted to them. Similarly, it shall inform if it has an action plan that tries to correct or mitigate the observed weaknesses.

Article 12 of the Regulations of the Audit and Compliance Committee stipulates that, for the proper functioning of its operations, the Audit Committee, through its chairperson (notwithstanding the involvement of other members of the Committee), shall establish an effective communication channel and periodically with the main auditor responsible for the audit of accounts as defined by the LAC (where appropriate, the auditor or auditors of accounts designated by the respective audit firm as the main responsible party for the audit work).

Moreover, article 2, in its section 2.4, establishes as one of the roles of the committee "to serve as a communication channel between the Board of Directors and the external auditors, to evaluate the results of each audit and the management team's responses to the external auditor's recommendations and mediate in cases of discrepancies between the former and the latter in relation to the principles and criteria applicable in the preparation of the financial statements. Similarly, the Commission shall verify that senior management takes into account the recommendations of the external auditor; and in section 2.6, "ensure that the external auditor holds an annual meeting with the full Board of Directors to report on the work carried out and on the evolution of the Company's accounting and risk situation".

Internal Auditing shall collaborate with the supervisory bodies in all their tasks, and shall provide all information requested.

F.6 Other relevant information

F.7 External auditor's report

Report of:

F.7.1. If the SCIIF information submitted to the markets has been submitted for review by the external auditor, in which case the entity should include the respective report as an Annex. If not, it should report its reasons.

Article 540 of the Capital Company Act (whose consolidated text was approved by the Royal Legislative Decree 1/2010, of 2 July) regarding the dissemination and contents of the Annual Corporate Governance Report, has not established the obligation to obtain from the annual accounts auditor a review report on the description of the SCIIF.

It has not been considered necessary to request the respective report from the auditor for its review.

Next, in application of the Corporate Governance Excellence Plan approved by the Board of Directors and as good practice, the degree of compliance with the recommendations of the Code of Good Governance of listed companies shall be voluntarily indicated, since ABANCA Corporación Bancaria, S.A. is not a listed company.

DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

1. The bylaws of listed companies do not limit the maximum number of votes that a single shareholder can cast, nor do they contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

Meets requirements.

2. That when the parent company and a subsidiary company are listed both define publicly and precisely:

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with the other companies in the group.
- b) The mechanisms established to resolve any conflicts of interest that may arise.

N/A.

3. During the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairperson of the board of directors verbally informs the shareholders, in sufficient detail, of the most relevant aspects of the corporate governance of the company, and in particular:

- a) Of the changes that have occurred since the previous ordinary general meeting.
- c) Of the specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, of the alternative rules that apply in this matter.

Given that ABANCA Corporación Bancaria, S.A. is a non-listed company, this recommendation does not apply to it, notwithstanding the information that on corporate governance is transferred to the General Meeting and which the Chairperson of the Board of Directors regularly provides to the Bank's Governing Bodies when their sessions are held.

4. The company defines and promotes a policy of communication and contacts with shareholders, institutional investors and voting advisers that is fully respectful of the

rules against market abuse and treats shareholders who are in the same position in a similar manner.

The company makes this policy public through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible its execution.

ABANCA Corporación Bancaria, S.A. is not a listed company and therefore this recommendation does not apply to it. However, ABANCA has established communication channels with its shareholders and investors, this being its corporate website and the Investor Relations department. In this regard, these communication channels at all times respect the rules against market abuse and advocate transparency and do not permit market manipulation, insider dealing and the illicit communication of non-public information. The Entity performs periodic sectoral benchmarks and expands the contents of the website with the aim of increasing its level of excellence.

5. The board of directors does not submit to the general meeting a proposal for delegation of powers, to issue shares or convertible securities excluding the pre-emptive subscription right, for an amount greater than 20% of the capital at the time of the delegation.

When the board of directors approves any issue of shares or convertible securities with the exclusion of the pre-emptive subscription right, the company immediately publishes on its website the reports on the exclusion to which the commercial legislation refers.

Meets requirements.

6. Listed companies that prepare the reports listed below, either mandatorily or voluntarily, publish them on their website sufficiently in advance of the holding of the ordinary general meeting, although their dissemination is not mandatory:
 - a) Auditor independence report.
 - b) Operational reports of the audit and appointments and remuneration committees.
 - c) Report of the audit committee on related-party transactions.
 - d) Report on the corporate social responsibility policy.

Meets requirements.

7. The company transmits general shareholders' meetings live through its website.

ABANCA Corporación Bancaria, S.A. is not a listed company, so this recommendation does not apply to it. However, given the lack of interest expressed by the free float, it is not considered necessary to broadcast the meetings live, notwithstanding the publication on the corporate website of all the items on the Agenda with the number of shares in favour and against each item on the Agenda, as well as the percentage of representation of those shares, the number of abstentions, number of blank votes and the percentage of valid vote on the total share capital.

8. The audit committee ensures that the board of directors seeks to submit the accounts to the general shareholders' meeting without limitations or qualifications in the audit report and, in the exceptional cases in which there are qualifications, both the chairperson of the audit committee and the auditors clearly explain to the shareholders the content and scope of such limitations or qualifications.

Meets requirements.

9. The company permanently make public on its website the requirements and procedures that it will accept to prove the ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of the right to vote.

Such requirements and procedures favour the assistance and exercise of their rights to the shareholders and are applied in a non-discriminatory manner.

Meets requirements.

As it is not a listed company, ABANCA it is not subject to this recommendation. However, these aspects are included in the notice for each Meeting and in the attendance card that is sent as hard copy to all shareholders.

10. When any legitimate shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or to submit new proposed resolutions, the company:
 - a) Immediately disseminates such complementary points and new agreement proposals.
 - b) Makes the attendance card model or proxy form for voting or remote voting with the necessary modifications public so that the new items on the agenda and alternative proposals can be voted on in accordance with the same terms as those proposed by the board of directors.
 - c) Submits all those points or alternative proposals to a vote and apply the same voting rules as those formulated by the board of directors, including, in particular, presumptions or deductions about the outcome of the vote.
 - d) After the shareholders general meeting, the breakdown of the vote is notified concerning such complementary points or alternative proposals.

Meets requirements.

11. In the event that the company plans to pay attendance bonuses to the general shareholders' meeting, it establishes, in advance, a general policy on such bonuses and the policy is stable.

N/A.

12. The board of directors undertakes its functions with unity of purpose and independence of judgement, provides the same treatment for all shareholders who are in the same position and is guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximization of the economic value of the company.

In the pursuit of social interest, in addition to respecting laws and regulations and behaviour based on good faith, ethics and respect for usage and commonly accepted good practices, it seeks to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and those of the other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Meets requirements.

13. The board of directors is of the necessary size to achieve an effective and participatory operation, which makes it advisable to have between five and fifteen members.

Meets requirements.

14. The board of directors approves a policy for selecting directors that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the needs of the board of directors.
- c) Promotes diversity of knowledge, experiences and gender.

The result of the prior analysis of the needs of the board of directors is included in the supporting report of the appointments committee that is published when calling the general shareholders' meeting to which the ratification, appointment or re-election of each director is subject.

The director selection policy promotes the objective for the number of female directors to represent in 2020 at least 30% of the total members of the board of directors.

The appointment committee shall verify compliance with the director selection policy annually and report on it in the annual corporate governance report.

Meets requirements.

15. Proprietary and independent directors constitute a large majority of the board of directors and the number of executive directors is the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the company capital.

Meets requirements.

16. The percentage of proprietary directors over the total of non-executive directors is not greater than the proportion existing between the capital of the company represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large capitalization companies in which there are few shareholdings that are legally considered significant.
- b) In the case of companies in which there are a plurality of shareholders represented on the board of directors and have no links to each other.

Meets requirements.

17. The number of independent directors represents at least half of the total number of directors.

However, when the company is not highly capitalized or when, even if it is, it has a shareholder or several acting in concert, who control more than 30% of the share capital, the number of independent directors represents at least a third of the total of directors.

Meets requirements.

Although ABANCA has a controlling shareholder that holds a 77.76% of the share capital, and therefore recommendation 17 would be met, maintaining a third of independent directors, in the application of its wish to apply the best practices of Corporate Governance, it maintains a majority proportion of independent directors, with the proportion of proprietary director currently being 1 out of 9.

18. The companies make the following information about their directors public through their website, and keep it updated:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether or not they are listed companies, as well as other remunerated activities performed, whatever their nature.
- c) Indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have ties.
- d) Date of his first appointment as director in the company, as well as subsequent re-elections.
- e) Shares of the company, and options on them, of which they are holders.

ABANCA is not a listed company and therefore this recommendation does not apply to it. However, the Entity disseminates information about its directors on the corporate website in accordance with Circular 2/2016 of the Bank of Spain, as well as the member in the Annual Accounts report, and as an integral part of it in the Annual Corporate Governance Report.

19. The annual corporate governance report, after verification by the appointments committee, explains the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of capital are explained; and the reasons set out as to why, where appropriate, formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed have not been addressed.

Meets requirements.

20. The proprietary directors submit their resignation when the shareholder they represent fully transfers their shareholding. They should also do so, in their respective numbers, when the aforementioned shareholder reduces their shareholding to a level that requires the reduction of the number of their proprietary directors.

Meets requirements.

21. The board of directors does not propose the separation of any independent director before the expiration of the statutory period for which he or she has been appointed, except when there is just cause, as assessed by the board of directors following a report from the appointments committee. In particular, it will be understood that there is just cause when the director moves to new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties of the director, fails to perform the duties inherent to his/her position or is

involved in some of the circumstances causing his/her independent status to be lost, in accordance with the provisions of applicable law.

The separation of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate operations that imply a change in the capital structure of the company, when such changes in the structure of the board of directors are favoured by the criteria of proportionality indicated in recommendation 16.

Meets requirements.

22. Companies establish rules that oblige directors to report and, where appropriate, resign in cases that may harm the credit and reputation of the company and, in particular, require them to inform the board of directors of criminal cases in those that appear as defendants, as well as their subsequent procedural vicissitudes.

If a director is prosecuted or an order is opened against him/her for any of the crimes indicated in the company legislation, the board of directors examines the case as soon as possible and, in view of its specific circumstances, decides whether or not the director should continue in office. The board of directors should account for all of this, in a reasoned manner, in the annual corporate governance report.

Meets requirements.

23. All directors clearly express their opposition when they consider that any proposal for a decision submitted to the board of directors may be contrary to the corporate interest. The same should be done especially by the independent directors and other directors who are not affected by the potential conflict of interest, concerning decisions that may harm shareholders not represented on the board of directors.

When the board of directors adopts significant or repeated decisions regarding which the director has made serious reservations, the director draws the appropriate conclusions and, if he/she chooses to resign, explains the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even if he/she does not have the status of director.

Meets requirements.

24. When, whether by resignation or for any other reason, a director ceases to be in office before the end of his/her term, he explains the reasons in a letter that shall be sent to all members of the board of directors. Notwithstanding the fact that the removal is reported as a relevant fact, the reason for the removal is stated in the annual corporate governance report.

Meets requirements.

25. The appointments committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

The board regulations establish the maximum number of company boards of which its directors can be members.

Meets requirements.

The limitation of positions is stipulated in the Policy for the Selection and Continuous Evaluation of the Conditions of Suitability and Qualification of Directors approved by the Board of Directors, which regulates in its point Four.3 the limitation of positions in accordance with the provisions of the LOSSEC. Similarly, the Regulations of the Board of Directors refer in its article 18.4 to the applicable regulations regarding, among other issues, the ability to dedicate enough time to perform the corresponding functions.

26. The board of directors meets as often as necessary to effectively carry out its functions and, at least, eight times a year, following the schedule of dates and matters established at the beginning of the year. Each director is able to individually propose other points on the agenda not stipulated initially.

Meets requirements.

27. The absences of the directors are reduced to the essential cases and quantified in the annual corporate governance report. When they must occur, representation is granted with instructions.

Meets requirements.

28. When the directors or the secretary express concern about a proposal or, in the case of the directors, about the progress of the company and such concerns are not resolved by the board of directors, at the request of the person who expressed them, this is recorded in the minutes.

Meets requirements.

29. The company establishes the appropriate channels so that the directors can obtain the precise advice for the performing of their functions, including, if circumstances so require, external advice charged to the company.

Meets requirements.

30. Regardless of the knowledge required of directors for the exercise of their functions, companies also offer directors knowledge update programmes when circumstances so warrant.

Meets requirements.

31. The agenda of the sessions clearly indicate those points on which the board of directors must adopt a decision or agreement in order that the directors can study or obtain, in advance, the information required for their adoption.

When, exceptionally, for reasons of urgency, the chairperson wishes to submit to the approval of the board of directors decisions or agreements that do not appear on the agenda, the prior and express consent of the majority of the directors present shall be required, with due record being noted in the minutes.

Meets requirements.

32. The directors are periodically informed of the movements in the shareholders and of the opinion that the significant shareholders, investors and rating agencies have about the company and its group.

Meets requirements.

33. The chairperson, as responsible for the effective operation of the board of directors, in addition to exercising the functions that are legally and statutorily attributed, prepare and submit to the board of directors a schedule of dates and matters to be discussed; organize and coordinate the periodic evaluation of the board, as well as, where appropriate, that of the company's chief executive; are responsible for the direction of the Board and the effectiveness of its operation; ensure that sufficient discussion time is devoted to strategic issues, and agree and review the knowledge update programmes for each director, when circumstances warrant.

Meets requirements.

34. When there is a coordinating director, the statutes or the regulations of the board of directors, in addition to the powers which he/she legally exercises, confers upon him/her the following: chairing the board of directors in the absence of the chairperson and deputy chairpersons, if any; echoing the concerns of non-executive directors; maintaining contacts with investors and shareholders in order to ascertain their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinating the chairperson's succession plan.

N/A.

35. The secretary of the board of directors takes special care to ensure that in its actions and decisions, the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Meets requirements.

36. The full board of directors evaluate once a year and adopt, where appropriate, an action plan that corrects the deficiencies detected regarding:

a) The quality and efficiency of the operation of the board of directors.

b) The operation and composition of its committees.

c) Diversity in the composition and powers of the board of directors.

d) The performance of the chairperson of the board of directors and the chief executive of the company.

e) The performance and contribution of each director, paying special attention to those responsible for the different board committees.

In order to carry out the evaluation of the different committees and the board of directors, the report that the committees submit to the board of directors shall be based on the report from the appointments committee.

Every three years, the board of directors shall be assisted in carrying out the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintain with the company or any company in its group must be disclosed in the annual corporate governance report.

The process and the areas evaluated shall be described in the annual corporate governance report.

Meets requirements.

37. When there is an executive committee, the participation structure of the different categories of directors is similar to that of the board of directors and its secretary is that of the latter.

N/A.

38. The board of directors is always aware of the matters discussed and the decisions adopted by the executive committee and all members of the board of directors receive a copy of the minutes of the sessions of the executive committee.

N/A.

39. The members of the audit committee, and especially its chairperson, are appointed on the basis of their knowledge and experience in accounting, auditing or risk management, and the majority of those members are independent directors.

Meets requirements.

40. Under the supervision of the audit committee, there is a unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems and functionally reports to the non-executive chairperson of the board or of the audit committee.

Meets requirements.

41. The head of the unit that assumes the internal audit function submits the annual work plan to the audit committee, reports directly on incidents that occur in its development and submits an activity report at the end of each financial year.

Meets requirements.

42. In addition to those stipulated by law, the following functions correspond to the audit committee:

1. In relation to information systems and internal control:

- a) Supervise the preparation process and the integrity of the financial information related to the company and, where appropriate, to the group, reviewing compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the budget for that service; approve the orientation and its work plans, ensuring that its activity is focused mainly on the relevant risks of the company; receive periodic information about their activities; and verify that senior management takes into account the conclusions and recommendations of their reports.
- c) Establish and supervise a mechanism that allows employees to communicate, confidentially and, if possible and considered appropriate, anonymously, the irregularities of potential significance, especially financial and accounting, that they notice within the company.

2. In relation to the external auditor:

- a) In the event of resignation of the external auditor, examine the circumstances that would have motivated this.
- b) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.
- c) Supervise that the company communicates as a relevant fact to the CNMV the change of auditor and accompany this with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.
- d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to inform it about the work undertaken and the evolution of the accounting and risk situation of the Company.
- e) Ensure that the company and the external auditor respect the current regulations on the provision of services other than auditing, the limits to the concentration of the auditor's business and, in general, the other regulations on the independence of the auditors.

Meets requirements.

43. The audit committee may convene any employee or manager of the company, and even order that they appear without the presence of any other manager.

Meets requirements.

44. The audit committee is informed about the structural and corporate modification operations that the company plans to carry out for its analysis and prior report to the board of directors on its economic conditions and its accounting impact and, especially, where appropriate, on the equation of proposed exchange.

Meets requirements.

45. The risk control and management policy identifies at least:

- a) The different types of risks, financial and non-financial (amongst others operational, technological, legal, social, environmental, political and reputational) faced by the company, including financial or economic risks, contingent liabilities and other risks out of balance.
- b) The setting of the level of risk that the company considers acceptable.
- c) The measures envisaged to mitigate the impact of the risks identified, should they materialize.
- d) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Meets requirements.

46. Under the direct supervision of the audit committee or, where appropriate, a specialized committee of the board of directors, there is an internal risk control and management function exercised by an internal unit or department of the company that has expressly the following functions:
- a) Ensure the proper functioning of risk control and management systems and, in particular, that all significant risks affecting the company are identified, managed, and adequately quantified.
 - b) Actively participate in the elaboration of the risk strategy and in the important decisions about its management.
 - c) Ensure that risk control and management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

Meets requirements.

47. The members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - are appointed by ensuring that they have the knowledge, skills and experience appropriate to the functions they are called to perform and the majority of such members are independent directors.

Meets requirements.

48. Large capitalization companies have an appointments committee and a separate remuneration committee.

Meets requirements.

49. The appointments committee consults the chairperson of the board of directors and the chief executive of the company, especially when dealing with matters relating to executive directors.

Any director may request the appointments committee to take into consideration, in case he/she finds them suitable in his/her opinion, potential candidates to fill director vacancies.

Meets requirements.

50. The remuneration committee exercises its functions independently and that, in addition to the functions attributed to it by law, the following correspond to it:

- a) Propose to the board of directors the basic conditions of the contracts of senior managers.
- b) Check the observance of the remuneration policy established by the company.
- c) Periodically review the remuneration policy applied to directors and senior managers, including the share remuneration systems and their application, as well as guarantee that their individual remuneration is proportionate to that paid to the other directors and senior managers of the company.
- d) Ensure that eventual conflicts of interest do not harm the independence of the external advice stipulated to the committee.
- e) Verify the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Meets requirements.

51. The remuneration committee consults the chairperson and the chief executive of the company, especially when dealing with matters relating to executive directors and senior managers.

Meets requirements.

52. The rules of composition and operation of the supervisory and control committees appear in the regulations of the board of directors and are consistent with those applicable to legally binding committees in accordance with the above recommendations, including:

- a) They comprise exclusively non-executive directors, with a majority of independent directors.
- b) Their chairpersons are independent directors.
- c) The board of directors appoint the members of these committees by taking into account the knowledge, skills and experience of the directors and the tasks of each committee, deliberate on their proposals and reports; and are accountable, at the first plenary session of the board of directors after its meetings, for its activity and for work undertaken.
- d) The committees may seek external advice when they consider this necessary for the performance of their functions.
- e) Minutes of their meetings are drawn up and made available to all independent directors.

Meets requirements.

53. Supervision of compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy is attributed to one committee or is distributed amongst several committees of the board of directors, which may be the audit committee, the appointments committee, the corporate social responsibility committee, if it exists, or a specialized committee that the board of directors, in exercise of its powers of self-organization, decides to create for this purpose, to which the following minimum functions are specifically attributed:
- a) Supervision of compliance with the internal codes of conduct and the corporate governance rules of the company.
 - b) The supervision of the communication and relationship strategy with shareholders and investors, including small and medium shareholders.
 - c) The periodic evaluation of the adequacy of the company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining interest groups.
 - d) The revision of the corporate responsibility policy of the company, ensuring that it is aimed at creating value.
 - e) The monitoring of corporate social responsibility strategy and practices and the evaluation of their degree of compliance.
 - f) The supervision and evaluation of the relationship processes with the different stakeholders.
 - g) The evaluation of everything related to the non-financial risks of the company - including operational, technological, legal, social, environmental, political and reputational risks.
 - h) Coordination of the reporting process for non-financial and diversity information, in accordance with applicable regulations and international reference standards.

Meets requirements.

54. The corporate social responsibility policy includes the principles or commitments that the company voluntarily assumes in its relationship with the different interest groups and identifies at least:
- a) The objectives of the corporate social responsibility policy and the development of support instruments.
 - b) The corporate strategy related to sustainability, the environment and social issues.

- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, financial responsibility, respect for human rights and prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the specific practices indicated in the previous section, the associated risks and their management.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that prevent information manipulation and protect integrity and honour.

Meets requirements.

In this context, ABANCA, in accordance with Law 11/2018, of 28 December, incorporates the Non-Financial Information Statement in the 2019 ABANCA Corporate and Social Responsibility Report, verified by KPMG Asesores, S.L. according to ISAE 3000 standard and with the new wording given by Law 11/2018 to article 49 of the Commercial Code, which accompanies the Consolidated Annual Accounts corresponding to the 2019 financial year.

The guide has been used to calculate the key indicators of non-financial results included in this Non-Financial Information Statement GRI (Global Reporting Initiative), international reporting framework, and which is provided in the new article 49.6 e) of the Commercial Code introduced by the aforementioned law 11/2018.

- 55. The company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using for this purpose any of the internationally accepted methodologies.

Meets requirements.

- 56. The remuneration of the directors is that necessary to attract and retain the directors of the desired profile and to remunerate the dedication, qualification and responsibility that the position requires, but not so high as to compromise the independence of criteria of the non-executive directors.

Meets requirements.

- 57. Variable remuneration linked to company performance and personal performance, as well as remuneration through the delivery of shares, options or rights on shares or instruments referenced to the value of the share and long-term savings systems, such as pension plans, retirement systems or other social security systems, are limited to executive directors.

The delivery of shares may be considered as remuneration to non-executive directors when it is conditional upon them holding them until they cease to be directors. The

foregoing shall not apply to the shares that the director needs to dispose of, where appropriate, in order to satisfy the costs related to their acquisition.

Meets requirements.

58. In the case of variable remuneration, the remuneration policies incorporate the limits and technical precautions required to ensure that such remuneration is related to the professional performance of its beneficiaries and does not only arise from the general evolution of the markets or the company activity sector or other similar circumstances.

In particular, the variable components of remuneration:

- a) Are linked to performance criteria that are predetermined and measurable and such criteria consider the risk assumed in order to obtain a result.
- b) Promote the sustainability of the company and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.
- c) They are configured on the basis of a balance between the fulfilment of short, medium and long-term objectives, which allow remunerating performance for continued performance for a period of time sufficient to appreciate its contribution to the sustainable creation of value, in order that the elements of measurement of that performance do not revolve solely around specific, occasional or extraordinary events.

Meets requirements.

59. The payment of a relevant part of the variable components of the remuneration is deferred for a minimum period of time sufficient to verify that the previously established performance conditions have been met.

Meets requirements.

60. The remuneration related to the results of the company take into account the possible qualifications that appear in the external auditor's report and reduce those results.

Meets requirements.

61. A relevant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Meets requirements.

62. Once the shares or the options or rights over shares corresponding to the remuneration systems have been attributed, the directors cannot transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration, nor can they exercise the options or rights until after a term of at least three years from its attribution.

The foregoing shall not apply to the shares that the director needs to dispose of, where appropriate, in order to satisfy the costs related to their acquisition.

ABANCA is not a listed company and, therefore, this recommendation is not applicable to it. Furthermore, it is also subject to the reinforced remuneration regime of significant credit institutions included in the Single Supervisory Mechanism of the European Central Bank. Notwithstanding the foregoing, the Bank includes the delivery of company shares as part of variable remuneration even though it is not a listed company.

63. The contractual agreements include a clause that allows the company to claim the reimbursement of the variable components of the remuneration when the payment has not been adjusted to the performance conditions or when they have been paid based on data whose inaccuracy is subsequently proven.

Meets requirements.

64. The payments for termination of the contract do not exceed an established amount equivalent to two years of the total annual remuneration and are not paid until the company has been able to verify that the director has complied with the previously established performance criteria.

Meets requirements.

This annual corporate governance report has been approved by the entity's board or administrative body, in its session dated 16/03/2020.

Indicate the directors or members of the administrative body who have voted against or abstained in relation to the approval of this Report.

ABANCA is not a listed company, although in application of the Corporate Governance Excellence Plan approved by the Board of Directors in July 2017, and as a best practice, the degree of compliance with the recommendations of the Code of Good Governance of listed companies has been voluntarily indicated.

The degree of total or partial follow-up of the recommendations that can be applied in ABANCA, even though it is not a listed company, amounts to 96.5%.