



**Annual
Corporate
Governance
Report
2021**

bankinter.

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Circular 2/2018 of the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, or "CNMV"), governing the information contained in the annual corporate governance reports required of listed companies, now allows listed companies to draw up and file their report in a free format. Circular 3/2021 of 28 September Spanish National Securities Market Commission amending Circular 5/2013 of 12 June modified the templates for the annual corporate governance report for listed public limited companies, savings banks and other entities that issue securities admitted to trading on official markets to adapt them to the amendments introduced by Law 5/2021 of 12 April to the consolidated text of the Spanish Companies Act (texto refundido de la Ley de Sociedades de Capital) approved by Royal Decree 1/2010 of 2 July and other financial regulations, with regards to the encouragement of long-term shareholder engagement in listed companies.

According to that Circular, Bankinter's board of directors, on the recommendation of its appointments, sustainability and corporate governance committee, has decided to use the free format, as it did in previous years, accompanied by an annex applying the statistical model from the annual corporate governance report, which includes the "Degree of compliance with the recommendations of the Good Governance Code". A table of cross references is included indicating where the information for each section of the standardised format defined in the Circular can be found in this report.

The aim is to provide, in a single report, a comprehensive view of corporate governance practices in Bankinter Group in general and in its parent,

Bankinter, S.A., in particular. It adopts a more streamlined and organised structure, while still broadly following the standardised format required of reporting companies, thus ensuring the highest degree of transparency.

1. IMPROVEMENTS IN CORPORATE GOVERNANCE AT BANKINTER GROUP IN 2021

Bankinter has traditionally been known as an organisation with a strong commitment to sustainability; i.e. responsible performance in all its areas of its operations. In the area of internal governance, this implies a robust corporate governance model underpinned by a board and board committees with the right size and composition to ensure diversity and effectiveness; sound internal decision-making processes; and a clear corporate structure, with well-defined lines of responsibility to guarantee that risks are properly identified, assessed and managed.

Under the board's leadership and oversight, this model helps achieve the core objective of long-term value creation for all stakeholders: shareholders, customers, employees, etc., and the environment and society in general.

Some of the new features and improvements made in 2021 are discussed below, although more detailed descriptions are provided in later sections of this report.

1.1 Changes in the composition and the effectiveness of the governing bodies

In 2021, Bankinter continued to strengthen the composition and effectiveness of the board of directors and board committees, as described below:

Board of directors:

The main changes in the board of directors in 2021 were as follows:

- Cristina García-Peri was appointed independent director (with 99.012% of votes in favour) in replacement of Rafael Mateu de Ros Cerezo, who stepped down from his position after completing the maximum 12-year term of office as independent director without being proposed for re-election at the Annual General Meeting held in April 2021.

In the appointment of Ms. García-Peri as candidate, the board highlighted her "*vast experience in the new and emerging area of ESG goals, which is of particular relevance for stakeholders, and her active role in several international corporate social responsibility forums, which would help Bankinter anticipate trends and guidelines in this area.*"

Therefore, a total of 11 directors now sit on the board of directors, distributed among the following categories:

- six (6) independent external directors;
- two (2) executive directors;

- two (2) external proprietary directors; and
- one (1) other external director.

Therefore, the board of directors still has both the necessary size to favour its efficient operation, participation by all the directors and agility in decision-making, and a structure that reflects the existing proportion between the capital of the company, represented by proprietary directors, and the rest of the capital, by having 54% independent directors. Bankinter adheres to national and international best practices and recommendations.

With regard to gender diversity, Bankinter reached the goal of 30% representation on the board of directors for the least represented gender in 2015. Nevertheless, in all the selection processes for new members, the board followed objective criteria free from any restraints or biases that could limit the access of women to board positions.

Following the amendment of recommendation 15 of the Good Governance Code of Listed Companies in 2020, and considering the size of Bankinter's board of directors, the board of directors, on the recommendation of the appointments, sustainability and corporate governance committee, agreed on a new target for the representation for women (currently the least represented gender) on the board of 40% to be reached by the end of 2022, in line with the aforementioned recommendation. Female directors currently represent 45.5% of the total members of the board, with four independent external female directors and one female executive director, who is also the chief executive. This marks compliance with another target by Bankinter before the deadline.

Moreover, as regards diversity, the members of Bankinter's board of directors overall possess sufficient and appropriate knowledge and experience to cover all the areas necessary for running the entity's operations, including: a) the business and the key related risks; b) each of the material lines of business; c) the relevant areas of industry/financial expertise, including financial and capital markets, solvency and modelling; d) accounting and financial reporting; e) risk management, compliance and internal audit; f) information technology and security; g) local and regional markets; h) legal and regulatory environment; i) management skills and leadership experience; and j) strategic planning capability.

As a result, the current composition of Bankinter's board of directors fully complies with the diversity targets established by the board regarding national and international knowledge and experience, gender and age.

Board committees:

Bankinter's board committees underwent considerable changes in both composition and the distribution of their advisory powers in 2021.

- **Remit**

Firstly, the risk committee was attributed to remit until then of the audit committee regarding the compliance function. This amendment arose from unification, at the end of December 2020, of the second lines of defence in the new Corporate Control and Compliance division, integrated into the Bank's organisation through the Risk division in line with best practices in

compliance. Accordingly, the risk committee changed its name to the risk and compliance committee. It also took on a more holistic view of the risks arising from the operations of the Bank and Group companies, without prejudice to the competences still attributed to the audit committee. This was included in the committee's rules and regulations, thereby completing the internal regulations of the board committees after approval of the rules and regulations of the audit committee in 2019 and of the rules and regulations of the remuneration committee and of the appointments, sustainability and corporate governance committee in 2020.

Secondly, given the importance Bankinter attaches to environmental, social and governance (ESG) goals, as set out in its strategic sustainability plan, which entails 17 strategic lines of action divided into the three ESG dimensions, the monitoring and oversight function of the relevant committee was strengthened. It is now called the appointments, sustainability and corporate governance committee. Bankinter decided to keep the same number of committees, but reinforce the monitoring role of this committee, while ensuring its composition is aligned with this priority, as explained below.

- **Composition**

Regarding the composition of committees, the board of directors made changes in 2021 with the aim of establishing a more even number of members across all the committees, enriching their diversity of knowledge and experience, maximising where possible the analysis and critical judgement they exercise in the matters submitted to them, and increasing or maintaining the ratio of independents.

Changes to the composition of committees in 2021 were as follows:

1.2 Other priorities and objectives accomplished in relation to corporate governance in 2021

- **Annual General Meeting.**

The Annual General Meeting was held remotely for the second year in a row and amendments were made to the corporate by-laws and the rules and regulations of the Annual General Meeting.

In 2021, in view of how health crisis caused by COVID-19 was unfolding, the board of directors decided that Bankinter's Annual General Meeting would be held exclusively through remote means.

The health and social crisis caused by COVID-19 illustrated the importance and effectiveness of remote means of communication, whether to purchase products or services, carry out financial transactions, exercise rights, receive training or simply to interact with other people. Corporate regulations were also impacted, such that the temporary regulations adopted in 2020 to cope with the consequences of the pandemic, which as an exception allowed the general meetings to be held exclusively through remote means in both 2020 and 2021, are now permanent. Prevailing legislation now allows general meetings to be held exclusively through remote means.

Committee	Director	Additions		Overall experience and knowledge contributed by new members
		Function within the committee	Date of board resolution approving the appointment	
Appointments, sustainability and corporate governance committee	Cristina García-Peri Álvarez	Chair	21.04.2021	Banking, finance, sustainability, human resources, digitalisation
Executive committee	Fernando José Francés Pons	Member	21.04.2021	
Risk and compliance committee	Cristina García-Peri Álvarez	Member	20.10.2021	
Audit committee	Fernando José Francés Pons	Member	20.10.2021	

To do so, Bankinter needed to amend the corporate by-laws to allow meetings to be held exclusively through remote means. This possibility gives the Bank greater flexibility, which can be very useful when it is advisable that these meetings take place in remote format, without depending on the adoption of exceptional legislative measures.

As a result, at the Annual General Meeting held on 21 April 2021, approval was given to amend the corporate by-laws and the rules and regulations of the Annual General Meeting accordingly to regulate the possibility of

holding meetings exclusively through remote means, making the necessary provisions to guarantee that shareholders can attend and effectively exercise of all their rights at meetings called and held using this format.

In 2022, the board of directors decided to call the meeting and implement a system of physical attendance and the option of remote attendance by any shareholders wishing to attend this way, thereby facilitating their participation at all times.

- **Fluid dialogue with investors and proxy advisors. Communication and engagement policies.**

Bankinter, in a bid to further the corporate interest and consider the legitimate interests of shareholders, investors and other stakeholders, has a policy for communication with shareholders, institutional investors and proxy advisers, according to which it implements a communication and engagement strategy, receiving feedback on their priorities and criteria regarding, e.g. matters related to the Entity's corporate governance.

- **Reinforcement of the Group's internal governance model**

Internal rules and regulations are a pillar of Bankinter's robust corporate governance system. They comprise frameworks, policies and procedures that govern the various areas of its corporate life and activity in accordance with applicable external regulations and best practices. In 2021, this regulatory pyramid was articulated in the Bankinter Group corporate

governance policy. This ensures that the internal rules and regulations have a coherent and efficient structure at all times, with clear and well-defined scopes of application and powers of proposal, approval and monitoring, thereby facilitating the board's oversight function.

In terms of strengthening the internal governance model, the Corporate Control and Compliance function was set up in 2021, bringing together the so-called second lines of defence in the areas of risk, financial control, regulatory compliance and anti-money laundering and terrorist financing. The Corporate Control and Compliance division performs the function, reporting directly to the risk and compliance committee. It is integrated into the Entity's general organisation through the Risk division. By creating this corporate function, Bankinter stepped up its commitment to the proper performance of all the Group's activities. This objective requires second-line controls, without ignoring the need for streamlining and full coordination across all activities to avoid overlaps while providing a comprehensive and cross-cutting view of the main components of operational risk.

Meanwhile, as regards relations with its subsidiaries, Bankinter has a sound approach for coordinating its internal governance systems. According to the Bankinter Group corporate governance policy, the board of directors shall establish the appropriate guidelines to ensure information is exchanged as required for the strategic coordination of the activities carried out by the various Group companies, without undermining their individual independent decision-making authority and the legal requirements imposed on their directors and on the Bank by law and

deriving from the corporate governance system, in the interests of the companies comprising the Group.

Under this framework, Bankinter made progress in 2021 adapting the internal corporate governance rules and regulations of subsidiaries to the general policies approved for the Group. This guarantees uniformity in the application of the Group's corporate governance principles, while respecting the unique features of their respective areas of operation and the principle of proportionality.

Lastly, under the corporate governance policy, Bankinter, S.A.'s board committees continued to play an important role in coordinating and overseeing Bankinter Group companies on those matters that fall within their remits, helping to maintaining transparency and simplicity within the Group's organisation.

Bankinter, S.A.'s board committees are called upon to carry out supervisory work at Group companies that do not have their own committees due to their relatively small size or composition, but still require supervision on matters that fall within the committees' remits. This is the case of the functions exercised by the remuneration committee and the appointments, sustainability and corporate governance committee of Bankinter's parent company with regard to Bankinter Luxembourg, Bankinter Asset Management and the companies comprising the Consumer Group, of which Bankinter Consumer Finance is the parent.

The duties performed by each of these committees for the Group in 2021 will be detailed in the committees' activity reports, which will be made available to shareholders in the information prior to the General Meeting.

- **Evaluation of the board and its committees:**

The board of directors carried out its 2021 annual evaluation internally, since the 2019 evaluation was carried out by an external expert. This report contains a specific chapter on the evaluation of the board and its committees, explaining their objectives and the subjective scope of the evaluation and its results. The evaluation did not uncover any shortcomings requiring approval of an action plan by the board of directors to address them, although it did identify some areas of improvement so the Entity's governing bodies could operate more efficiently.

1.3 Priorities for 2022

Priorities in the ongoing improvement of Bankinter's internal governance system in 2022 include: monitoring the sustainability strategy and achievement of ESG goals, stakeholder engagement and the continuous alignment of Group policies with any best practices identified at any given time. The overall aim is to continue preserving the Bank's and the Group's long-term sustainability. Efforts will also continue to foster cooperation and coordination of the board committees to ensure that sustainability-related threats and opportunities are identified and managed, and that appropriate control procedures are in place.

2. OWNERSHIP STRUCTURE

2.1 Share capital

At year-end 2021, the share capital of Bankinter, S.A. amounted to 269,659,846.20 euros, represented by 898,866,154 fully subscribed and paid up shares of 0.30 euros par value each. All the shares are represented by book entries. They are listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish continuous market. All shares carry the same rights.

Bankinter made no changes to its share capital in 2021.

Bankinter has not issued securities that are not traded on a regulated EU market.

Bankinter is not subject to any restrictions on the transfer of shares and/or voting rights and, in particular, restrictions that might inhibit a takeover of the company through acquisition of its shares on the market.

The Annual General Meeting has adopted no measures to neutralise a takeover bid pursuant to the provisions of Act 6/2007, on takeover bids and issuer transparency.

Bankinter's corporate by-laws do not envision any loyalty shares. Therefore, no shares confer double voting rights to their holders.

Bankinter had 58,632 shareholders at 31 December 2021. The following table shows the distribution of shareholders by number of shares held and residency status.

31/12/2021				
Shareholder structure by number of shares	No. of shareholders	%	No. of shares	%
From 1 to 100 shares	15,379	26.23	249,056	0.03
From 101 to 1,000 shares	19,525	33.30	9,850,410	1.10
From 1,001 to 10,000 shares	20,038	34.18	66,531,895	7.40
From 10,001 to 100,000 shares	3,404	5.81	80,386,191	8.94
More than 100,000 shares	286	0.49	741,848,602	82.53
Total	58,632		898,866,154	
Summary by type of shareholder	No. of shareholders	%	No. of shares	%
Residents	57,809	98.60	492,608,072	54.80
Non-residents	823	1.40	406,258,082	45.20
Total	58,632		898,866,154	

2.2 Authorisation to increase capital

Approval was given at the Annual General Meeting held on 21 March 2019 to delegate to the board of directors the power to increase capital on one or more occasions up to the maximum amount of 50% of the Bank's share capital at the time of the approval. However, this threshold is reduced 10% of the Bank's share capital at the time of the approval of the delegation for share capital increases with an exclusion or

disapplication of pre-emptive subscription rights, in addition to other situations, as explained below.

The capital increases that the board approves under this delegation of powers must be settled in the form of monetary contributions and within the maximum time frame of five years running from the resolution adopted at the Annual General Meeting. Pursuant to article 286 of the Spanish Companies Act, directors must draw up a written report justifying any proposal to amend the corporate by-laws.

Therefore, the Company considers that this delegation of powers is an appropriate and flexible mechanism enabling it to swiftly and efficiently meet its financing, growth or own funds requirements at any given time, or to seize any related opportunities, in response to prevailing market conditions, business performance, growth at the Company, earnings, or the need to meet capital adequacy requirements.

Share capital and share premium rank among the highest level instruments of all those that can make up an entity's regulatory capital, and can be used to meet any capital adequacy requirement. Prevailing regulations on capital adequacy and own funds applicable to credit institutions, including Bankinter, stipulate that such institutions must possess various capital instruments that enable them to cover the categories of regulatory capital that make up their own funds requirement. Accordingly, institutions must have a wide range of instruments at their disposal, enabling them to effectively capitalise on

any opportunities that may arise when complying with capital adequacy and own funds requirements.

To ensure that capital increases are as efficient as possible, it is often important to act swiftly and to be able to obtain an immediate inflow of funds by choosing from whom the capital will be raised. This may require the board to disapply the pre-emptive subscription right if this proves to be in the Company's best interests and the board of directors therefore considers this to be an overriding objective. As evidenced by previous share capital transactions carried out in the market, rapid decision-making is often extremely important, with the shortest possible delay between decision and action, as this is key to successfully increasing and raising capital in the market.

If this delegation of powers entails disapplying or removing the pre-emptive subscription right, the nominal amount of the capital increases agreed upon by the board by virtue of these delegated powers may not exceed the maximum nominal amount, in cumulative terms, of 10% of the Bank's share capital at the time the delegation of powers is approved, rather than 50% of share capital, which will remain the general limit when the pre-emptive subscription right is not disappplied. This lower ceiling is in line with international standards and recommended good practices and is there to protect the interests of shareholders, which is particularly important in this case as the Company has always had a highly stable shareholding structure and been able to rely on the full support of its shareholders when growing the business.

This 10% limit shall also extend to capital increases carried out under the terms of the resolution carried at the 2019 Annual General Meeting (or under the terms of any other resolution on the matter carried by the Annual General Meeting) in order to meet the conversion of convertible bonds that are issued with the pre-emptive subscription right disapplied.

In the same resolution by the Annual General Meeting, the board of directors was granted authority to delegate such power. According to article 249 of the Spanish Companies Act, it may delegate all or some of powers delegated to it by the Annual General Meeting regarding resolutions to the executive committee.

2.3 Significant shareholders

The following table shows the direct and indirect significant shareholders of Bankinter, S.A., including board members (who hold significant shares directly or indirectly and are as shown in the following point of this report) at 31 December 2021. This information is based on the notifications related to Bankinter's voting rights and financial instruments sent to the Company and the CNMV by the persons concerned. As explained previously, Bankinter's corporate by-laws do not envision any loyalty shares. Therefore, no shares confer double voting rights to their holders.

Name or company name of shareholder	% of voting rights attached to the shares			% of voting rights through financial instruments			% of total voting rights
	Direct	Indirect		Direct	Indirect		
		Name or company name of direct shareholder	% of voting rights		Name or company name of direct shareholder	% of voting rights	
CARTIVAL, S.A. <i>(board member)</i>	23.19	0	0	0	0	0	23.19
FERNANDO MASAVEU HERRERO <i>(board member)</i>	0.08	Corporación Masaveu, S.A.	5	0	0	0	5.29
		OTHER COMPANY SHAREHOLDERS	0.21	0	0	0	
LAZARD ASSET MANAGEMENT INC.	0	OTHER COMPANY SHAREHOLDERS	3.03	0	0	0	3.03
BLACKROCK INC.	0	OTHER COMPANY SHAREHOLDERS	2.88	0	OTHER COMPANY SHAREHOLDERS	0,13	3.01
FIDELITY INTERNATIONAL LIMITED	0	OTHER COMPANY SHAREHOLDERS	2.03	0	0	0	2.03
INVESCO LTD.	0	OTHER COMPANY SHAREHOLDERS	1	0	OTHER COMPANY SHAREHOLDERS	0,06	1.06

Most significant changes in the shareholder structure during the year:

Name or company name of shareholder	Transaction date	Description of the transaction
MILLENNIUM PARTNERS L.P.	18.02.2021	Fell below 1%
INVESCO LTD.	24.03.2021	Exceeded 1%
BLACKROCK INC.	02.06.2021	Fell below 3%
MILLENNIUM PARTNERS L.P.	03.06.2021	Exceeded 1%
DWS INVESTMENT GMBH	09.06.2021	Exceeded 3%
DWS INVESTMENT GMBH	10.06.2021	Fell below 3%
BLACKROCK INC.	16.06.2021	Exceeded 3%
DWS INVESTMENT GMBH	16.06.2021	Exceeded 3%
BLACKROCK INC.	28.06.2021	Fell below 3%
BLACKROCK INC.	29.06.2021	Exceeded 3%
BLACKROCK INC.	01.07.2021	Fell below 3%
DWS INVESTMENT GMBH	08.07.2021	Fell below 3%
DWS INVESTMENT GMBH	09.07.2021	Exceeded 3%
DWS INVESTMENT GMBH	20.07.2021	Fell below 3%
FIDELITY INTERNATIONAL LIMITED	20.07.2021	Exceeded 1%
DWS INVESTMENT GMBH	21.07.2021	Exceeded 3%
DWS INVESTMENT GMBH	22.07.2021	Fell below 3%
DWS INVESTMENT GMBH	23.07.2021	Exceeded 3%
BLACKROCK INC.	26.07.2021	Exceeded 3%
DWS INVESTMENT GMBH	26.07.2021	Fell below 3%
MILLENNIUM PARTNERS L.P.	16.08.2021	Fell below 1%
DWS INVESTMENT GMBH	18.08.2021	Exceeded 3%

DWS INVESTMENT GMBH	23.08.2021	Fell below 3%
DWS INVESTMENT GMBH	24.08.2021	Exceeded 3%
BLACKROCK INC.	26.08.2021	Fell below 3%
DWS INVESTMENT GMBH	26.08.2021	Fell below 3%
BLACKROCK INC.	31.08.2021	Exceeded 3%
DWS INVESTMENT GMBH	08.09.2021	Exceeded 3%
DWS INVESTMENT GMBH	13.09.2021	Fell below 3%
DWS INVESTMENT GMBH	14.09.2021	Exceeded 3%
DWS INVESTMENT GMBH	16.09.2021	Fell below 3%
BLACKROCK INC.	17.09.2021	Fell below 3%
DWS INVESTMENT GMBH	20.09.2021	Exceeded 3%
DWS INVESTMENT GMBH	21.09.2021	Fell below 3%
BLACKROCK INC.	23.09.2021	Exceeded 3%
MILLENNIUM PARTNERS L.P.	29.09.2021	Exceeded 1%
INVESCO LTD.	06.10.2021	Exceeded 1%
MILLENNIUM PARTNERS L.P.	21.10.2021	Fell below 1%
INVESCO LTD.	29.10.2021	Exceeded 1%

Bankinter and/or the companies within its group do not know of any family, commercial, contractual or corporate relationships that exist among the significant shareholders listed above.

No commercial, contractual or corporate relationships exist between significant shareholders and the company and/or its group except those arising in the ordinary course of business.

At Bankinter, there is no individual or company that exercises or may exercise control over the company in accordance with article 5 of the Spanish Securities Market Act (Ley de Mercado de Valores).

2.4 Shareholders' agreements

The company has not been notified of any shareholders' agreements that may affect it.

2.5 Shares held by board members

The total percentage of voting rights attached to Bankinter shares held by board members at 31 December 2021 was 29.04%. The following table provides further information, which is updated on the corporate website. The acquisition or sale of shares by the members of Bankinter's board of directors is notified to the CNMV within the legally established period:

Directors' stakes in share capital

Board member	% of voting rights attached to the shares				% of voting rights through financial instruments (to be acquired if exercised)		% of total voting rights attached to the shares and through financial instruments	% of voting rights that can be transmitted through financial instruments		% of indirect voting rights that can be transmitted through financial instruments	
	Total	Direct	Indirect	% of total	Total	%	Total	%	Total	%	
PEDRO GUERRERO GUERRERO	3,185,822	3,085,817	100,005	0.35	0	0	0.35	0	0	0	0
MARÍA DOLORES DANCAUSA TREVIÑO	1,399,148	1,393,546	5,602	0.16	0	0	0.18	156,226	0.02	0	0
CARTIVAL, S.A.	208,426,443	208,426,443	0	23.19	0	0	23.19	70,209	0.01	0	0
FERNANDO MASAVEU HERRERO (*)	47,588,136	776,330	46,811,806	5.29	0	0	5.29	0	0	0	0
MARCELINO BOTIN-SANZ DE SAUTUOLA	253,045	253,045	0	0.03	0	0	0.03	0	0	0	0
MARÍA TERESA PULIDO MENDOZA	33,809	33,809	0	0.00	0	0	0.00	0	0	0	0
TERESA MARTÍN-RETORTILLO RUBIO	0	0	0	0.00	0	0	0.00	0	0	0	0
ÁLVARO ÁLVAREZ-ALONSO PLAZA	5,000	5,000	0	0.00	0	0	0.00	0	0	0	0
MARÍA LUISA JORDÁ CASTRO	15,000	15,000	0	0.00	0	0	0.00	0	0	0	0
FERNANDO JOSÉ FRANCÉS PONS	100,000	100,000	0	0.01	0	0	0.01	0	0	0	0
CRISTINA GARCÍA-PERI ÁLVAREZ	50,000	50,000	0	0.01	0	0	0.01	0	0	0	0
Total	261,056,403	214,138,990	46,917,413	29.04	0	0	29.04	226,435	29.07	0	0

(*) Corporación Masaveu, S.A. holds 44,959,730 Bankinter shares, while other related parties of the Masaveu Group hold 1,852,076 Bankinter shares. As discussed in previous reports, Fernando Masaveu Herrero, a proprietary director of Bankinter, notified the company on 4 March 2011 that he controlled the voting rights of the Bankinter shares held by various companies belonging to Masaveu Group. This information was disclosed by the director purely for good governance purposes and in order to comply with prevailing legislation concerning transparency of information at listed companies, and does not entail any change of ownership or assignment of rights.

2.6 Treasury shares

Treasury shares totalled 227,619 at 31 December 2021.

Number of direct shares	Number of indirect	% of total share
200.000	27.619	0,025

(*) through:

Name or company name of direct shareholder	Number of direct shares
HISPAMARKET, S.A.	27.619
Total:	27.619

Significant changes (within the meaning of Royal Decree 1362/2007) during the year:

On 4 January 2021, Bankinter notified the Spanish Securities and Exchange Commission (CNMV) that the 1% threshold of treasury shares had been exceeded through consecutive share purchases, without deducting transfers, as shown below:

- Total number of direct shares acquired: 3,169,375
- Total number of indirect shares acquired: 5,990,367
- Total percentage of share capital: 1.019

On 26 April 2021, it sent a voluntary notification to the CNMV, without deducting the transfers, as shown below:

- Total number of direct shares acquired: 1,604,831
- Total number of indirect shares acquired: 2,006,300
- Total percentage of share capital: 0.402

The Annual General Meeting held on 19 March 2020 authorised the board of directors (with express authority to delegate such power to the executive committee) for the **derivative acquisition of treasury shares by the Company** and/or by its subsidiaries, under the terms and conditions established in applicable legislation and with express authority to dispose of or redeem such shares through a reduction in the

amount of share capital, cancelling the power delegated by the shareholders at previous Annual General Meetings to the extent of the unused amount. A five-year renewal of this resolution will be submitted to shareholders at the Annual General Meeting to be held in March of this year, subject to the same terms and conditions as the existing authorisation.

Such acquisitions may be made at any time, and as many times as deemed appropriate and in any form or manner, including with a charge to profit for the year and/or to unrestricted reserves. The par value of the maximum number of shares to be acquired at any time may not exceed 10% of the Bank's share capital at any time or, where applicable, a higher figure that is legally permitted, notwithstanding the scenarios stipulated in article 144 referred by article 509 of the Spanish Companies Act. Any or all of the shares acquired by the Bank or its subsidiaries in use of this authorisation may be allocated to the Company's directors and employees when there is a recognised right, be it directly or as a result of the exercise of options held by such persons, for the purposes described in the last paragraph of article 146.1 of the Spanish Companies Act. The minimum price per share will be the par value, while the maximum price for purchase and sale transactions completed on an official secondary market will be 10 per cent above the stock market price of the shares at the time the transaction is executed or agreed.

If treasury shares are acquired in fulfilment of obligations contained in option agreements or contracts, forward purchase agreements or

similar agreements previously entered into by the Bank, including those covering convertible or exchangeable shares and bonds that are, or must be delivered directly to the Bank's directors or employees, or that result from the exercise of option rights held by such persons (such transactions as also covered by this authorisation), the applicable price shall be as agreed upon in the respective contract or agreement.

On the same date and by the same resolution, the board of directors was authorised, with express authority to delegate such power to the executive committee, to approve a reduction in share capital to redeem the treasury shares and to set the terms and conditions and purpose of the capital reduction, agree to delist the shares and amend article 5 of the corporate by-laws accordingly, and to modify the par value of the shares without increasing or reducing the amount of share capital. The authorisation granted is valid for five years from the date of the resolution and covers all treasury share transactions made in accordance with its terms. It remains in full force and effect at the date of this report.

2.7 Estimated floating capital

In view of the above, the estimated floating capital, understood as the percentage of share capital that is not in the hands of significant shareholders or directors, or which Bankinter holds as treasury shares, is 61.783%.

3. DISCLOSURE OF INFORMATION AND SHAREHOLDER RIGHTS 2021 ANNUAL GENERAL MEETING

3.1 Dialogue with shareholders

In line with best corporate governance practices and its own corporate culture and values, Bankinter strives continuously to earn and retain the trust of its shareholders and institutional investors, and to ensure the profitability and sustainable growth of their investments in the Bank.

Bankinter treats transparency with shareholders and institutional investors as a fundamental pillar in its relations with these stakeholders, and works continuously to live up to their expectations. This is achieved through:

- Annual interaction through the Annual General Meeting.
- Presentations of quarterly earnings and results.
- Dialogue between board members and key investors.
- Events with investors, proxy advisers, sustainability analysts and other influencers and opinion leaders.

The Bank discloses information to all stakeholders equally. Therefore, the information on our activities and financial outlook and general information on the Bank is compliant with the CNMV's disclosure recommendations for analysts, institutional investors and other securities market professionals. The purpose of this ongoing dialogue is to provide a clearer understanding of the public information available to all investors and to directly address

and understand the issues of the greatest importance for these stakeholders.

Bankinter has a policy for communication with shareholders, institutional investors and proxy advisers. This has been approved by the board of directors and is published on the Company's corporate website. It sets out the Company's rules and practices in this area and is fully compliant with rules on market abuse and treats all shareholders equally. Following the amendment of the CNMV's Good Governance Code of Listed Companies in June 2020, Bankinter's board of directors, at its meeting on 16 December 2020, on the recommendation of the appointments, sustainability and corporate governance committee, decided to update this communication policy and approved a communication policy for Bankinter's business, financial, non-financial, risk management and corporate information. This constitutes the framework of action for the management and dissemination by the Company of business, financial and non-financial information, in terms of corporate and risk management. This contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders, in accordance with the Good Governance Code of Listed Companies.

3.2 Shareholder rights

Bankinter's corporate by-laws envision a single share class conferring the same rights upon all shareholders. Therefore, each Bankinter shares confers one voting right. The by-laws contain no voting caps, thus

remaining true to the principle of one voting right and one dividend right per share.

The main rights of Bankinter shareholders are as follows:

- **Non-existence of loyalty shares.**
- **No restrictions on voting rights or the transfer of shares**, beyond those prescribed by law. More precisely:
 - There are no legal or by-law restrictions on the exercise of voting rights, except those resulting from non-compliance with applicable legislation and regulations.
 - There are no shares without voting rights or with multiple voting rights; no special privileges when distributing dividends; no restrictions on the number of votes that can be cast by a single shareholder; and no special quorums or supermajorities beyond those provided for at law.
 - There are no restrictions on the transfer of shares above and beyond the legal restrictions.
 - There are no by-law restrictions on the exercise of voting rights, unless the shares in question were acquired in breach of the by-laws or applicable law.
 - Bankinter's by-laws contain no measures to neutralise a takeover bid as defined in the Spanish Securities Market Act.

- **There are no further restrictions on the acquisition of significant stakes beyond those provided for in law and in the corporate by-laws.** These legal and regulatory provisions apply due to Bankinter's status as a credit institution and listed company, meaning that the acquisition of significant holdings is subject to regulatory approval or non-objection, among other possible requirements.

Shareholder rights at the Annual General Meeting:

- **Shareholder participation at the Annual General Meeting.** All holders of shares that have been registered in their name at least five days ahead of the scheduled date of the Annual General Meeting will be entitled to attend that meeting. Bankinter also allows shareholders to exercise their rights of attendance, voting and proxy voting through remote systems, which is also conducive to their full participation at the Annual General Meeting. As explained previously, at the Annual General Meeting held in April 2021, approval was given to amend the corporate by-laws and the rules and regulations of the Annual General Meeting to govern attendance exclusively by electronic means. Another communication channel that the Company makes available to shareholders is the Electronic Shareholders' Forum, which can be found on Bankinter's corporate website ahead of every general meeting. This forum allows shareholders to post motions they wish to add to the meeting agenda contained in the announcement; request other shareholders

to back such motions; launch initiatives to reach the percentage required to exercise a legally conferred minority right; and make offers or requests for voluntary representation.

- **Addenda to general meeting announcements.** Shareholders representing at least 3% of share capital may insist on the publication of a supplement to the announcement of the general meeting or submit a reasoned motion in respect of business already included, or that should be included, on the agenda of a meeting that has already been called. Any such request must include the names of the shareholders exercising the right and the number of shares they hold. It must also include a description of the matters to be added to the agenda, accompanied by a justification or reasoned motion in relation to those matters and any other documentation deemed relevant. These rights shall be exercised by means of reliable notice sent to the Company's registered office within five days of the publication of the general meeting announcement.
- **Right to receive information.** From the time the general meeting announcement is published through to the fifth day before it is held on first call, shareholders may send written requests for information or clarification, or raise written questions regarding matters they consider relevant in relation to the items included on the meeting agenda. Shareholders may also use this same procedure to send written requests for clarification regarding information that the Company has disclosed to the CNMV since the last Annual General Meeting or regarding the audit reports. The information requested

by shareholders and the answers provided by the Company shall be published on its corporate website. This right to information may also be exercised during the meeting. If the Company is unable to entertain the request at the meeting itself, it may respond instead within seven days of the meeting.

- **Corporate website:** Bankinter's corporate website includes information on corporate governance, as required by law. In particular, it includes: (i) Bankinter's internal regulations (corporate by-laws, rules and regulations of the board of directors, committee rules and regulations (where applicable), rules and regulations of the Annual General Meeting, etc.); (ii) information on the board of directors and board committees, and the biographies of directors; and (iii) information related to Annual General Meetings. Bankinter's corporate website can be found here: www.bankinter.com/webcorporativa, this being the address filed at the Companies Registry.

3.3 Dividend policy

Implementation of Bankinter's dividend policy for 2021 was also shaped by the economic situation caused by the COVID pandemic. Bankinter's board of directors agreed that, as soon as the European Central Bank repealed restrictions on, among others, the payment of dividends, to pay the first interim dividend for 2021 and to continue with its usual dividend payment schedule for the year; i.e. during the month in which

the corresponding quarterly results presentation was made. Accordingly, all interim dividends charged to 2021 profit were distributed before the end of 2021. The only outstanding dividend was the final dividend, which will be distributed following approval of the related distribution proposal in the Annual General Meeting.

Also at the Annual General Meeting held on 21 April 2021, approval was given for the amendment of article 41 of the corporate by-laws regarding dividend pay-out to include improvements derived from the applicable legislation and, specifically, to establish that the pay-out will be subject to compliance with the conditions provided for in applicable legislation when it is carried out in a form other than cash or equity instruments; it must in any case have prior authorisation by the competent authority.

3.4 General meeting of shareholders

Bankinter's Annual General Meeting is regulated by the Spanish Companies Act and the corporate by-laws, as well as by its own set of rules and regulations, which are available on the Company's corporate website. The latest amendments to the rules and regulations of the Annual General Meeting were approved at the Annual General Meeting held on 21 April 2021.

Bankinter's rules and regulations of the Annual General Meeting govern the process for calling, preparing for, announcing, convening and holding general meetings of shareholders of Bankinter, S.A. (the Company's

supreme council). They set out the principles for organising and conducting them based on matters regulated by law and by the corporate by-laws; as well as laying down shareholders' right to obtain information, take part in meetings and vote.

- **Ordinary quorum and majorities for carrying resolutions at general meetings.**

The system of majorities set out in the corporate by-laws and in the rules and regulations of the Annual General Meeting for the valid constitution of the Annual General Meeting and for carrying resolutions is effectively the system envisioned under the laws of Spain.

Thus, on first call, shareholders representing at least twenty-five per cent of subscribed share capital conferring the right to vote are required to attend. If this quorum is not met, the general meeting shall be held on second call, for which there is no minimum quorum. When determining whether a general meeting is quorate, shareholders who voted by mail or electronic channels prior to the meeting will be counted as shareholders present, as established in the Company's rules and regulations of the Annual General Meeting. Broadly speaking, a resolution will be adopted when it receives more votes for than against among the share capital present or represented.

- **Quorum and majorities for approving amendments to the corporate by-laws**

The Annual General Meeting has power to agree on any amendment to the corporate by-laws, except decisions to relocate the registered office

within national territory, the resolution for which must be agreed by the board of directors. In the case of by-law amendments, the directors or shareholders who tabled the amendment must draft the full text of the proposed amendment, along with a written report in support of the amendment, all of which shall be made available to shareholders upon announcing the general meeting voting on it. Further, the general meeting announcement must clearly state the points to be amended and remind shareholders that they are entitled to examine the full text of the proposed amendment and accompanying report at the registered office, or request that such documents be delivered or sent to them free of charge. The quorum and majorities for carrying these resolutions are as follows:

- **Quorum:** if a general meeting is called to deliberate on amendments to the corporate by-laws, shareholders representing at least fifty per cent of the subscribed share capital carrying voting rights must attend on first call. If this quorum is not met, the general meeting shall be held upon second call, whereupon the presence of twenty-five per cent of share capital will suffice.
- **Majorities for approval:** when shareholders representing less than fifty per cent of subscribed voting capital are present, resolutions on by-law amendments may be validly carried with the favourable vote of two thirds of capital present or represented at the meeting. However, when shareholders representing fifty per cent or more of the subscribed voting capital are present, resolutions shall require an absolute majority.

When the by-law amendment imposes new obligations on shareholders, the resolution shall require the consent of all affected parties.

By-law amendments must be authorised by the competent authority. However, amendments for the following purposes are excluded from this authorisation requirement (but must still be disclosed to the competent authority): (i) to move the registered office within national territory; (ii) to increase share capital; (iii) to include, verbatim in the corporate by-laws mandatory legal or regulatory provisions or prohibitions, or the recasting of articles to comply with court or governmental orders; and (iv) to make any other amendments for which the competent authority, in response to a prior consultation made in that regard, has decided to waive with the authorisation on the understanding that the matter is immaterial.

- **Other specific majorities**

According to applicable law and regulations governing credit institutions, any motion to raise the ratio of variable to fixed remuneration components to above 100% (subject to a cap of 200%) for executive directors and other key function holders shall require a supermajority of two-thirds of the share capital present or represented at the general meeting if the quorum exceeds 50% and a majority of three quarters of share capital present or represented at the general meeting if that quorum is not reached.

Bankinter's corporate by-laws do not require decisions entailing the acquisition, disposal or contribution to another company of core assets

or similar corporate transactions to be laid before shareholders at an Annual General Meeting for approval, except where legally required.

3.4.1 2021 Annual General Meeting

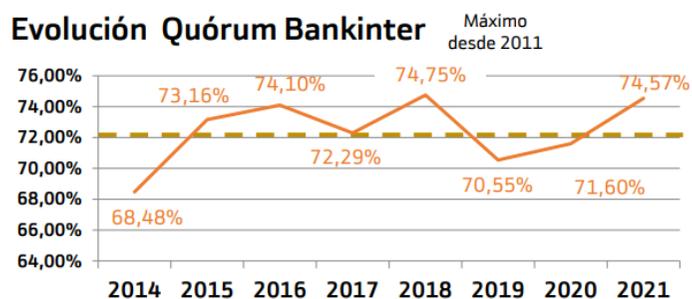
Bankinter convened its Annual General Meeting on 17 March 2021 and held it on 21 April 2021.

In response to the health crisis caused by COVID-19 and as provided for in the eighth final provision of Royal Decree-Law 5/2021, of 12 March, on extraordinary measures to support business solvency in response to the COVID-19 pandemic amending Royal Decree-Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and on tax matters, Bankinter's board of directors decided to hold the Annual General Meeting exclusively by remote means, to safeguard the general interests, health and safety of shareholders, employees and other persons involved in preparing and holding the Meeting, in accordance with health regulations in place at that time. This meant that there would be no physical attendance by shareholders or their proxies. However, the exercise of the rights of all shareholders was guaranteed at all times, as well as their identity and legitimacy and that of their proxies, ensuring that all attendees could effectively participate in the meeting through remote communication channels under applicable legislation, exercising their related rights to take part, receive information, make proposals and vote. Bankinter's board of directors offered the possibility of participating in the meeting through the following channels, to ensure that shareholders who wished to attend and exercise their right to vote could do so: (i) remote

attendance, (ii) proxy issued to the chairman of the meeting through remote communication means, (iii) early voting through remote communication means, and (iv) other means available, as detailed in the meeting announcement.

Quorum and right to attend

Despite the circumstances described above, the 2021 Annual General Meeting achieved a quorum of 74.57%, which was higher than the year before. The following table shows quorum changes in recent years.



According to the rules and regulations of the Annual General Meeting, holders of six hundred (600) or more shares shall be entitled to attend general meetings, provided their shares were recorded in their own name in the corresponding share ledger at least five days ahead of the meeting date, in the manner described in the corporate by-laws. There are no

restrictions in the corporate by-laws establishing a minimum number of shares required to vote remotely at the meeting.

As attendance at general meetings is not remunerated, there is no need to establish a general long-term policy in this regard.

Details of attendance for general meetings held in recent years, including the percentages by which resolutions were carried, among other information, can be found on the corporate website. The following table shows details of attendance at general meetings held in the last three years.

Date of general meeting	% physically present	Details of attendance			Total
		% present by proxy (*)	Electronic	Other	
21.03.2019	0.68	68.85	1.02	0.00	70.55
Of which, floating capital:	0.33	33.66	1.02	0.00	35.01
19.03.2020	0.35	70.22	1.03	0.00	71.60
Of which, floating capital:	0.00	37.81	1.03	0.00	38.84
21.04.2021	0.39	70.40	3.78	0.00	74.57
Of which, floating capital:	0.05	34.42	3.78	0.00	38.25

(*) Almost all directors attending the Annual General Meeting instructed the chairman of the board to vote on their behalf.

Bankinter broadcast the Annual General Meeting held on 21 April 2021 live, in full, through its website.

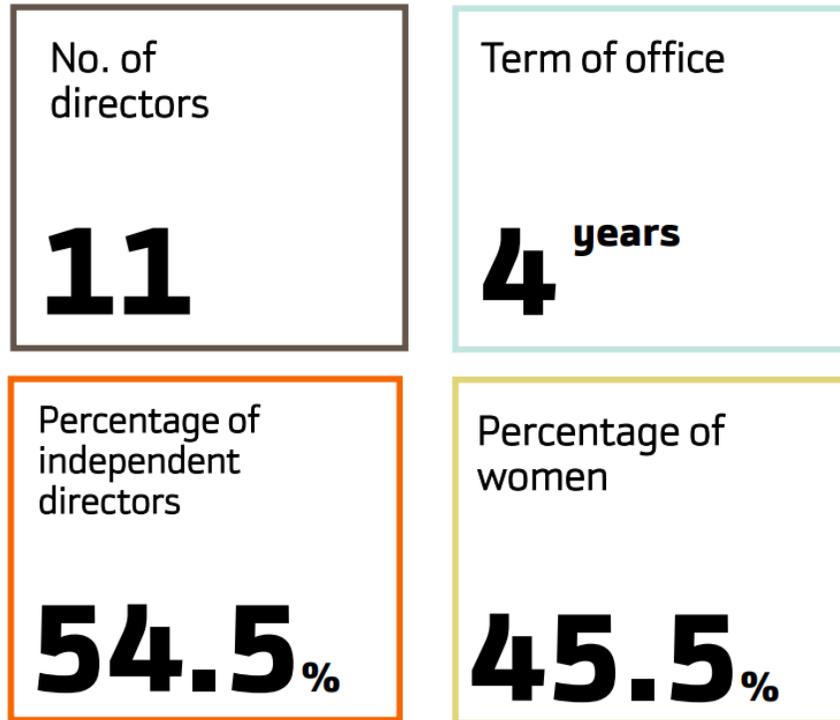
Voting results and general meeting resolutions in 2021:

All points on the agenda were approved at the Annual General Meeting held in 2021, with the percentage of votes in favour exceeding 86%.

The following table shows approval figures for the motions submitted to the Annual General Meeting held on 21 April 2021. This information is also available on Bankinter's corporate website.

Resolution/motion	% against vs. proxies/ in attendance	% abstaining vs. proxies / in attendance	% blank votes vs. proxies/in attendance	% approved vs. proxies/in attendance
1. Review and approval of the 2020 financial statements	0.364%	0.128%	0.001%	99.506%
2. Review and approval of the 2020 non-financial statement	0.048%	0.022%	0.001%	99.930%
3. Approval of the board's performance in 2020	0.464%	1.728%	0.002%	97.806%
4. Review and approval of the distribution of earnings and dividend for 2020	0.383%	0.006%	0.001%	99.610%
5.1 Amendment of article 18 of the corporate by-laws regarding the Annual General Meeting	0.851%	0.010%	0.002%	99.136%
5.2 Amendment of articles 33, 34, 36 of the corporate by-laws relating to board committees	0.014%	0.031%	0.001%	99.953%
5.3 Amendment of article 41 of the corporate by-laws regarding the payment of dividends	0.011%	0.011%	0.003%	99.975%
6. Amendment of article 10 of the rules and regulations of the Annual General Meeting	0.716%	0.019%	0.004%	99.261%
7. Re-election of the auditor for 2021	0.041%	0.016%	0.001%	99.943%
8.1 Appointment of Cristina García-Peri Álvarez as an independent external director	0.143%	0.843%	0.001%	99.012%
8.2 Re-election of Pedro Guerrero Guerrero, with the status of other external director.	10.602%	0.813%	0.001%	88.584%
8.3 Re-election of Marcelino Botín-Sanz de Sautuola y Naveda as an external proprietary director	4.982%	0.963%	0.001%	94.053%
8.4 Re-election of Fernando María Masaveu Herrero as an external proprietary director	9.447%	0.980%	0.002%	89.572%
8.5 Establishment of the number of directors	0.031%	0.679%	0.001%	99.289%
9. Approval of a restricted capitalisation reserve in accordance with the Spanish Corporate Income Tax Act	0.008%	0.003%	0.009%	99.979%
10.1 Approval of the remuneration policy for directors of Bankinter, S.A. for 2022, 2023 and 2024	12.846%	0.670%	0.010%	86.475%
10.2 Delivery of shares to executive directors and senior managers as part of their annual variable remuneration for 2021	0.961%	0.692%	0.009%	98.338%
10.3 Cap on the variable remuneration for certain staff whose professional activities have a material impact on the company's risk profile	0.146%	0.964%	0.014%	98.876%
11. Delegation of the power to execute resolutions	0.033%	0.023%	0.002%	99.943%
12. Annual report on the remuneration of directors	12.669%	0.022%	0.010%	87.300%

4. BOARD OF DIRECTORS



The internal operation and workings of the board of directors and board committees shall be governed by the rules and regulations of the board of directors, in accordance with applicable law and the corporate by-laws. The rules and regulations of the board of directors shall regulate such

matters as the rights and duties of directors, the rules of conduct in the securities market to which directors are subject and the role of board advisor, together with specific measures to ensure the best possible management of the Company. The approval and any subsequent amendment of these regulations must be ratified by two thirds of its members in the form of a resolution.

The latest amendments to the rules and regulations were approved by the board of directors at its meetings held on 21 April 2021 and 17 November 2021 and will be disclosed to the Annual General Meeting held in March 2022. These amendments were made to change the names and functions of certain board oversight committees, in line with amendments approved at the Annual General Meeting to the corporate by-laws on the same date, and reallocate duties of the committees and make other changes arising from the creation of the Corporate Control and Compliance division, which reports to the risk and compliance committee, as disclosed in the annual corporate governance report to be submitted to the Annual General Meeting held in April 2021, as follows:

- The audit and compliance committee was renamed the audit committee and its duties were modified, thus eliminating those pertaining to the supervision of the compliance function, which were ascribed instead to the risk and compliance committee (Article 39).
- The risk committee changed its name to the risk and compliance committee, undertaking the oversight functions of the compliance function. In addition, the persons authorised to propose the

appointment and/or removal of the control and compliance officer to the risk and compliance committee are modified (Article 40).

- The appointments and corporate governance committee was renamed the appointments, sustainability and corporate governance committee (Article 42).
- The references to the committees found in the various provisions of the rules and regulations of the board of directors were also adapted to reflect the changes in name (Articles: 4, 5, 8, 9, 11, 12, 18, 19, 20, 22, 23, 27, 28, 32, 36, 37, 38 and 41).

All these amendments have already been filed at the Madrid Companies Register.

4.1 Size and composition of the board of directors:

The board of directors comprised 11 members at 31 December 2021; i.e. the number set by shareholders at the 2020 Annual General Meeting within the bounds of the corporate by-laws (i.e. from five to 15). The following table shows the composition, the specific category of each director and the year in which they were appointed to the board:

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure
PEDRO GUERRERO GUERRERO	-	Other external	CHAIRMAN	13.04.2000	21.04.2021	Voted upon at the Annual General Meeting
CARTIVAL, S.A.	ALFONSO BOTÍN-SANZ DE SAUTUOLA Y NAVEDA	Executive	EXECUTIVE VICE CHAIRMAN	26.06.1997	22.03.2018	Voted upon at the Annual General Meeting
MARIA DOLORES DANCAUSA TREVIÑO	-	Executive	CHIEF EXECUTIVE OFFICER	21.10.2010	21.03.2019	Voted upon at the Annual General Meeting
FERNANDO MASAVEU HERRERO	-	Proprietary	DIRECTOR	14.09.2005	21.04.2021	Voted upon at the Annual General Meeting
MARCELINO BOTIN-SANZ DE SAUTOLA Y NAVEDA	-	Proprietary	DIRECTOR	21.04.2005	21.04.2021	Voted upon at the Annual General Meeting
TERESA MARTÍN-RETORTILLO RUBIO	-	Independent	DIRECTOR	07.11.2017	22.03.2018	Voted upon at the Annual General Meeting
MARIA TERESA PULIDO MENDOZA	-	Independent	DIRECTOR	23.07.2014	21.03.2019	Voted upon at the Annual General Meeting
ÁLVARO ÁLVAREZ-ALONSO PLAZA	-	Independent	DIRECTOR	21.03.2019	21.03.2019	Voted upon at the Annual General Meeting
MARIA LUISA JORDÁ CASTRO	-	Independent	DIRECTOR	21.03.2019	21.03.2019	Voted upon at the Annual General Meeting
FERNANDO JOSÉ FRANCÉS PONS	-	Independent	DIRECTOR	19.03.2020	19.03.2020	Voted upon at the Annual General Meeting
CRISTINA GARCÍA-PERI ÁLVAREZ	-	Independent	DIRECTOR	21.04.2021	21.04.2021	Voted upon at the Annual General Meeting

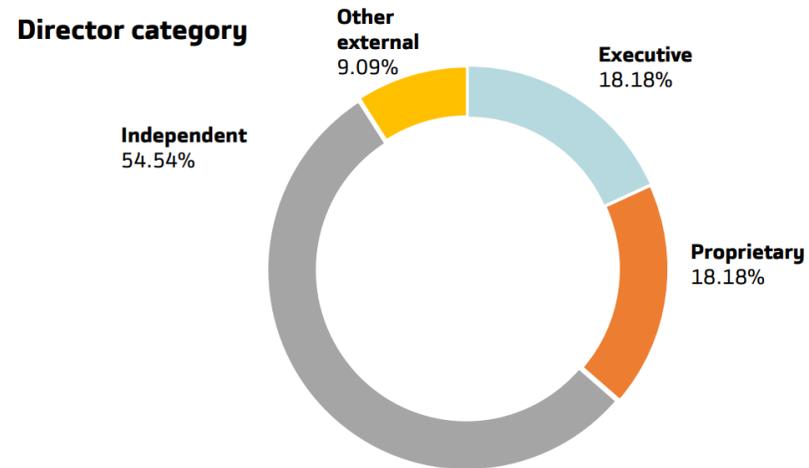
At the Annual general Meeting held in April 2021, approval was given to appoint Cristina García-Peri Álvarez independent external director, on the recommendation of the appointments, sustainability and corporate governance committee and, also, to re-elect Pedro Guerrero Guerrero, Marcelino Botín-Sanz de Sautuola y Naveda and Fernando María Masaveu Herrero on the recommendation of the board of directors based on a report by that committee, all in accordance with article 529 decies of the Spanish Companies Act (Ley de Sociedades de Capital) and the rules and regulations of Bankinter's board of directors.

On that same date, the Annual General Meeting set the number of members of the board of directors at 11.

No proprietary directors were appointed on the request of shareholders with a shareholding of less than 3% and no formal requests for a seat on the board was received from shareholders with shareholding equal to or greater than the shareholding of others upon whose request they were been appointed proprietary directors.

The board of directors has a balanced membership between executive and external directors, most of whom are independent directors. The appointments, sustainability and corporate governance committee verified each director's category.

The percentages of each director category represented on the board are as follows:



The average tenure of independent external directors was 3.25 years.

No directors resigned in 2021 and none were removed through a resolution of the Annual General Meeting and there were no changes in director category.

None of the independent external directors receives, from Bankinter or its group, any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a

significant shareholder, director or senior executive of a company that has or has had such a relationship.

The rules and regulations of the board of directors do not set a limited term of office for independent directors beyond that prescribed by law (12 years).

4.2. Director profiles

The following section provides information on the knowledge and experience/skills and expertise of directors, as well as other information of interest, according to the board's composition at 31 December 2021.

Pedro Guerrero Guerrero

Position on the board:	Non-executive chairman
Director category:	Other external director ¹
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

Degree in law from the Complutense University of Madrid. He is a state lawyer, exchange agent and stockbroker, and Madrid notary public (on leave). He was chairman of governing company of the Madrid Stock Exchange, Sociedad Rectora de la Bolsa de Madrid and Sociedad de Bolsas. Founding member and vice chairman of A.B. Asesores Bursátiles, S.A. and chairman of A.B. Asesores Gestión and A.B. Asesores Red. He sat on the board of directors of PROSEGUR, S.A. from 2005 to 2017. He is currently a director of PROSEGUR CASH, S.A. and was a director of Línea Directa Aseguradora until its IPO in 2021. He has been the Bank's chairman since March 2007.

Board committees on which he sits:	<ul style="list-style-type: none"> ▪ Executive committee (member) ▪ Audit committee (member)
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¹ The binding definition of independent director found in the Spanish Companies Act states that one of the circumstances barring a director from qualifying as an independent director is where that director has been an employee or executive director of the company or its group, unless three or five years, respectively, have elapsed since the end of that relationship. Pedro Guerrero Guerrero served as executive chairman of Bankinter until 31 December 2012, when he ceased to discharge executive duties.

Although at 31 December 2018 five years had already passed since Mr Guerrero stepped down from his executive position, he was in fact appointed director of Bankinter on 13 April 2000, making it over 12 years of continuous service as a Bankinter

director. According to the Spanish Companies Act, any board member who has been a director for a continuous period of more than 12 years may not be considered an independent director. Accordingly, Mr Guerrero falls within the category of 'Other external directors'.

CARTIVAL, S.A.

(represented on the board by Alfonso Botín-Sanz de Sautuola y Naveda)

Position on the board:	Executive vice chairman
Director category:	Executive
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

CARTIVAL, S.A. was incorporated in 1989 and is engaged in the sale, purchase and ownership of transferable securities, shares and other financial assets. The company was appointed director of the Bank in 1997.

Alfonso Botín-Sanz de Sautuola y Naveda (representing CARTIVAL, S.A.):

Graduated magna cum laude from Boston University with a degree in economics (major) and classical civilisation (minor). He worked at the Corporate Finance and M&A department of Salomon Brothers until 1995. Since then, he has held various positions at Bankinter, including Business Manager of the Risk division, Account Manager of Corporate Banking and Managing Director of Bankinter's venture capital subsidiary. He is also the founding shareholder of Aleph Capital SGEGR, S.A. He sat on Bankinter's board in his own name from 2002 through to 2005, whereupon he was named the natural person representative of director CARTIVAL, S.A. at Bankinter. He is currently chief executive officer of CARTIVAL, S.A. and non-executive chairman of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros.

Board committees on which he sits:	Executive committee (chairman)
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María Dolores Dancausa Treviño

Position on the board:	Chief executive officer
Director category:	Executive
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

She has been Bankinter's chief executive officer since October 2010. She earned her degree in law from San Pablo Ceu University College and has also completed an AMP (Advanced Management Programme) at INSEAD Business School (Fontainebleau) and several management programmes at Harvard Business School. She has spent her entire career in the financial sector, first at Banco Exterior and then at Bankinter. When Línea Directa Aseguradora was created in 1994, she was appointed general secretary of the company and of the board of directors, holding these posts until her appointment as chief executive officer in 2008. After being appointed chief executive officer of Bankinter, she maintained her seat on the board of directors of Línea Directa Aseguradora until its IPO in 2021. She was appointed independent external director of Acciona, S.A. in June 2021, and is a member of its audit committee. From 2013 to 2018, she served as independent external director of British firm ESURE, one of the UK's leading insurance companies.

Board committees on which she sits:	Executive committee (member)
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Marcelino Botin-Sanz de Sautuola y Naveda

Director category:	External proprietary
Nationality:	Spanish
Information on knowledge and experience/skills and expertise:	
Degree in naval architecture and yacht design from the University of Southampton, United Kingdom (1994). He designs leisure craft for his company Astilleros Mouro, S.L. He represented director CARTIVAL, S.A. on the board of directors of Bankinter from 1997 to 2005, and currently sits on the board of CARTIVAL, S.A.	
Board committees on which he sits:	Appointments, sustainability and corporate governance committee (member)

Fernando María Masaveu Herrero

Director category:	External proprietary
Nationality:	Spanish
Information on knowledge and experience/skills and expertise:	
Degree in law from the University of Navarre. He joined the Masaveu Group in 1993 and has held various positions there, currently serving as chairman of the Group, which operates in various sectors, including energy, finance, industry, cement and real estate. He is executive chairman of Corporación Masaveu, S.A. and, within the Group, chairman of Cementos Tudela Veguin, S.A., Oppidum Capital, S.L. and the American companies of Masaveu Real Estate US Delaware LLC, Oppidum Renewables USA Inc. and Oppidum Green Energy USA LLC, among others. He also sits of the boards of American Cement Advisors Inc., EGEO Internacional and EGEO SGPS. He is a joint administrator at Flicka Forestal, S.L. He sits on the general and supervisory committee of EDP, S.A. and is a member of the on corporate governance and sustainability committee and director of EDP España, S.A. He is a proprietary director of Línea Directa Aseguradora, S.A. de Seguros y Reaseguros. He is also chairman of Fundación María Cristina Masaveu Peterson and Fundación San Ignacio de Loyola. He is a trustee and member of the executive committee and heritage committee of Fundación Princesa de Asturias. He is an international trustee of Fundación Amigos Museo del Prado. He also a member of the international council of the Metropolitan Museum of Art of New York.	
Board committees on which he sits:	<ul style="list-style-type: none"> ▪ Executive committee (member) ▪ Remuneration committee (member)

María Teresa Pulido Mendoza

Director category:	Independent external
Nationality:	North American / Spanish

Information on knowledge and experience/skills and expertise:
 Degree in economics from Columbia University and MBA from MIT – Sloan School of Management. María Teresa Pulido Mendoza has more than 20 years of professional experience in both strategic consultancy (McKinsey & Co) and private and corporate banking (Citi and Deutsche Bank). At these companies, she worked mainly on business development, strategy, organisation and change management projects. In 2011, she joined Ferrovial as head of corporate strategy, expanding her experience in the infrastructure sector, and she has sat on the executive committee of Ferrovial since 2014. Maria Teresa is also part of MIT – Sloan EMSAEB (Executive Board).

Board committees on which she sits:	-
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Teresa Martín-Retortillo Rubio

Director category:	Independent external
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:
 Graduated from Colegio Universitario de Estudios Financieros (CUNEF) affiliated with the Complutense University of Madrid, with a degree in business administration and a double specialisation in auditing and finance. MBA from Harvard Business School (1995). Executive president of IE Exponential Learning (including IE's executive education division) since September 2016. She was previously senior vice president of strategy and business development at McGraw-Hill Education in the United States. Before that, she was a partner at the global management consulting firm Bain & Company where, for 19 years, she held several positions of responsibility in both Spain and the United States, focusing in particular on investment advice (venture capital and M&A). She also worked at Goldman Sachs as a corporate finance analyst in London. She has an eminently international profile, given her past and current track record. He currently sits on board of subsidiary EVO Banco, S.A.

Board committees on which she sits:	<ul style="list-style-type: none"> ▪ Risk and compliance committee (chairman) ▪ Remuneration committee (member) ▪ Appointments, sustainability and corporate governance committee (member)
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Álvaro Álvarez-Alonso Plaza

Director category:	Independent external
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

He has extensive experience on the boards of such companies as FOCSA (now FCC), FILO (listed company operating in the real estate sector); HEINEKEN ESPAÑA and Cervezas EL ÁGUILA (as board chairman); Europistas, Eurovías and Autopistas del Sol (as proprietary director of JOHN LAING INVESTMENTS). He also has extensive experience in the realm of investment banking, as president for Spain of MERRILL LYNCH, at which he worked for over 15 years, with responsibilities in various areas and departments, including international stock market services, corporate finance and asset management. While serving as co-director of the Madrid office of E.F. HUTTON & CO., the company introduced the very first financial futures transactions in Spain. He also founded IBERMER, a firm specialising in investment banking and capital development operations, focusing in the audiovisuals sector, having advised CANAL+ on how best to enter the Spanish market; he served as vice chairman of the board of directors of BANCAPITAL up until its sale to BANQUE INDOSUEZ; and he sits on the board of directors of BARÓN DE LEY, S.A. He was also consultant and adviser to TEXACO (oil company since merged with CHEVRON Inc) for its businesses in Spain.

Board committees on which he sits:	<ul style="list-style-type: none"> ▪ Remuneration committee (chairman) ▪ Appointments, sustainability and corporate governance committee (member) ▪ Risk and compliance committee (member) ▪ Audit committee (member)
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María Luisa Jordá Castro

Director category:	Independent external
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

She holds a degree in Business Science and a master's degree in Business Leadership from IE Business School, a PADDB masters in Digital Business of the Valley School (Digital Business School) and an Internal Audit Degree, among other qualifications. She has extensive experience and a long track record in auditing, control and finance, having served as CFO, head of investment and board member at various financial companies and enterprises operating within the real estate, consumer and telecoms sectors, and at organisations such as Corporación ONCE. She has also accumulated a wealth of experience in corporate governance at international and listed companies, in relation to auditing, strategy and control; and in telecommunications, having previously sat on the board of JAZZTEL and currently serving as independent director and member of the audit committee at ORANGE Spain. She is also an independent director at MERLIN, where she chaired the audit committee for four years and is currently member and chair of its remuneration committee. She is an independent director of Grupo BIMBO, a multinational involved of other markets, and a member of its audit committee. She has also sat on the board of BANCO EUROPEA DE FINANZAS (wholly-owned by Unicaja).

Board committees on which she sits:	<ul style="list-style-type: none"> ▪ Audit committee (chairman) ▪ Risk and compliance committee (member)
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Fernando José Francés Pons

Director category:	Independent external
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

Degree in mathematics (specialising in statistics and operational research) from the Complutense University of Madrid, He has worked in consulting for his entire professional career, in the area of technology and telecommunications, first at IBM (2 years) and then at Arthur Andersen and now Accenture (10 years). In 1996 he founded DMR Consulting in Madrid, now known as Everis, a company of which, in addition to being the founder, he was chairman until March 2018. Everis is a consulting services company that grew from 1 to 23,000 employees during the 22 years that he was the chairman. It has a presence throughout Spain and offices in Europe, Latin America and the United States.

Board committees on which he sits:	<ul style="list-style-type: none"> ▪ Remuneration committee (member) ▪ Executive committee (member) ▪ Audit committee (member)
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Cristina García-Peri Álvarez

Director category:	Independent external
Nationality:	Spanish

Information on knowledge and experience/skills and expertise:

Degree in economics and finance, sum cum laude, from ICADE, and an MBA from Harvard Business School, as well as an Executive Masters' in digital capabilities and innovation (DIBEX) from the Instituto ISDI business school. She is currently partner and head of Business Development and Strategy of Azora Group (since 2011). She is an external director of EVO Banco, a subsidiary of Bankinter, and chair of the board in Spain of Plan Internacional, an NGO. She has vast experience in the financial sector, gained mainly at international level, and in investment banking and capital markets and derivatives, mostly from positions held at J.P. MORGAN, BANK OF AMERICA MERRILL LYNCH, GOLDMAN SACHS and MCKINSEY & CO. In addition experience in the financial sector, she also has experience in the real estate sector from her work at Azora Group since 2011. She also has experience in defining and implementing of environmental, social and governance (ESG) policies and goals as member of Azora Group's INREV - ESG and sustainability committees.

Board committees on which she sits:	<ul style="list-style-type: none"> ▪ Appointments, sustainability and corporate governance committee (chairman) ▪ Risk and compliance committee (member)
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4.2.1 Information on positions held by board members on other governing bodies

As a financial institution, Bankinter is subject to the restrictions set out by Law 10/014, of 26 June, on the organisation, supervision and solvency of credit institutions, regarding the number of boards on which its directors may sit. Bankinter has included this restriction in its rules and regulations of the board of directors. Bankinter's board of directors has approved a policy on incompatibilities and restrictions for Bankinter senior officers and other executives, on the recommendation from the appointments, sustainability and corporate governance committee. This policy is available on Bankinter's corporate website.

Board members who are also directors, representative of directors or managers in other Bankinter Group companies:

Name or company name of director	Company name of the group entity	Position	Does the director have executive duties?	Remunerated?
PEDRO GUERRERO GUERRERO	FUNDACIÓN PARA LA INNOVACIÓN	Trustee	No	No
MARIA DOLORES DANCAUSA TREVIÑO	EVO BANCO, S.A.	CHAIRMAN Proprietary	No	No
	BANKINTER GLOBAL SERVICES, S.A.	CHAIRMAN Proprietary	No	No
	BANKINTER CONSUMER FINANCE, EFC, S.A.	CHAIRMAN Proprietary	No	No
	AVANTCARD, DAC	CHAIRMAN Proprietary	No	No
	FUNDACIÓN PARA LA INNOVACIÓN	Trustee	No	No
TERESA MARTÍN-RETORTILLO RUBIO	EVO BANCO, S.A.	DIRECTOR Independent	No	Yes
CRISTINA GARCÍA-PERÍ ÁLVAREZ	EVO BANCO, S.A.	DIRECTOR Independent	No	Yes

Bankinter board members (directors and representatives of legal person directors) who are members of the board of directors or representatives

of legal person directors of other companies that are listed or not and have communicated that status to the Company:

Name or company name of director	Name of company, listed or not	Position	Remunerated?
PEDRO GUERRERO GUERRERO	PROSEGUR CASH, S.A.	NON-EXECUTIVE VICE CHAIRMAN (Also sits on the appointments and remuneration committee)	YES
	FUNDACIÓN LÍNEA DIRECTA	TRUSTEE	No
	FUNDACIÓN LEALTAD 2001	TRUSTEE	No
	CORPORACIÓN VILLANUEVA, S.A. (holding company)	JOINT AND SEVERAL DIRECTOR	No
ALFONSO BOTÍN-SANZ DE SAUTUOLA Y NAVEDA (representative of CARTIVAL)	CARTIVAL, S.A.	CEO	YES
	CARTIVAL PATRIMONIAL GROUP COMPANIES	SOLE ADMINISTRATOR	No
	LÍNEA DIRECTA ASEGURADORA, S.A	NON-EXECUTIVE CHAIRMAN	YES
MARIA DOLORES DANCAUSA TREVIÑO	ACCIONA, S.A.	INDEPENDENT EXTERNAL DIRECTOR (member of the audit committee)	YES
FERNANDO MASAVEU HERRERO	CORPORACIÓN MASAVEU, S.A. (*)	CHAIRMAN	Yes
	FUNDACIÓN MARÍA CRISTINA MASAVEU PETERSON	CHAIRMAN	No
	FUNDACIÓN SAN IGNACIO DE LOYOLA	CHAIRMAN	No
	FLICKA FORESTAL, S.L (**).	JOINT ADMINISTRATOR	Yes
	AMERICAN CEMENT ADVISORS Inc EGEO INTERNATIONAL EGEO SGPS	DIRECTOR DIRECTOR DIRECTOR	No

	EDP, S.A.	Member of the general and supervisory committee of EDP, S.A. and of the corporate governance and sustainability	Yes
	EDP España, S.A.	DIRECTOR	Yes
	LÍNEA DIRECTA ASEGURADORA, S.A	PROPRIETARY DIRECTOR	Yes
MARCELINO BOTÍN-SANZ DE SAUTUOLA Y NAVEDA	CARTIVAL, S.A.	DIRECTOR	No
	BOTIN PARTNERS, S.L.	SOLE ADMINISTRATOR	No
TERESA MARTÍN-RETORTILLO RUBIO	IE EXPONENTIAL LEARNING	EXECUTIVE CHAIR	YES
MARIA LUISA JORDÁ CASTRO	MERLIN PROPERTIES, SOCIMI, S.A.	INDEPENDENT EXTERNAL DIRECTOR (She is also a member of the audit committee and chair of the remuneration committee)	YES
	BIMBO GROUP	INDEPENDENT EXTERNAL DIRECTOR (She is also member of the audit committee)	YES
	ORANGE ESPAÑA	INDEPENDENT EXTERNAL DIRECTOR (She is also member of the audit committee)	YES
FERNANDO JOSÉ FRANCÉS PONS	ZITYHUB, S.L. (holding company)	NON-EXECUTIVE CHAIRMAN	No
CRISTINA GARCÍA-PERÍ ÁLVAREZ	ONG PLAN INTERNACIONAL	CHAIR	No

(*) Fernando Masaveu is chairman of the board of directors / member of the administrative body in several companies of the Group whose parent is Corporación Masaveu, S.A.

(**) Fernando Masaveu is chairman of the board of directors / member of the administrative body in several companies controlled by Flicka Forestal, S.L.

The following table provides disclosures on companies where board members also hold an executive position:

Name or company name of director	Name of company, listed or not	Position	Remunerated?
MARIA TERESA PULIDO MENDOZA	FERROVIAL, S.A.	MEMBER OF THE MANAGEMENT COMMITTEE	Yes
CRISTINA GARCÍA-PERÍ ÁLVAREZ	AZORA CAPITAL, S.L.	Managing partner of business development and strategy, as well as managing partner responsible for finance, compliance and internal audit and member of the internal control committee	Yes

Other remunerated activities of directors or representatives of directors of any type other than those set out in the preceding tables:

Name or company name of director	Name of company, listed or not
MARIA LUISA JORDÁ CASTRO	Consulting activities in Laboratorios NORMON

Board members, or representatives, who are also board members of companies of significant shareholders and/or group companies:

Name or company name of director	Name or company name of significant shareholder	Position
ALFONSO BOTÍN-SANZ DE SAUTUOLA Y NAVEDA	CARTIVAL, S.A.	CEO
MARCELINO BOTIN-SANZ DE SAUTUOLA Y NAVEDA	CARTIVAL, S.A.	DIRECTOR
FERNANDO MASAVEU HERRERO	CORPORACIÓN MASAVEU, S.A.	CHAIRMAN

4.3 Gender diversity

The following table shows changes in the number of female directors sitting on Bankinter's board of directors, as well as the category of each.

	Number of female directors				% of directors for each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive	1	1	1	1	50	50	50	50
Proprietary	0	0	0	0	0	0	0	0
Independent	4	3	3	2	66.66	50	42.85	40
Other external	0	0	0	0	0	0	0	0
Total	5	4	4	3	45.45	36.36	33.33	30

The above table shows Bankinter's firm commitment to equal opportunities for men and women, for every time it appoints members to its board of directors, it engages in an objective selection process that is free from any determining conditions or biases that might hinder the access of women to positions as independent directors on the board, evaluating in each case the nominee's independence and professional merits, capacity and experience in the industry. The selection process seeks to ensure that women are always included among the nominees.

Bankinter was also a pioneer in guaranteeing both female directors and female senior managers. After the director appointments approved at the 2015 Annual General Meeting, Bankinter achieved the target representation of female directors of 30% of the total number of directors, which was set for 2020. This percentage has increased over the past few days.

Following the amendment of recommendation 15 of the Good Governance Code, and considering the size of Bankinter's board of directors, in 2020 the appointments, sustainability and corporate governance committee proposed to the board of directors a new target for the representation for women (currently the least represented gender) on the board of at least 40% by the end of 2022, in line with the aforementioned recommendation. Bankinter again achieved this target early, as following the appointment of Cristina García-Peri at the 2021 Annual General Meeting, female directors represent 45.5% of the total number of members.

María Dolores Dancausa Treviño became a board member and was appointed executive director and the Company's chief executive officer in 2010.

The appointments, sustainability and corporate governance committee imposes no constraints or biases on the selection of female directors when entrusting external advisers with selection processes and actively encourages the inclusion of women in the lists of candidates to be evaluated. Bankinter prioritises the professional merits and experience of

its directors, without placing any constraints in relation to the gender of the nominees.

With regard to promoting the presence of women in senior management, the composition of which is detailed in section 4.14, the management committee has a majority of women and the chief executive officer who chairs it is a women.

Number of female members on Bankinter's various board committees at the end of the last four years:

	Number of female directors				% of directors for each committee			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive committee	1	1	1	1	20	16.66	16.66	16.66
Audit committee	1	1	0	0	25	20	0	0
Risk and compliance committee	3	1	0	0	75	25	0	0
Remuneration committee	1	1	1	1	25	16.66	20	20
Appointments, sustainability and corporate governance committee	2	1	1	0	50	16.66	20	0

4.4 Director selection

On 18 November 2015, Bankinter's board of directors approved the director selection and succession policy, according to which director selection and succession processes must adhere to the following general principles:

- i. These processes shall comply with applicable legislation and regulations at all times and will be carried out in accordance with the board composition set out in the corporate by-laws and the rules and regulations of the board of directors.
- ii. They shall seek to ensure that there is a clear majority of independent directors on the board of directors and that the number of executive directors remains at a bare minimum, in view of the Group's complexity.
- iii. They shall ensure that there is an adequate balance between proprietary and independent directors, reflecting, wherever possible, the proportion between share capital carrying voting rights represented by proprietary directors and the rest of the share capital.
- iv. They shall ensure diversity of nationality, gender and experience, such that decision-making is enriched and a variety of standpoints are heard when debating matters that fall within the board's remit.
- v. They shall guarantee the stability of the board of directors in line with the measures taken by the Company to ensure, wherever possible, that the appointment or re-election of directors does not affect more than one fourth of total board members in any given year.

Further, the board of directors, by virtue of the EBA and ESMA joint guidelines on suitability assessments released on 30 June 2018, approved a policy on the suitability assessment of directors and key function holders at Bankinter.

To ensure that the director selection and succession policy is suitably aligned with the suitability assessment policy mentioned in the preceding paragraph, on the same date the board approved a number of amendments to the selection and succession policy. Moreover, provision was made for the succession of the chairs of the board committees. As a result, Bankinter has a procedure in place that guarantees an agile, transparent and robust succession process.

Director selection processes invariably start with an analysis of the Company's needs and those of the companies belonging to its group. The board of directors carries out such analysis while relying on the advice of the appointments, sustainability and corporate governance committee.

As a general rule, candidates for directorships at the Company must also be persons of integrity, good name and suitability and have recognised expertise, skill, experience, qualifications, training, availability and commitment to their duties.

The appointments, sustainability and corporate governance committee assesses the balance of competencies, expertise, diversity and experience necessary for the board of directors. For this purpose, it defines the functions and aptitudes required of candidates for each vacancy, and

assesses the time and dedication needed for them to properly discharge their duties.

Practical illustration of the director selection process in 2021:

Law 5/2021 of 12 April amending the consolidated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations to encourage long-term shareholder engagement in listed companies amended section 1 of article 529 bis of the consolidated text of the Spanish Companies Act to state that directors of listed companies must be natural persons. This amendment was for reasons of transparency and good corporate governance.

Meanwhile, transitional provision one of that law sets out a transitional regime for the requirement that directors of listed companies be natural persons. It only applies to appointments, including re-elections, as from the month after publication of the law in Spain's Official State Gazette (Boletín Oficial del Estado); i.e. 13 May 2021.

Proprietary director of Bankinter, CARTIVAL, S.A., was re-elected for a four-year term at the Annual General Meeting held on 22 March 2018. On expiry of its term in 2022, this legal person may not be re-elected as director of Bankinter, for the reasons explained above.

Therefore, at its meeting of 4 October 2020, the appointments, sustainability and corporate governance committee issued a report assessing the suitability, both individually and for the board of directors as a whole, of Alfonso Botín-Sanz de Sautuola y Naveda as candidate for new

proprietary director and executive vice chairman based on his vast experience, and the importance of his proven contribution to Bankinter's performance and professional honour and integrity.

Pursuant to the applicable procedure, the European Central Bank issued its non-opposition on 14 December 2021.

With the formalities now completed, the board of directors will submit a proposal at the Annual General Meeting to be held in March 2022 to approve the appointment of Alfonso Botín-Sanz de Sautuola y Naveda. This will fill the vacancy left by CARTIVAL, S.A.

4.5 Appointment, re-election and removal of directors

The appointment of directors rests with the Annual General Meeting or, where appropriate, with the board of directors by co-option if a position falls vacant, in accordance with the Spanish Companies Act, the corporate by-laws and the rules and regulations of the board of directors.

Proposals submitted by the board of directors to the general meeting regarding the appointment, ratification or re-election of directors shall require a preliminary recommendation or report from the appointments, sustainability and corporate governance committee (depending on the category of director concerned), following a formal and transparent procedure. If the board decides not to follow the recommendation of the appointments, sustainability and corporate governance committee, it must give the specific reasons in its decision.

Because Bankinter is a financial institution, the appointment of new board members requires, among other matters, compliance with the procedures and requirements set forth in Act 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, and in Royal Decree 84/2015 of 13 February, enacting that Act.

Article 9 of the rules and regulations of the board of directors states that persons caught by any the prohibitions prescribed by applicable law or regulations or any by-law incompatibility may not be appointed director, nor may individuals who, either directly or through a related party, encounter a conflict of interest with the Company or another Bankinter Group company, or those proposed by one or more shareholders to have encountered any such conflict of interest. Also not eligible to be appointed directors are persons, whether national or foreign, and whether operating in the financial sector or some other industry, competitors of the Company or another Bankinter Group company, nor their directors, senior managers or any persons nominated by any of them in their capacity as shareholders.

The board may not co-opt or submit proposals or motions to the general meeting regarding the appointment, re-election or ratification of directors where the person in question is caught by any of the circumstances just described and must oppose other proposals or motions that run contrary to article 9 of those regulations.

The rules and regulations of the board of directors, in accordance with the corporate by-laws, regulates the causes and the procedure of removal and dismissal of directors. In accordance with article 11, directors shall step

down from office when they have completed the mandate for which they were appointed, whereupon they may be re-elected, and when so decided by shareholders convened at a general meeting or by the board of directors by virtue of the powers conferred upon them under applicable law or the corporate by-laws.

Directors must offer to resign and, if the board of directors sees fit, tender that resignation in the following cases: i) if, having been appointed on the nomination of a significant shareholder, the significant shareholder informs the Company, at any time, that it does not intend to re-nominate the director once their term of office comes to an end; ii) when they are caught by any of the ineligibilities, prohibitions or legal grounds for dismissal or resignation, as set out in the rules and regulations of the board of directors, including conflicts of interest and the duty not to engage in competing activities; iii) where the director acts or omits to act in a way that falls short of the duty of care expected of their position, or where they seriously breach their duties as director, including the duty of secrecy and all other responsibilities and obligations set out in the rules and regulations of the board of directors; iv) where their continuance on the board could harm the Company's interests, whether directly or through the director's links with related persons; v) where, for any other reason, they cause serious damage or loss to the Company's interests, its good name or reputation, or to the board's own operation or, in general, where they lose the board's trust for any justifiable reason; and vi) where any other circumstance exists warranting a director's resignation in accordance with applicable recommendations on good corporate governance in force in

Spain and embraced by the Company, insofar as the board considers that circumstance to exist.

The director shall be obliged to inform the board of directors of any such situation and of any criminal proceedings in which they may be under investigation, including the ongoing status of such proceedings.

In all of the cases described above, the board of directors may propose a director's dismissal after previously ordering the director to step down. Resolutions of the board of directors confirming that valid reasons exist warranting the director's resignation, as provided for in the regulations, and accepting the resignation tendered by the director, shall be carried out on a recommendation from the appointments, sustainability and corporate governance committee, unless the matter is urgent and there is no time to wait for such a report.

As established in the rules and regulations of the appointments, sustainability and corporate governance committee, when, due to resignation or for any other reason, a director leaves their position before the end of their mandate, the appointments, sustainability and corporate governance committee will ensure that the Company acts in a transparent manner with respect to the process and its causes. Accordingly, when the departure is due to the director's resignation, the committee shall evaluate the information in the outgoing directors' letter to the board, where appropriate. If it deems that insufficient information is available, it shall liaise with the director to ascertain the reasons for their resignation. The committee shall also ensure that the board of directors publishes the

reasons and circumstances of the departing director in an appropriate manner, including an explanation of the reasons for the departure in the annual corporate governance report.

Since 2015, Bankinter has also had a policy for the prevention of conflicts of interest for senior officers, which defines the general operating principles for the prevention of such conflicts. This was updated most recently in November 2016.

Lastly, neither the corporate by-laws nor the rules and regulations of the board of directors set any age limit for directors.

4.6 Director succession plans

Pursuant to the policy on director selection and succession approved by the board, as described above, director succession processes must be suitably planned and coordinated so as to ensure business continuity without any delay or setback.

The appointments, sustainability and corporate governance committee seeks to ensure the existence of up-to-date succession plans for the Company's chairman and executive directors. It may also be required to submit proposals to the board of directors so as to ensure that the succession process proceeds in a planned and orderly manner.

The policy has the following to say on the succession of the chairman and the chief executive officer:

Succession plan for the chairman of the board:

When the chairman steps down, the vice chairman of the board of directors shall call a board meeting (as required under the rules and regulations of the board of directors) to decide upon which of its members will take up the position. The board shall ensure that it has a sufficient number of qualified members capable of serving as chairman. If the board decides at the meeting that the nominees should be external, it shall instruct the appointments, sustainability and corporate governance committee to initiate a selection process to fill the vacancy.

Succession plan for the chief executive officer:

Each year, the chief executive officer shall present the appointments, sustainability and corporate governance committee with a list of candidates for the position of chief executive officer. The committee shall then appraise the list to find the most suitable candidate and submit the resulting succession plan to the board of directors for approval.

The committee shall appraise the special personal and professional merits of each nominee, including their ability to lead and steer the Company's strategy.

The rules and regulations of the board of directors shall govern the occasional absence of the chairman of the board or the chief executive officer.

The director selection and succession policy contains a provisional succession system for the chairs of the various board committees, while the corporate governance policy governs the succession of Bankinter's senior officers.

The director succession and selection policy is available on the Company's corporate website.

4.7 Positions held on Bankinter's board of directors**4.7.1 Non-executive chairman of the board of directors**

According to article 26 of the corporate by-laws and article 27 of the rules and regulations of the board of directors, the board of directors shall appoint a chairman from among its ranks, based on a favourable report from the appointments, sustainability and corporate governance committee.

Pedro Guerrero Guerrero was appointed chairman of Bankinter's board of directors on 19 April 2007, under the category of executive director. As of 1 January 2013, Pedro Guerrero Guerrero is no longer an executive director.

Pursuant to Bankinter's corporate by-laws and the rules and regulations of the board of directors, the chairman of the board of directors is ultimately responsible for the effective operation and working of the board. His or her

functions and duties include the following, none of which are executive in nature:

1. The chairman of the board's remit includes the following duties:

- a) ensuring the board's effective operation and working;
- b) convening and presiding over board meetings
- c) steering the board and its discussions and ensuring that these are meaningful;
- d) preparing and submitting the timetable and business to be discussed to the board of directors;
- e) promoting debate on the Bank's strategic objectives;
- f) maintaining relations with directors, facilitating the exercise of their duties;
- g) organising and coordinating regular assessments of the board and, when necessary, its chief executive; and
- h) approving and reviewing programmes to update and refresh the skills of each director as and when required.

2. Institutional representation duties on Bankinter's behalf:

In addition to his duties as board chairman, the chairman discharges specific duties relating to institutional relations, without prejudice to Bankinter's legal representation, which rests with the relevant individuals appointed for that purpose. These institutional duties never entail managerial or other executive powers, which correspond exclusively to those persons the board has appointed executive directors.

The chairman therefore performs the following activities, without limitation:

- a) maintaining institutional relations with Spanish and international supervisory bodies and sectoral bodies and, as the case may be, establishing regular contact with them;
- b) assisting in Bankinter's relations with Spanish and foreign investors, credit rating agencies and so forth, and maintaining contact with them in coordination with the departments and areas responsible for Bankinter's institutional relations;
- c) helping to strengthen institutional relations with Spanish and international bodies that represent sectoral interests;
- d) maintaining institutional relations with market regulators, clearing houses and other similar institutions; and
- e) assisting the various business units of Bankinter and its subsidiaries, at their request, in their institutional relations with customers, suppliers or any other commercial partners.

3. Duties relating to sustainability:

In accordance with Bankinter's policy, the chairman is charged with certain duties with regard to sustainability, notably:

- a) ensuring the coordination of the activities of Fundación para la Innovación with the various departments of Bankinter; assessing its director and setting objectives; and proposing their remuneration to the board of trustees;
- b) presiding over the sustainability committee;
- c) proposing, coordinating and overseeing the sustainability committee's activities to:

- i) amend Bankinter's sustainability policy and related plans, lines and programmes, ensuring their dissemination and seeking the involvement of all Bankinter stakeholders (especially strategic stakeholders such as employees, shareholders and customers);
- ii) devise the sustainability strategy and master plan, and monitor the initiatives set out in them;
- iii) effectively integrate the principles found in Bankinter's sustainability policy and strategy into the management of each area at the company, in a manner that is both consistent and cohesive with Bankinter's global strategy.
- iv) ensure available resources and tools as needed in order to implement and improve sustainability management at Bankinter while fostering innovation and the use of the best available technologies;
- v) manage the information needed to extend and maintain management systems, thus helping improve Bankinter's financial, social and environmental efficiency;
- vi) prepare the sustainability report and review it before it is submitted to the board of directors, through the appointments, sustainability and corporate governance committee;
- vii) analyse the impacts of possible organisational changes regarding sustainability management, establishing appropriate measures to ensure the continuity and efficiency of Bankinter's management system; and

- viii) participate in the review of the progress and performance of sustainability management in order to ensure that it operates properly.
- d) reporting regularly to the board of directors, by way of its appointments, sustainability and corporate governance committee, on the sustainability committee's oversight of the sustainability strategy and its main advances.
- e) carrying out any other activities that the board may vote to assign to the chairman.

4. Duties in relation to the Internal Audit division:

Under article 39 of the rules and regulations of the board of directors, Bankinter's Internal Audit division (which reports to the audit committee) is functionally subordinate to the chairman. Accordingly, the chairman has the following duties:

- a) proposing the targets and remuneration of the head of Internal Audit for approval by the audit committee;
- b) performing the ordinary monitoring of the division's activities, irrespective of the exclusive authority of the board's audit committee, to which it directly reports.

There was no change in his contract with the Company in 2021.

4.7.2 Executive directors

Articles 26 and 27 of the corporate by-laws and articles 29 and 30 of the rules and regulations of the board of directors govern the positions of executive directors.

At present, the vice chairman of the board, CARTIVAL, S.A., and the Bank's chief executive officer, María Dolores Dancausa Treviño, both discharge executive duties.

The rules and regulations of the board of directors allow for the permanent delegation of powers to executive directors. The following powers have been conferred upon the executive directors:

4.7.2.1 Executive vice chairman:

The executive vice chairman chairs the executive committee, the executive risk committee and the ALCO (assets and liabilities committee), with duties related directly to the risk management of the institution. The Bank's investment banking area also reports to him.

4.7.2.2 Chief executive officer:

The chief executive officer is tasked with the day-to-day management of the business and discharges the highest management and executive duties at the Company.

Contracts of the executive directors:

There were no significant changes in 2022 in the commercial contracts entered into between the executive directors and the Company.

In relation to these contracts, it should be noted that the contract with the chief executive officer contains a post-contractual non-compete clause whereby, for a period of 18 months following termination of her contract, she undertakes not to engage in professional services that compete with those performed by the Bank or group companies. Compensation for this non-compete undertaking amounts to 50% of her final fixed remuneration.

The other terms and conditions of the contracts of the executive directors are described in the annual report on director remuneration, which was approved last year by the shareholders in a consultative vote. They will also be described in the mandatory report on the remuneration of directors to be published with the announcement of the 2022 Annual General Meeting.

4.7.3 Segregation of duties

Bankinter staunchly defends the importance of a proper balance of power in decision-making processes and, to this end, has established a clear segregation of duties between the non-executive chairman, the executive vice chairman and the chief executive officer, as explained in the preceding sections of this report. The evaluation of the functioning of the board and its committees carried out by an independent external expert for 2019, the conclusions of which were presented in early 2020, identified this clear segregation of duties as a strength of the board. The 2020 and 2021 evaluations also consulted the members of the board in this regard, without identifying any inefficiencies or aspects for improvement. This clear and consistent segregation of duties continues to be highly valued.

4.7.4 Coordinating director

Bankinter's corporate by-laws and the rules and regulations of the board of directors (article 31) envision the possibility of appointing a coordinating director, if and when the board chairman is executive. In its current configuration, the board of directors has no need to appoint a coordinating director from among the independent directors.

4.7.5 Secretary of the board of directors

Article 32 of the rules and regulations of the board of directors states that the duties of secretary of the board shall be performed by the person appointed by the board for that purpose, who may or may not be a director.

To ensure the independence, impartiality and professionalism of this post:

- The secretary of the board, acting in his or her position as such, shall report only to the board of directors and its chairman.
- The appointment and removal of the secretary of the board will be subject to a preliminary report from the appointments, sustainability and corporate governance committee and must be approved by all board members.

In addition to the duties ascribed by law, the corporate by-laws and the rules and regulations of the board of directors, the secretary shall also:

- a) Safeguard the documentation of the board of directors, take minutes of all business discussed at board meetings and issue certificates confirming the business discussed at meetings and the resolutions carried;
- b) Ensure that all actions of the board of directors comply with applicable legislation and the corporate by-laws and other internal rules and regulations, and that they consider national and international recommendations on good governance, particularly those of the Good Governance Code that apply to the company; and
- c) Assist the chairman in ensuring that directors receive sufficient information in due course so that they may discharge their duties.

At present, the secretary of the board (non-director) is Bankinter's general secretary, namely Gloria Calvo Díaz.

In 2019, the board of directors, on the recommendation of the appointments, sustainability and corporate governance committee, agreed to appoint Lucía Calvo Vergez vice secretary of the board of directors so that she may stand in for the secretary of the board of directors if the latter is absent or ill, or is caught by a conflict of interest in accordance with the rules and regulations of the board of directors, or if the post falls vacant.

4.8 Director training plans

On 25 October 2017, the board of directors approved the policy on the training of board members. This policy aims to define the required principles and planning for guaranteeing that board members'

qualifications are up to date through training, in order to ensure that they, at all times, have the abilities required to perform their supervisory duties objectively and with independent judgement. This policy considers two training scenarios:

Training on joining the board.

When board members are selected, to ensure that the directors have sufficient and adequate specialised knowledge to discharge their duties efficiently, they are given a training programme to teach them about the organisational structure of entity and its group, focusing especially on the regulations that apply to their business activities and on any other matters considered necessary for new board members to know how to fully perform their duties while serving on the board. This training plan is applied to new board members and was implemented again in 2021 following the arrival of new director Cristina García-Peri Álvarez.

Continuous training plan.

At the request of the board members themselves or following an analysis conducted by the company, so that board members may access group and/or personalised training programmes based on their individual skill set and role on the board, bearing in mind the diverse profiles, training, experience and expertise that Bankinter may require. In application of this planning, in 2021 board members received specific training on risk, anti-money laundering and sustainability and its governance. Members of the

audit committee also received specific external training in 2021 on regulation on digital operational resilience for the financial sector (DORA).

The policy on the training of board members is available on Bankinter's corporate website.

4.9 Preparation and conduct of board meetings

In accordance with the rules and regulations of the board of directors, the board shall approve, before the start of each financial year, a calendar of meetings for the following year and a provisional agenda for each meeting. Directors are entitled to propose additional items to be added to the agenda. Calendars and agendas may be amended via a board resolution or a decision by the chairman, who shall make the amendment known to the directors sufficiently in advance, unless the urgency of the amendment renders this impossible. The minimum number of meetings will be 10 per year (well above the legal requirement to hold meetings once a quarter).

4.9.1 Preparation of meetings

On 16 December 2015, Bankinter's board of directors approved a procedure for preparing meetings of the board of directors of Bankinter, S.A. and its committees, in compliance with the rules set out above, so as to ensure that board and committee members are fully aware of the business being

discussed and resolutions being carried and have sufficient time ahead of the meeting to scrutinise each matter.

Announcements must be delivered sufficiently ahead of the date of meetings, except where this proves impossible due to the urgency of the matter or some other pressing need. The procedure for preparing for meetings of the board and its committees includes the following aspects, among others:

- Calendar of meetings for the board and its committees.
- The method and venue for holding meetings.
- The notice and agenda for each meeting.
- The time and means for making the documentation available that will be the subject of analysis and debate at each meeting.
- Channels and media for communicating with the directors responsible for compliance with this procedure.

The Bank guarantees the right of directors to receive the necessary information in order to adequately assess the corresponding transactions or decisions before the board or committee meeting is held, so that they may reasonably prepare for the meetings and actively take part in discussions.

In addition, as already indicated in other reports, Bankinter has set up a director's website, where directors can access all the information needed to grant a proxy and give instructions on how to vote.

The board secretary will be responsible for managing and providing the information and communication to board members, through online services, the director website and by maintaining and regularly updating such information. They shall also ensure that the relevant deadlines are observed.

Furthermore, the procedure approved in 2015 provides that "Directors may ask the chairman, doing so through the secretary's office, for any documentation or information they may need in order to properly prepare for meetings, enjoying full access to the minutes, reports and presentations relating to meetings held."

During the external and internal assessment processes conducted in recent years, directors confirmed that they had received enough information sufficiently ahead of the meetings.

4.9.2 Operation of meetings:

Conduct of meetings:

The board of directors, either directly or through its committees, fully exercised its supervisory function in 2021. It was kept well informed of the workings and activities of Bankinter Group's various business areas and of general matters that fall within the scope of its supervisory functions. Most notably, the board continued to monitor the Bank's strategic objectives, which were periodically discussed under specific items on the respective

agendas. Similarly, board members were informed of the conclusions of the various internal and external audit reports, among many other matters addressed, including risk management and control at Bankinter Group.

As was the case in 2020, the board of directors had to hold some of its meetings in 2021 remotely or in mixed, face-to-face and remote sessions due to the COVID-19 pandemic. However, the board of directors has never ceased to exercise its supervision and to remain informed of all matters of interest to it.

Voting on motions:

Resolutions shall be carried in meetings by an absolute majority of directors in attendance (either in person or by proxy), unless the law or the corporate by-laws call for a supermajority.

The chairman is authorised to hold secret ballots when the board of directors is to vote on directors' appointment, re-election or removal from office, or any other matters deemed of particular importance.

Directors affected by a conflict of interest in connection with an order of business must abstain from discussing and voting on the related motion.

If there is any doubt, the chairman shall decide whether the proxies granted by the directors are valid. The chairman shall also steer proceedings, give the floor, end discussions and ask the meeting to vote as, when and in any order he or she sees fit.

Granting of voting proxies on other board members:

The rules and regulations of the board of directors of Bankinter provide that for each meeting, the directors may grant their right to vote, and issue instructions with regard to how that right to vote is to be exercised, to any other director by letter, fax, telegram, e-mail, or any other means considered to be valid by the rules and regulations. Proxies must be delivered to the chairman or secretary of the board before the start of the meeting. One director may hold more than one proxy.

Since the amendments to the Spanish Companies Act became effective, non-executive directors at listed companies may not give their proxy to an executive director; they may only give the proxy to a fellow non-executive director.

Under all circumstances, failure to attend by directors should be limited to unavoidable cases only.

In 2021, a director unable to attend delegated his vote with specific instructions, as discussed in the following section.

External advice

The rules and regulations of the board of directors provide that in those matters that fall within the remit of the board and the board's committees, the directors may ask the Company to engage the services of auditors,

consultants, advisers or other independent experts, in order to assist the board or the committee concerned in relation to such matters.

4.10 Board committees

The board has set up an executive committee, with delegated powers. Furthermore, the board of directors has the following four committees with oversight, reporting and advisory powers and authority to issue proposals and recommendations:



The composition of all committees was as follows at 31 December 2021:

	Board of directors		Executive committee	Audit committee	Risk and compliance committee	Remuneration committee	Appointments, sustainability and corporate governance committee
Chair	Pedro Guerrero		CARTIVAL	M. Luisa Jorda	Teresa Martin-Retortillo	Alvaro Alvarez-Alonso	Cristina Garcia-Peri
Member	CARTIVAL	M. Dolores Dancausa	M. Dolores Dancausa	Pedro Guerrero	Alvaro Alvarez-Alonso	Fernando Masaveu	Marcelino Botin
	Marcelino Botin	Fernando Masaveu	Pedro Guerrero	Alvaro Alvarez-Alonso	M. Luisa Jorda	Fernando Francés	Teresa Martin-Retortillo
	M. Teresa Pulido	Teresa Martin-Retortillo	Fernando Masaveu	Fernando Francés	Cristina Garcia-Peri	Teresa Martin-Retortillo	Alvaro Alvarez-Alonso
	M. Luisa Jorda	Alvaro Alvarez-Alonso	Fernando Francés				
	Fernando Francés	Cristina Garcia-Peri					
Secretary (non-director)	Gloria Calvo		Gloria Calvo				

Legend: bankinter. executive (dark grey), proprietary (light grey), independent (orange), Other external (yellow)

At the date of approval of this report, there were no changes in the composition of the board's committees.

The rules governing the committees are included in the rules and regulations of the board of directors, which are available on the company's website: www.bankinter.com/webcorporativa.

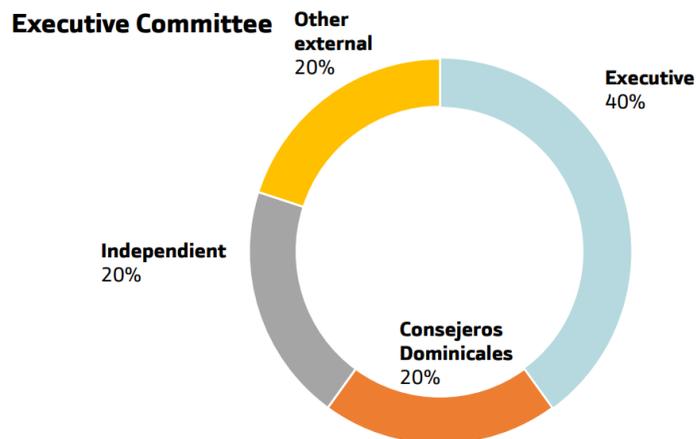
In order to foster the independence of the board's supervisory committees and determine the principles of action and the basic rules of their composition, operation and powers, in accordance with best corporate governance practices in the commercial field, the board of directors, on the recommendation of the audit committee, the risk and compliance committee, the remuneration committee and the appointments, sustainability and corporate governance committee, respectively,

approved their respective rules and regulations, all of which are available on the Company's corporate website.

All board committees with non-executive oversight duties draw up an annual report on their activities, which is then made available to shareholders at the time the Annual General Meeting is announced on the Company's corporate website. www.bankinter.com/webcorporativa.

4.10.1. Executive committee

Committee composition by director category:



This composition complies with recommendation 37 of the Good Governance Code following its amendment in June 2020: "*at least two of whom are non-executive directors, and at least one of whom is independent*", which was transposed into article 38 of the rules and regulations of the board of directors in December 2020.

Duties and remit:

Under article 38 of the rules and regulations of the board of directors (available on the corporate website), the permanent delegation of powers from the board of directors to the executive committee shall extend to all powers vested in the board, except those that may not be delegated by law or under the terms of the corporate by-laws or the rules and regulations of the board of directors.

Irrespective of this delegation of powers, the executive committee is expressly and permanently empowered to:

1. Authorise credit transactions in general, up to the limit set by the board of directors. Transactions involving directors, senior officers and other related transactions are excluded from this delegation of powers and must be approved by a fully-formed board of directors.
2. Authorise new businesses and individual transactions, provided they are non-strategic and do not carry any special tax risk for the Company or its group.
3. Monitor the different businesses, types of customers and their segmentation across the Bank, the Bank's sales networks and organisations, as well as the products and services offered, all in line

with the strategic plan or business plan approved by the board of directors for such purpose.

4. Monitor any significant changes in the shareholding structure.

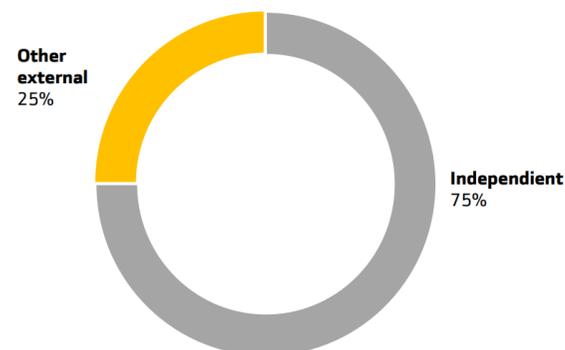
The rules and regulations of the board of directors provide that the executive committee shall consist of no fewer than three and no more than seven directors, at least two of whom must be non-executive directors and at least one of must be independent. They must all be appointed by the board of directors, on the recommendation of the appointments, sustainability and corporate governance committee. The members of the committee are appointed for the duration determined by the board of directors. The committee's chairmen shall be named by the board of directors from among its ranks, while the secretary of the board of directors shall act as the committee's secretary. The executive committee shall meet as often as is convened by its chairman. The executive committee may also be called at the request of three or more directors sitting on the committee. The executive committee shall report to the board of directors on the matters discussed and the decisions taken in its meetings, and shall make copies of the minutes of such meetings available to the board members.

In 2021, the executive committee scrutinised and authorised credit transactions that were later submitted to the board of directors for approval, and monitored Bankinter's business units and other matters related to its delegated functions.

4.10.2 Audit committee

Committee composition by director category:

Audit Committee



Duties and remit:

Article 39 of the rules and regulations of the board of directors of Bankinter (available on the corporate website) describes the functions and rules of organisation and operation of the audit committee.

As mentioned previously, the board of directors, at a meeting held on 23 January 2019, approved a specific set of regulations for the audit committee (available on the corporate website), on the recommendation to such effect from that same committee. These regulations are there to ensure the committee's independence and establish the principles of action and basic rules governing its composition, workings and remit.

The audit committee has the following remit, among other duties:

- To safeguard the reliability and transparency of the internal and external information on the Bank's results and activities and, in particular, verifies on a regular basis the integrity and consistency of the financial statements of the Bank and of the Group, as well as the annual financial statements, the notes to the annual financial statements and management report, prior to their approval or proposal by the board of directors and to their publication.
- To regularly improve and monitor internal control systems and procedures in relation to the risks inherent in the Bank's activities, while also reviewing the general risk map for the Bank and its group.
- To carry out annual evaluations of the performance of the head of Internal Audit and take part in the process of determining his or her remuneration, the allocation of audit staff, and approval of its budget, including IT development, since the committee is the corporate body to which the internal audit function reports hierarchically.
- To safeguard the confidential whistle-blowing channel established and regulated in the Code of Ethics of Bankinter Group approved by the board of directors at its meeting of 25 January 2017.
- The rules and regulations of the board of directors expressly ascribe the committee functions relating directly to the duties of fidelity and loyalty of directors. Thus, directors must report to the committee on any direct or indirect conflicts of interest that may affect them in accordance with the provisions of the Spanish Companies Act, the Spanish Securities Market Act and the Company's internal rules. The committee is the competent body for resolving any issues arising in this regard and is likewise authorised to waive or release directors

from their fiduciary duties and their obligation to comply with the rules of conduct in the securities market.

- The committee approves an annual report that is made available to all shareholders upon announcing the Annual General Meeting, and which is included on the corporate website of Bankinter, S.A.
- To exercise any other functions as detailed in its own rules and regulations, which are available on the corporate website

The audit committee shall comprise a minimum of three and a maximum of seven non-executive directors appointed by the board of directors, on the recommendation of the appointments, sustainability and corporate governance committee, and feature a majority of independent directors. The committee chairman shall be an independent director and must be replaced every four years at least. The committee chairman may be re-elected once one year has passed from the time he or she stepped down. Pursuant to the rules and regulations of the board of directors, committee members shall possess knowledge and experience in accounting, auditing or risk management. The secretary of the committee shall be the secretary of the board of directors. The head of Internal Audit may attend committee meetings, as rapporteur and not in the capacity as member. The external auditors shall attend committee meetings whenever the chairman sees fit and, in any event, they shall attend all meetings at which the report by said auditors on the financial statements and management report of the Bank and the Group is examined, as well as any other meetings called to verify half-yearly and quarterly results prior to their publication.

Broadly speaking, the committee shall meet as often as the board of directors.

Among other activities, the audit committee: i) approved the set of activities to be performed by Internal Audit over the year; ii) verified the key management information, the business report and the corporate governance report; and iii) took note of the internal audit reports relating to the Bank's main subsidiaries. All of the committee's activities are included in the annual activity report for 2021, approved by the committee in February 2022, which will be posted on Bankinter's corporate website when the Annual General Meeting is called.

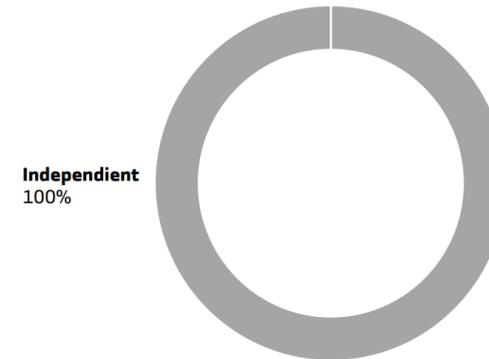
All members of the audit committee have been appointed on the basis of their knowledge and/or experience in the field of accounting, auditing or both.

The current chairman of the audit committee was appointed in 2020.

4.10.3 Risk and compliance committee:

Committee composition by director category:

Risk and Compliance Committee



Duties and remit:

Article 40 of the rules and regulations of the board of directors of Bankinter (available on the corporate website) describes the functions and organisational and operational rules of the risk and compliance committee.

As mentioned previously, at a meeting on 17 November 2021 the board of directors approved a specific set of regulations for the risk and compliance committee (available on the corporate website), following a recommendation from that committee. These regulations are there to ensure the committee's independence and establish the principles of action and basic rules governing its composition, workings and remit.

The functions of the risk and compliance committee were expanded in 2021 as it was attributed functions of monitoring and overseeing all second line control functions. These were added to its existing functions of risk control

and validation, regulatory compliance and anti-money laundering and terrorist financing. The new functions were attributed following the unification of the second lines of defence in the new Corporate Control and Compliance division, which is integrated into the Bank's organisation through the Risk division.

Therefore, the functions of the risk and compliance committee are as follows:

- Advising the board of directors on the Company's overall current and future risk exposure and propensity, and on its strategy in this regard, while aiding the board of directors with the effective implementation of that strategy. However, the board of directors shall remain ultimately responsible for all matters relating to risk.
 - Assessing whether the prices for the borrowing and lending products and services offered to customers are fully compliant with the Bank's business model and risk strategy. If this is not the case, the risk and compliance committee shall submit a corrective plan to the board of directors.
 - Determining, together with the board of directors, the nature, quantity, format and frequency of the information on risk to be received by the committee itself and the board of directors.
 - Helping to establish rational remuneration policies and practices. To this end, and without prejudice to the duties of the remuneration committee, the risk and compliance committee shall examine whether the incentives envisaged in the remuneration system take into account risk, capital, liquidity, and probability and opportunity for profit.
- Approving the appointment or replacement of the chief risk officer, on the recommendation of the chairman of the board, the vice chairman (if executive) or the chief executive officer.
 - Reviewing the general risks map for both the Bank and the Group, and submitting the corresponding recommendations to the board.
 - Approving or amending the charter of the Risk Control function, the charter of the Regulatory Compliance function, the anti-money laundering handbook and the rules and regulations of the internal control body on matters relating to anti-money laundering and counter terrorist financing.
 - Approving the appointment or replacement of the head of control and compliance on the recommendation of the chairman of the board, the vice chairman (if executive), the chief executive officer or the general manager, who is responsible for the Corporate Control and Compliance department, and following a positive assessment of that person's suitability for office by the appointments, sustainability and corporate governance committee; setting his or her remuneration and proposing budgets for the position and approving his or her annual work plan and annual activity report; receiving regular information on the officer's activities; and checking that senior management is mindful of the conclusions and recommendations set out in the committee's reports.
 - Scrutinising any reports that the supervisory bodies may issue in relation to the Bank following inspection proceedings, and seeing to it that the Bank implements the measures and acts on the recommendations found in those inspection reports.

- Receiving information and hearing reports on any material irregularities, breaches or risks observed during the control actions undertaken by the Bank's competent departments.
- Ensuring the adequacy of the resources assigned to the Control and Compliance division.
- Supervising the activities of the risk control unit, which is attached to the control and compliance division and reports regularly to the committee.
- Overseeing the effective fulfilment of the duties ascribed to the Regulatory Compliance Unit and the Anti-Money Laundering and Counter Terrorism Financing Unit, within the larger Control and Compliance division.
- Periodically reviewing the internal control and risk management systems so that the main risks are properly identified, managed and disclosed.
- Submitting the annual report of the risk and compliance committee to the board of directors for approval.
- Exercising any other functions ascribed to the committee by the rules and regulations of the board of directors or by the board of directors itself.

The risk and compliance committee shall comprise a minimum of three, and a maximum of seven directors, to be appointed by the board of directors on the recommendation of the appointments, sustainability and corporate governance committee. For the proper performance of its duties, the risk and compliance committee shall meet as often as it is convened by the

committee itself or by its chairman. Any person belonging to the Company may attend committee meetings if the committee sees fit.

To discharge its duties properly, the risk and compliance committee shall have unhindered access to information on Bankinter's risk situation and (if necessary) to the risk management unit and specialised external advice.

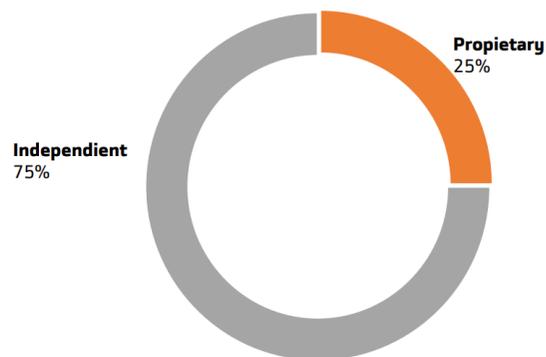
The risk and compliance committee shall report through its chairman to the board on its activities and work, doing so at meetings held for that specific purpose or at the next board meeting if the chairman deems this necessary.

All of the committee's activities are included in the annual activity report for 2022, which the committee approved in January 2022 and which will be posted on Bankinter's corporate website when the Annual General Meeting is called. The activities discussed in this report include: the committee's involvement in modifying the risk management and control framework and the risk appetite framework, monitoring the various metrics included in this framework, and knowing the activities and reports of the various units comprising the Control and Compliance division.

4.10.4 Remuneration committee

Committee composition by director category:

Remuneration Committee



Duties and remit:

Article 41 of the rules and regulations of the board of directors of Bankinter (available on the corporate website) describes the functions and organisational and operational rules of the remuneration committee.

As mentioned previously, at a meeting on 22 June 2020 the board of directors approved a specific set of regulations for the remuneration committee (available on the corporate website), following a recommendation from that committee. These regulations are there to ensure the committee's independence and establish the principles of action and basic rules governing its composition, workings and remit.

The functions of the remuneration committee include those listed below:

- Proposing to the board the remuneration policy for the directors and their individual remuneration, along with the corresponding annual

director remuneration report, which the board shall submit for a consultative vote at the Annual General Meeting.

- Submitting a proposal to the board of directors on the individual remuneration of executive directors and, as the case may be, external directors, for the performance of duties other than those of a director and other terms and conditions of their contracts.
- Proposing the remuneration policy for senior managers, including managing directors or those who perform senior management duties and report directly to the board, to executive committees or to chief executive officers, as well as their individual remuneration and other basic terms and conditions of their contracts.
- Setting the remuneration of employees who are not considered senior managers but who receive significant remuneration (especially variable remuneration), and whose activities may have a material impact on the Group's risk profile.
- Verifying the extent of compliance with the remuneration policy in general during the financial year and enforcing compliance.
- Conducting regular reviews of remuneration programmes; assessing their implementation and effectiveness; and ensuring that directors' remuneration conforms to standards of moderation and the Bank's results.
- Ensuring transparent remuneration and its inclusion in the annual report and in any other annual reports containing information on directors' remuneration; and, to this end, submitting relevant information to the board.
- Reporting on incentive plans for senior managers or employees that are pegged to the performance of the Bank's listed share price or

other variable indices, as well as on remuneration systems for the Bank's management team based on collective insurance systems or deferred remuneration systems, if applicable.

- Exercising any other functions ascribed to the committee by its own rules and regulations, which are available on the corporate website.

The remuneration committee shall comprise a minimum of three and a maximum of seven directors, to be appointed by the board of directors on the recommendation of the appointments, sustainability and corporate governance committee.

In order to fully discharge its duties, the remuneration committee shall meet as often as it or its chairman agrees to convene a meeting.

The committee may instruct its own chairman to invite the Bank's chairman, vice chairman (if executive), chief executive officer, or any other executive directors or senior officers to attend committee meetings called to discuss and vote on executive directors or senior members other than those in attendance, or to discuss matters concerning the remuneration of senior officers. The committee must always consult the chairman, vice chairman (if executive) and the chief executive officer before carrying any resolution or drawing up any report in relation to those matters.

The remuneration committee shall have access to all information and documentation needed to properly discharge its duties, and may seek the assistance of advisers, consultants, experts and other independent professionals.

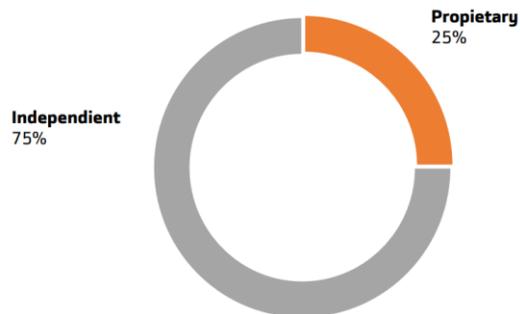
The chairman of the remuneration committee shall report to the board of directors on all activities and work performed by the committee, whether at specific meetings scheduled for that purpose or at the next board meeting if the chairman deems this necessary. The committee shall provide board members with copies of the minutes of such meetings.

All of the committee's activities are included in the annual activity report for financial year 2020, which the committee approved in February 2020 and which will be posted on Bankinter's corporate website when the Annual General Meeting is called. The activities discussed in this report include: advising the board on the remuneration of executive directors and senior management members (individuals), and advising on the approval of the remuneration of the board of directors for its oversight duties; submitting a proposed annual report on director remuneration; verifying information on the remuneration of directors and senior management members contained in corporate documents; monitoring compliance with the remuneration policy established by the Company and conducting regular reviews, among other matters.

4.10.5 Appointments, sustainability and corporate governance committee

Committee composition by director category:

Appointments, Sustainability and Corporate Governance Committee



Duties and remit:

Article 42 of the rules and regulations of the board of directors of Bankinter (available on the corporate website) describes the functions and organisational and operational rules of the appointments, sustainability and corporate governance committee.

Pursuant to an amendment to the rules and regulations of the board of directors agreed on 21 April 2021, the appointments and corporate governance committee changed its name to the appointments, sustainability and corporate governance committee. The board made this change to reflect this committee's important role in supervising the Bank's objectives and strategy in the area of sustainability, which it historically played, while preserving the criterion of efficiency in the functioning of the board that characterises Bankinter. In the same vein, the committee's 2022 activity plan was reinforced in this area by including follow-up and

assessment of the plans and objectives set by the board in the sustainability policy in all its meetings.

As mentioned previously, at a meeting on 21 October 2020 the board of directors approved a specific set of rules and regulations for the appointments, sustainability and corporate governance committee (available on the corporate website), following a recommendation from that committee. These regulations are there to ensure the committee's independence and establish the principles of action and basic rules governing its composition, workings and remit.

These include:

- Proposing the appointment, ratification, re-election and removal of independent directors and board advisers, indicating, for the former, the category for which they are appointed. As regards the appointment of directors, the committee shall ensure that selection procedures for filling vacancies are free from implicit biases that might hinder the selection of female directors, seeking to find and include, among potential candidates, women who meet the desired professional profile when the number of female directors is already low or non-existent.
- Determining whether a suitable and necessary balance of powers, expertise, diversity and experience exists within the board of directors.

- Assessing the suitability of the members of the board of directors and of the board as a whole at least once a year; and reporting its findings to the board of directors.
- Setting a representation target for the less represented gender on the board of directors, and drawing up guidelines on how to achieve that target.
- Analysing the existence of succession plans for the chairman, vice chairman (where appropriate), chief executive officer and the company's senior managers, updating those plans where necessary, and submitting proposals to the board of directors to ensure an organised and planned succession.
- Reporting on proposals for the appointment, discharge and removal of the Company's senior officers.
- Regularly reviewing the board of directors' policy on the selection and appointment of the members of senior management and submitting recommendations.
- Reporting on appointments and removals of directors or senior managers at subsidiaries or affiliates who act on behalf of, or who have been nominated by, the Bank.
- Reviewing the company's sustainability policy and ensuring that it is aimed at creating value.
- Monitoring the sustainability strategy and practices and assessing compliance.
- Ensuring engagement with stakeholders, proposing a shareholder and investor communication and engagement policy that will set out the basic lines of messages to be transmitted, which in no case

may include insider information, and report on all matters discussed.

- Assessing all matters relating to the Company's social, environmental, political and reputational risks, notwithstanding the powers granted to the risk committee or other board committees.
- Ensuring that the Company's non-financial and diversity information is made public in accordance with applicable legislation and international benchmarks, and coordinating its reporting, without prejudice to the powers attributed to other committees.
- Exercising any other functions ascribed to the committee by its own rules and regulations, which are available on the corporate website.

The appointments, sustainability and corporate governance committee shall comprise a minimum of three and a maximum of seven directors appointed by the board of directors on the committee's own recommendation.

In order to perform its duties correctly, the appointments, sustainability and corporate governance committee will meet as often as it is called via resolution of the committee itself or the committee chairman.

Following a decision by the committee and at the invitation of its chairman, the chairman, the vice chairman, if an executive, and the chief executive officer of the Bank and other executive directors or senior officers, if applicable, may attend the meetings. In general terms, the chairman, vice

chairman (if executive) and/or chief executive officer shall be called to attend committee meetings addressing matters relating to executive directors or senior managers other than the attendees or relating to the appointment and remuneration of senior managers. The committee must always consult the chairman, vice chairman (if executive) and the chief executive officer before carrying any resolution or drawing up any report in relation to those matters.

The appointments, sustainability and corporate governance committee shall have unhindered access to all the information and documentation necessary in order to exercise its functions, and it may seek the assistance of advisers, consultants, experts and other independent professionals.

The chairman of the appointments, sustainability and corporate governance committee shall report to the board of directors on all activity and work performed by the committee, whether at meetings scheduled for that specific purpose or at the very next meeting if the chairman considers this necessary. It shall also provide board members with a copy of the minutes of all such meetings.

All of the activities performed by the committee are discussed in the annual activity report for 2020, which the committee approved in January 2021, which will be posted on Bankinter’s corporate website when the Annual General Meeting is called.

4.11 Number of board and board committee meetings in 2021

	No. of meetings			TOTAL
	Ordinary	Extraordinary		
		In situ	In writing	
Board of directors	11	0	4	15
Executive committee	11	0	0	11
Audit committee	11	0	3	14
Risk and compliance committee	5	1	2	8
Remuneration committee	6	0	0	6
Appointments, sustainability and corporate governance	5	1	2	8

4.12 Director attendance

Directors are required to devote the necessary time and effort in order to effectively discharge their duties and must, in all cases, comply with legal limits on the maximum number of boards on which they may sit.

Directors shall ensure that absences from meetings of the board of directors and the committees on which they sit are limited to unavoidable cases only.

These requirements have been adequately met by all members of Bankinter's board of directors, with an attendance rate of 97.58% (100%, if attendance via proxy with specific instructions is included) and who displayed full commitment to analysing and discussing the issues that were placed before them by scrutinising the supporting documentation and any other information required for such purpose.

If a director fails to attend a board or committee meeting, they shall forfeit their attendance allowance even if they granted a proxy.

Details of attendance at board and board committee meetings held during 2021, overall and individually by director, for which the special circumstances that occurred in 2020 due to COVID-19 must be considered, are provided below:

- **Level of attendance by collective body:**

Board of directors	
Number of board meetings	15
Number of board meetings held without the chairman's presence	0
Number of meetings in which at least 80% of the directors were present in person	15
Attendance in person as a % of total votes during the year	97.58
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	15
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100

Board committees		
Committee	Attendance in person as a % of total votes during the year	Votes cast in person and by proxies with specific instructions, as a % of total votes during the year
Executive committee	98.18	100
Audit committee	100	100
Risk and compliance committee	96.43	100
Remuneration committee	92.59	100
Appointments, sustainability and corporate governance committee	90.63	100

• **Level of attendance by director in 2021:**

Director	Board of Directors	Executive committee	Audit committee	Risk and compliance committee	Remuneration committee	Appointments, sustainability and corporate governance committee
PEDRO GUERRERO GUERRERO	15/15	11/11	14/14	-	-	-
CARTIVAL, S.A.	15/15	11/11	-	-	-	-
MARIA DOLORES DANCAUSA TREVIÑO	14/15	11/11	-	-	-	-
FERNANDO MASAVEU HERRERO	14/15	10/11	-	-	4/6	-
MARCELINO BOTIN-SANZ DE SAUTUOLA	13/15	-	-	-	-	5/8
MARÍA TERESA PULIDO MENDOZA	15/15	-	-	-	-	-
TERESA MARTÍN-RETORTILLO RUBIO	15/15	-	-	8/8	6/6	8/8
ÁLVARO ÁLVAREZ-ALONSO PLAZA	15/15	-	14/14	8/8	6/6	8/8
MARÍA LUISA JORDÁ CASTRO	15/15	-	14/14	8/8	-	-
FERNANDO JOSÉ FRANCÉS PONS	15/15	8/8	2/2	-	6/6	-
CRISTINA GARCÍA-PERI ÁLVAREZ	11/11	-	-	0/1	-	4/4

(*) At the meeting of the board of directors held on 21 April 2021, appointed member of the remuneration committee, and at the meeting held on 20 October 2021, member of the audit committee.

(**) Appointed member of Bankinter's board of directors at the Annual General Meeting held on 21 April 2021, and chair of the appointments, sustainability and corporate governance committee. At its meeting held on 20 October 2021, the board of directors appointed Ms García-Peri member of the risk and compliance committee.

This high level of personal attendance - with very little in the way of proxy voting and always with specific voting instructions given - illustrates the full commitment shown by committee members in analysing and deliberating on the matters laid before the committees and scrutinising all supporting documentation and any other information the committee members may have requested.

4.13 Audit

The board of directors, through its audit committee, controls the entire process of drawing up and presenting the annual financial statements of the Bank and its Group, along with quarterly and half-yearly financial information.

This ultimate purpose of this control process, coupled with permanent contact with the external auditor, is to avoid qualifications in the audit report.

As at 31 December 2021, the audit committee had the powers set out in section 4.10.2.

The firm PricewaterhouseCoopers, S.L. was appointed auditor of the separate and consolidated financial statements of Bankinter Group for 2021, following a resolution carried by shareholders at the Annual General Meeting held on 21 April 2021 (with an approval percentage of 99.943%).

PricewaterhouseCoopers has been the Group auditor without interruption since 2016 and is one of the leading audit firms in Spain and worldwide. The board of directors has decided that the auditor should be engaged for a further year, based, among other things, on the reasons outlined in the annual report of the audit committee (posted on the Bank's corporate website), specifically in the section on the auditor's independence.

The following table shows the number of consecutive years over which PricewaterhouseCoopers has been auditing Bankinter's separate and/or consolidated financial statements, and the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited.

	Separate	Consolidated
Number of consecutive years	6	6

	Separate	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	58.5	58.5

The external auditor attends meetings of the audit committee if the committee's chairman considers it to be in the committee's interests

and whenever a meeting is called to scrutinise the report drawn up by the external auditor on the annual and half-yearly financial statements, as well as meetings to verify quarterly results prior to their release. In practice, the external auditor attended all the meetings of the audit committee, both ordinary and extraordinary, in 2021.

To date, the separate and consolidated financial statements have always been submitted for approval at the Annual General Meeting with no qualifications in the audit report.

4.13.1 Independence of the auditor

The board of directors, acting through its audit committee, oversees the objectivity of relations between the Company and its Group and the external auditors, ensuring their complete independence. Specifically, the board ensures that auditors are rotated, that conflicts of interest are prevented and that the information included in the annual report regarding the remuneration paid to auditors as such and for other reasons (if any) is transparent. The legal note to the financial statements indicates and breaks down all the remuneration received by the external auditor.

The remit of the audit committee includes the duty to uphold and safeguard the independence of the external auditor. This committee is responsible for proposing the appointment, re-election or replacement of external auditors to the board and determining their terms and the scope of their engagement, and overseeing activities that are unrelated

to account auditing. In exercising these functions, the committee is responsible for:

- Approving the annual budget for the fees to be paid for the services of auditing the accounts of both the Bank and the Group, setting the maximum percentage of the total invoice that may be represented by billing for non-audit services and, in accordance with generally accepted customs, applying a protocol adopted by the committee to ensure that the engagement of these services is always authorised by the committee beforehand and overseen at all times by the Group's internal audit function. The audit committee may delegate the authorisation of services other than audit services to the internal auditor, provided that the services do not exceed a certain quantitative threshold and the qualitative characteristics defined by the committee. If the internal auditor makes use of this delegation, they must subsequently report to the audit committee.
- Overseeing the rotation of the audit team in compliance with applicable legislation and regulations.

The audit committee, in compliance with the Spanish Companies Act, also issues an annual report containing an opinion on whether the independence of the external auditor has been compromised. This report is always released prior to the issuance of the audit report. This report examines whether the appropriate relations and channels of

communication have been established with the auditors in order to receive, for scrutiny by the committee, information on any issues that may threaten their independence, and any other matters related to the process of auditing the accounts, as well as other communications provided for in applicable legislation and in technical auditing standards. The chairman of the Audit committee reports to the Annual General Meeting on the findings contained in this report.

Meanwhile, the external auditors provide the board of directors with an annual report on the findings of the audit and on the status of risk management at the Bank and the Group, before delivering their report to the audit committee.

This report details the remuneration received by PricewaterhouseCoopers for all audit and non-audit work carried out for Bankinter. The following table shows what this non-audit work represents out of the total amount invoiced by PricewaterhouseCoopers in 2021.

	Company	Group	Total
Amount invoiced for non-audit services (thousands of euros)	146.6	68	214.6
Amount invoiced for non-audit services/Amount for audit work (in %)	12%	8%	11%

In 2021, the external auditor completed four non-audit engagements for Bankinter Group, with fees ranging from 39,600 euros to 68,000 euros, representing 11% of the total amount invoiced by the external auditor.

For all such work, the Bank ensured the non-existence of any threats to the independence of the external auditor that might have required safeguards and could have led to incompatibilities. In addition, all such work was previously authorised by the audit committee.

4.13.2 Preliminary certification of the annual financial statements

The separate and consolidated financial statements are certified by the chief executive officer and the chief financial officer before being submitted to the board of directors.

The separate and consolidated financial statements for 2021 were certified by:

Name	Position
María Dolores Dancausa Treviño	Chief executive officer
Jacobo Díaz García	Chief financial officer

4.14 Evaluation of the board and its committees:

Article 5 of the rules and regulations of the board of directors requires the board to conduct an annual assessment of its own performance and that of its committees, its chair and its executive directors, and to draw up an action plan based on a report from the appointments, sustainability and corporate governance committee to correct any related shortcomings.

On 21 October 2015, the board of directors decided that this assessment would be carried out by an independent external expert at least once every three years. Accordingly, as the assessment in 2019 was conducted by an independent external expert, the evaluation of the board and its committees for 2020 and 2021 was carried out internally.

The aspects reviewed in these evaluations were:

- a) the quality and efficiency of the workings and operation of the board of directors and its committees;
- b) the size, composition and diversity of the board and its committees;
- c) the performance of the chairman of the board and the executive directors;

- d) the performance and contribution made by each director, paying close attention to the chairmen of the board committees;
- e) meeting frequency and length;
- f) the content of the agenda and the adequacy of the time devoted to dealing with the various items, according to their importance (taking into account specific examples or cases);
- g) the quality of the information received;
- h) the scope and extent of debates, avoiding groupthink; and
- i) whether the decision-making process on the board is dominated or strongly influenced by one member or a small group of members.

- Evaluation of the board and its committees in 2020:

The results of the 2020 valuation were reported to the committee and, subsequently, to the board of directors at meetings held in January 2021. No deficiencies were revealed that would have required an action plan in any of the areas that were scrutinised. However, the findings of the evaluation did reveal certain improvements, which are being assessed by the appointments, sustainability and corporate governance committee and will be monitored in the evaluation performed this year.

- Evaluation of the board and its committees in 2021:

The findings of the internal evaluation were reported at the committee meeting and to the board of directors in January 2022. The board did not detect any deficiencies or shortcomings that would require the implementation of an action plan under any of the areas evaluated in 2020: i) quality and efficiency of the board of directors; ii) operation and composition of its committees; iii) diversity in the composition and duties of the board of directors; iv) performance of the chairman of the board of directors and the Company's chief executive; and v) performance and contribution of each director (especially the chairs of the committees).

However, the findings of the evaluation process did reveal certain improvements, which have been analysed by the appointments, sustainability and corporate governance committee and will be monitored in subsequent evaluation processes.

4.15 Remuneration received by the board of directors as a whole

Remuneration accruing in favour of the board of directors in the financial year (thousands of euros)	4,627
Amount of funds accrued by current directors from long-term savings schemes with vested economic rights (thousands of euros)	0
Amount of funds accrued by current directors from long-term savings schemes with non-vested economic rights (thousands of euros)	2,798

Amount of funds accrued by former directors from long-term savings schemes (thousands of euros)	0
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4.16 Members of senior management (excluding executive directors) and their total remuneration

Composition of senior management at 31 December 2021²:

	Name	Position
Members of the management committee	Fernando Moreno Marcos	Head of corporate banking
	Gloria Calvo Díaz	General secretary and secretary of the board
	Gloria Ortiz Portero	Head of commercial retail banking
	Marta Centeno Robles	Head of digital banking
	Jacobo Díaz García	Chief financial officer
	Julio Gabriel Zapatero Gaviria	Chief risk officer (CRO)
	Íñigo Guerra Azcona	Head of investment banking
	Francisco Martínez García	Head of internal audit

Number of women in senior management	3
Percentage of total senior management (excluding the chief audit executive)	43

The majority of management committee members are women (66.6%) including the CEO, who is the chair of this committee.

Total remuneration of senior management (thousands of euros)	4,457
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The remuneration of senior management in 2021, including remuneration received by the head of Internal Audit, in aggregate and by item was as follows:

- Fixed salary: 2,624 thousand euros.
- Annual variable remuneration: 994 thousand of euros.
- Multi-year variable remuneration: 839 thousand euros (no amount was accrued by any member of senior management in 2020).

This amount does not include contributions made in 2021 to the long-term savings scheme of senior managers and the head of Internal Audit (with non-vested economic rights), which amounted to 676 thousand euros.

In January 2021, the chief executive officer informed the board of directors about certain decisions pertaining to reorganisation of the functions and composition of Bankinter's senior management. These changes are available on the Bank's corporate website and will be reported in the annual corporate governance report published next year.

² Including the head of Internal Audit in accordance with the instructions of CNMV Circular 3/2021, of 28 September.

At Bankinter, there are no agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction. Therefore, no information on this matter is reported to the board or the general meeting.

5. RELATED PARTY AND INTRAGROUP TRANSACTIONS

This section of this report contains disclosures on the related party transactions referred to in recommendation 6 of the CNMV's Good Governance Code. It also includes mechanisms to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, managers, significant shareholders and other related parties.

The rules and regulations of the board of directors ascribe the following duties to the board of directors, among others: *"To approve the Company's related party transactions with directors, significant shareholders, or shareholders represented on the board, or with any persons related to them, within the terms laid down in the rules and regulations of the board and based on the recommendation of the audit committee"*.

Internal rules and regulations applicable in Bankinter to related party transactions are described below:

- **The Policy on transactions with related parties of Bankinter Group**, approved by a resolution of the board of 22 April 2020, on the recommendation of the audit committee. The purpose of this policy is to detail the rules to be followed in those transactions that the Company or any of the companies integrated into Bankinter Group perform with related parties.
- **Policy for the prevention of conflicts of interest for senior management of Bankinter**, approved by Bankinter's board of directors on 22 April 2015, and reviewed and updated on 16 November 2016. This policy sets out the principles and criteria for preventing and handling conflicts of interest of senior officers of Bankinter. Among other things, it specifies that the Company's related parties: must abstain from intervening or influencing the approval of transactions or decisions in which they have an interest; may not participate in the deliberations and voting or in any other meeting at which the approval of the transaction is reported or decided upon; may not approach the party involved in the decision-making process to influence it or intervene in the authorisation, execution, control or renewal of the transaction.
- **Procedure for approving transactions with Bankinter Group key personnel and related parties**, approved by the board of directors at its meeting held on 22 April 2015, and updated via a resolution issued on 22 April 2020 to align it with the Bankinter Group policy on related party transactions described above and approved on that same date. This procedure applies to asset transactions that could be requested

by senior officers and their related parties and governs the internal procedures for approving such asset transactions (loans, sureties and guarantees) granted to Bankinter's key personnel (understood as senior officers) and their related parties, whether or not prior to seeking authorisation from the competent supervisory authority as required under Act 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions, and its implementing regulations. As stipulated in the Bankinter policy on conflicts of interest, when the person affected, either directly or indirectly, in the transaction is a director, this director must refrain from intervening in the debates and decisions related to the transaction in respect of which a request for authorisation is being made.

Law 5/2021 of 12 April, amending the consolidated text of the Spanish Companies Act (texto refundido de la Ley de Sociedades de Capital) approved by Royal Decree 1/2010 of 2 July and other financial regulations, with regards to the encouragement of long-term shareholder engagement in listed companies, introduced amendments to the Law 5/2021 of 12 April, which amends the consolidated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, introduced amendments to the regulation of related party transactions applicable to listed companies whereby, while maintaining a general regime of related party transactions applicable to all Spanish companies (including listed companies), articulated around the conflict of interest and the waiver regime, it introduced amendments to the

special features to be considered in related party transactions of listed companies.

To comply with the new regulatory requirements, in 2021, Bankinter's board of directors, on the recommendation of the audit committee, adapted both the Policy on transactions with related parties of Bankinter Group and the Procedure for approving transactions with senior officers of Bankinter Group and its related parties, described previously. The current wording of those texts was approved by the board of directors at its meeting held on 21 July 2021.

Regarding the applicable regime, the Policy on transactions with related parties of Bankinter Group stipulates that related party transactions shall be subject to the authorisation of the board of directors following a favourable report from the audit committee, except in cases where approval must be given by the general meeting.

However, board authorisation shall not be required and may be delegated to the audit committee or another internal body, in accordance with the nature of the transaction, for transactions that simultaneously meet the following three requirements:

- Those that are carried out under standard form contracts that are applied generally to a high number of customers,
- Those that are carried out at prices or rates generally set by the supplier of the related product or service; and

- Are of little relevance; i.e. for amounts that do not exceed 0.5% of Bankinter's turnover.

The audit committee shall be the body overseeing the list of all of the company's and directors' related parties, and putting in place appropriate procedures to keep it up to date, make it known and enforced by the operating units so that related party transactions are duly and promptly identified.

All related party transactions are reported to the audit committee every six months with the authorisation for issue by Bankinter of its financial statements.

The audit committee verified Bankinter's related party transactions carried out in the year that met these requirements for not requiring authorisation by the board of directors.

Significant transactions carried out with shareholders who hold 10% or more of the voting rights or are represented on the company's board of directors, and with subsidiaries of these shareholders:

In 2021, no shareholder holding more than 10% of the voting rights or represented on Bankinter's board of directors carried out transactions with Bankinter or its Group companies that were significant, either because of their amount or the subject matter.

Material transactions with company directors or managers, including transactions with entities over which the director or manager has control

or joint control, and of other related parties classified as such in accordance with International Accounting Standards as adopted by the EU:

In 2021, Bankinter, or Group companies, did not carry out any transactions that were significant, either because of their amount or the subject matter, with directors or managers or companies over which they have control or joint control.

The breakdown of related party balances is provided clearly and specifically in Appendix I of the 2021 financial statements. In addition, the note to the financial statements on director remuneration provides additional disclosures on the characteristics of transactions with board members and managers entailing loans, credits and/or guarantees provided during the ordinary course of the Entity's business, all of which were carried out at arm's length.

Significant intragroup transactions.

Bankinter Group is composed of companies that are wholly owned by Bankinter, directly or indirectly. Therefore, these transactions are scoped out of Chapter VII bis of Title XIV of the Spanish Companies Act in accordance with sections 2.a or 3 of article 529 vicies, and the required disclosures in this section, since they are considered related party transaction.

Of all the companies belonging to Bankinter Group, only its parent, Bankinter, S.A., is a listed company. For that reason, no information is provided on mechanisms for resolving potential conflicts of interest between Group companies.

6. RISK MANAGEMENT AND CONTROL SYSTEMS

6.1 Risk management and control system of the company:

The board of directors of Bankinter, S.A. has the power, which it cannot delegate, to establish a risk management framework that considers all the various types of financial and non-financial risks that could arise, including credit, market, liquidity, concentration, operational, IT, reputational, legal and conduct risks, risk of compliance with anti-money laundering and terrorist financing and other financial crimes, and environmental, social and governance (ESG) and strategic risks; and regular monitoring of the internal information and control systems.

Accordingly, the board of directors established the general risk management and control framework, identifying the main risks of the Company and other companies in the Group whose parent company, as defined by law, is Bankinter. It also set up the appropriate internal control and information systems to regularly monitor these systems so that the material risks in all of the Group's activities and businesses are adequately identified, measured, managed, controlled and reported, all with a view to:

- reaching the Group's strategic objectives with controlled volatility

- offering maximum guarantees to shareholders, protecting the generation of sustainable profit and the Group's reputation
- defending the interests of shareholders, customers, other stakeholders in the Company's operations, and society in general
- guaranteeing business stability and financial robustness over time.

The board of directors also approves and reviews the risk appetite framework, which defines the risk appetite and tolerance that the Entity is willing to assume in its activities, on a regular basis. The framework contains a set of key metrics for the levels of the various risks, quality and frequency of the results, liquidity and solvency. Risk tolerance levels that Bankinter Group is willing to assume are defined for each metric. The appropriateness of the metrics and levels is reviewed by the risk and compliance committee on a quarterly basis, on the recommendation of the chief risk officer (CRO), where it is the committee that issues the recommendation to the board of directors for its update and approval of amendments, where appropriate. These metrics are also monitored on a quarterly basis. Where a negative trend is seen in any of them, action plans are drawn up and monitored until the metrics return to appropriate levels. Further information may be found in the "Risk management policies and objectives" section of the Pillar 3 disclosures report, available on Bankinter's corporate website (www.bankinter.com/webcorporativa).

Bankinter Group also conducts business in accordance with the principles and values established by the board of directors. These include respect and compliance with applicable rules and regulations and effective and prudent

management of all the risks that could arise in the course of the Group's business.

These principles and values form part of Bankinter Group's corporate culture, as reflected in the entity's code of conduct, and must be adhered to, promoted and exercised by all companies and people that form part of the Group.

The board of directors is tasked with establishing and overseeing a sound and comprehensive internal control system for the institution and all the activities it carries out. In accordance with guidelines issued by supervisors and best practices in the market, Bankinter Group's internal control system is based on establishing the so-called "three lines of defence":

- (i) The first lies in all Bankinter Group business and support units. These units are in charge of identifying and managing exposure to the various risks to which their activity - the products, services, processes and systems that comprise them - could be exposed, and taking informed decisions, applying controls and mitigating factors required and, in any event, those outlined by the Group's risk management framework, and by the applicable policies and procedures. They are also responsible for promoting dissemination of, and raising awareness about, the corporate culture.
- (ii) A second line comprises a series of units specialised in controlling and monitoring certain risks; e.g. the Regulatory Compliance, Anti-money Laundering and Terrorist Financing, Financial Control and Outsourcing, and Risk Control and Internal Validation units. These units are tasked with developing and promoting risk management policies, procedures and guidelines in their respective areas of

specialisation, reviewing and contributing to the oversight and reporting of risks managed by the first line of defence, and designing and promoting training and awareness-raising in these topics.

- (iii) As the third line of defence, the independent internal audit function conducts risk-based audits and reviews the provisions, processes and control mechanisms to ensure that they are sound, effective and applicable consistently. The internal audit function also performs the independent review of the first two lines of defence, including other internal functions, units and business lines. It performs these tasks with full independence from the other lines of defence.

For tax risks, and in accordance with article 529 ter 1b) of Royal Legislative Decree 1/2010 of 2 July, which enacted the consolidated text of the Spanish Companies Act, the tax risk control policy is listed as a non-delegable power vested in the company's board of directors. It is implemented through the Office of the General Secretary of Bankinter and through its Tax Advisory department (which is assigned to and subordinate to the Office of the General Secretary).

Consequently, the board of directors of Bankinter, S.A. approved the Bankinter tax risk control policy on 18 September 2019. This policy establishes the principles and internal rules of governance for Bankinter's tax function, setting out:

- Obligations and responsibilities within the organisation.
- Description of the measures in place to mitigate tax risks.

The ex-ante preventive controls and ex-post controls entailing the identification, measurement, analysis, monitoring and reporting of tax risks in line with Bankinter's Risk Management and Control Policy, Risk Appetite Framework (RAF) and Risk Map.

In the fight against corruption and bribery, Bankinter is acutely aware of the serious effects of corruption on economic activity and on society as a whole, and of the important role that entities in the financial sector play in preventing and combating such conduct. For this reason, as an associate and signatory of the United Nations Global Compact, and following national and international best practices, at its meeting on 22 April 2020, Bankinter's board of directors approved Bankinter Group's Anti-Corruption Policy, on the recommendation of the audit committee. This policy is published on the corporate website. This policy complements the Group's Code of Professional Ethics and Crime Prevention and is an essential tool for disseminating the Group's uncompromising attitude to corruption and establishing the rules and principles of action needed to prevent and act against any conduct involving corruption in the Group's corporate activity.

6.2 Bodies within the company responsible for preparing and executing the risk management and control system

As explained in the preceding section, the board of directors, in accordance with the rules and regulations of the board of directors, is responsible for approving the risk management and control policy and regularly monitoring the internal information and risk control systems.

To perform these functions, the board of directors is supported by the following board committees:

Executive committee

The executive committee is vested with all of the functions of the board, except those that cannot be delegated by law or under the corporate by-laws or the rules and regulations of the board of directors. It takes decisions for managing and monitoring all manner of risks and, in turn, delegates such powers to the following internal committees:

- Credit risk: in the executive risk committee, which in turn sets the limits on the delegation of powers to lower-ranking internal bodies, within the limits set by the board of directors. (The executive risk committee is the top risk committee, except for risks that are assigned to the management committee and the assets and liabilities committee).
- Business risk, to the management committee.
- Structural risk (liquidity, interest rate, foreign currency) and market risk, to the assets and liabilities committee (ALCO).

Risk and compliance committee

The risk and compliance committee is an advisory body that oversees the Entity's risks and provides advice on risks to the board of directors. The risk and compliance committee is also entrusted with monitoring the risk appetite framework.

In addition, since 2021, this committee is also tasked with the oversight of the Regulatory Compliance and Anti-Money Laundering function as second lines of defence, which report monthly on their activity. The risk and compliance committee's remit also includes overseeing compliance with legal requirements, supervising the effectiveness of internal control and risk management systems, supervising compliance with the Group's code of conduct in securities markets, anti-money laundering manuals and procedures and, in general, the Bank's governance and compliance rules, and making any necessary proposals for their improvement, as well as reviewing fulfilment of any actions and measures arising from reports or actions by government supervisory and control authorities.

The committee is also responsible for oversight of the outsourced services control function, including overseeing compliance with prevailing regulations and provisions regarding outsourcing of services and scrutinising all reports and proposals it receives regularly from the Corporate Control and Compliance division, and remaining abreast of significant irregularities, breaches or risks observed during the outsourced services control actions.

Audit committee

The audit committee directs the internal audit activity. Its annual plan focuses closely on work related to the measurement, monitoring and management of risks.

The crime prevention and professional ethics committee reports annually and directly to the audit committee on any suspicious behaviour identified and any sanctions and penalties imposed.

6.2.1 Organisation of the risk management and control function:

The risk management and control function is distributed between the Risk divisions, which include the Corporate Control and Compliance division, the Finance and Capital Markets division, and the Internal Audit division.

Bankinter's organisational structure is based on the principle of independence and separation of functions between the various units that assume and manage risks and those that monitor and control risks.

The head of risk is known as the CRO (chief risk officer), in accordance with current law and regulations. The board risk and compliance committee appoints and removes the chief risk officer on the recommendation of the chairman, vice chairman (if an executive) or the chief executive officer of the Entity.

There are two differentiated and separate functions under the oversight of the Risk division/CRO:

- Risk management.
- Corporate control and compliance function

The organisation of these functions is described below.

- **Risk management**

The risk management function covers the main risks (credit and counterparty, market, liquidity, structural, operational and model), with global and corporate-wide responsibilities and provides support to Bankinter Group's governance bodies.

It is charged with defining the methods and executing the risk controls as the first line of defence. It is also geared towards executing and integrating the risk function into the management of the various businesses of Bankinter and Bankinter Group. It comprises the following first-line divisions and units:

- **Credit Risk:** tasked with defining the risk policies associated with each of the segments. It is delegated powers to authorise customer transactions. It is responsible for the entire risk process, from approval, which requires IT support capable of achieving the highest level of efficiency, to monitoring and recovering.
- **Global Risk Management:** responsible for developing, improving, controlling, implementing and regularly monitoring statistical and risk parameter models for the various credit portfolios, and enhancing the integration of these models into management. The internal models perform a key role in the approval process, in the calculation of regulatory and internal capital, in the collective estimation of provisions, in recovery processes and in the establishment of risk-adjusted return measures (RARORAC). It also oversees, together with the global risk division, the development of the specific policies and procedures that must be included in the framework for the risk

management model. Its responsibilities also include supervisor relations, official announcements and regulatory reporting in regard to models, and monitoring the sequentially implementation plan for IRB models in the Bank.

- **Global Risk:** coordinates the various Risk areas in activities and projects related to methodologies, policies, procedures and regulations, seeking to adopt industry best practices in the measurement and management of risks and, in particular, management of the Group's global risk profile.
- **The Risk Assessment unit acts on cross-cutting factors, coordinating and promoting:** a sectoral approach to credit portfolio management, analysing sectors and promoting the most appropriate information and management processes at all times. As managing climate- and environment-related factors and their translation into different risks.
- **Market Risk and Institutional Control:** Reporting to the managing director of risk/chief risk officer, its function is to control and monitor structural risks (liquidity, interest rate and foreign currency) and market risks arising from the Entity's institutional and trading operations.
- As discussed later, the Balance Sheet Management area and the Trading department, which report to the general Capital Markets division, are responsible, respectively, for managing **liquidity, interest and foreign currency risks** (structural risks) and market risk. Market risk has the independent duty of measuring, monitoring and controlling changes in interest rate,

liquidity, foreign currency, market and counterparty risks in 'institutional' positions; i.e., those taken by the assets and liabilities committee (ALCO) and by the treasury department for trading purposes.

- **Operational Risk:** responsible for promoting and coordinating the procedures and tools for the identification, measurement, control and reporting of operational risks, providing the organisation with a uniform vision of operational risk. First-line management of operational risk is delegated to the Group's various subsidiaries, support areas and business units. Operational risk is occasionally managed by specialised or centralised departments when necessary given the circumstances (complexity, size, cross-sector corporate processes, etc.).
- **Non-Performing Loans and Incidents:** responsible for running and managing the process for recovering outstanding loans in early stages of default, by implementing and promoting internal and external tools and actions for this purpose with a view to minimising new non-performing loans. It is also tasked with running and managing the control, monitoring and non-amicable recovery of loans in accordance with prevailing legislation by creating and developing automatic systems that make management more efficient and by implementing more efficient and effective mechanisms and processes to improve the recovery of past-due transactions. It is also responsible for all matters related to the policy, analysis, approval and monitoring of refinancing and forbearance arrangements.

- **Real Estate Assets:** sets and updates the price of foreclosed real estate assets and decides how they should be used. Its responsibilities include ensuring the technical and legal adequacy of these assets and monitoring them to prevent impairment. Its purpose and main responsibility is to proactively seek out buyers by publicising and managing assets in accordance with principles of transparency, sufficient publicity, competition and effectiveness in order to obtain the highest price possible. It prioritises quick selling.
- **Technical division:** This area is in charge of procedural aspects of the risk appetite framework and the corporate risk map, and oversight of the second line of defence of certain specific risks (e.g. reputational risk).

Corporate control and compliance function

The units comprising the second line of defence must be highly specialised and extremely knowledgeable about their areas of operation. However, in line with corporate governance recommendations and best practices, the actions of the second line of defence units must be coordinated, so that they share:

- An comprehensive view of the set of risks to which the Group is exposed;
- A full scope, so that the second line of defence effectively impacts all Group entities and the activities they carry out;
- A common methodology, tools and resources;

- (iv) A level of importance, recognition and independence of its function; and
- (v) A system of reporting and access to the Group's board of directors and senior management that provides a comprehensive overview of the entity's internal control situation.

As a result, at the end of 2020, the board of directors decided to set up the Corporate Compliance and Internal Control division ("CCD"), whose functions and competencies extend to all Bankinter Group entities, subsidiaries and branches, so it could perform oversight, with independence and objectivity, under a single department reporting directly to the board of directors through the risk and compliance committee, and integrated into the Bank's organisation through the Risk division, of: (i) effective risk control within the general risk appetite framework; (ii) compliance with and implementation of Group policies; and (iii) compliance with operating procedures and regulations in the following areas of action (extending its functions and scope to all Bankinter Group entities, subsidiaries and branches):

- (i) Regulatory compliance: this comprises control over legal and compliance risks, including risks related to conduct and transparency with customers in the provision of banking, financial, insurance and investment products and services, and the prevention of market abuse and conduct in the securities markets. It reports to the risk and compliance committee on compliance with the code of conduct in securities markets; the requirements and ongoing inspections of regulatory bodies;

advice provided to the Bank on regulatory matters through the various regulatory proposals; involvement in the configuration and development of new products; and training in the organisation, among other topics.

- (ii) Anti-money laundering and terrorist financing: this relates to risks arising from compliance with related regulations. It reports to the risk and compliance on matters including the analysis of risks to determine the Entity's risk appetite, in accordance with its Bank's risk framework, and the definition and monitoring of the oversight plan, identifying critical areas for action (e.g. governance, due diligence, detection, analysis and reporting, contact with regulators, training).
- (iii) Financial control and outsourcing: this includes control over the effectiveness of administrative and accounting procedures for the preparation of internal and external financial reporting and overseeing the control framework for the Group's outsourced services, especially critical services, and compliance with the outsourcing policy and external regulations.
- (iv) Risk control and internal validation: it is responsible for oversight of all material risks outside the scope of the other second line of defence control units. The internal validation unit is also in charge of validating the advanced risk models and their results. To do so, it analyses them and issues reports with opinions on their validity for risk management and on their use in managing risks, and issues the related recommendations.

- (v) Any other responsibilities expressly entrusted to be by the board of directors.

On 17 January 2022, the risk and compliance c approved the Corporate Control and Compliance department charter. Its purpose is to provide a regulatory framework for the Corporate Control and Compliance function, giving it the organisational elements required to discharge its duties effectively, and determine the related roles and responsibilities for the people and bodies that comprise it. This regulatory framework considers the unique features and specialisation of each CCD unit. Therefore, it is complemented by the charter of each function:

- (i) Charter of the anti-money laundering and terrorist financing function;
- (ii) Charter of the regulatory compliance function;
- (iii) Charter of the risk control and internal validation function; and
- (iv) Charter of the financial control and outsourcing function.

Other risks managed indirectly by the managing director of risk/CRO

- **Structural risks**

The board of directors sets the strategy and management policy for structural risks (interest rate, liquidity and foreign currency risks) and market risks and designates various bodies to manage, monitor and control them. It also sets the risks profile to be assumed by Bankinter, setting maximum limits that it delegates to such bodies, as defined in the risk management and control framework.

The board of directors confers powers upon the assets and liabilities committee (ALCO), authorising it to continuously monitor decisions regarding structural balance sheet risks (interest and liquidity risk), stock market risk and the exchange rates of the Bank's institutional positions, while also establishing financing policies. It reviews and approves the relevant limits for the management of all such risks every year and delegates such powers to the ALCO.

The ALCO is directly responsible for managing global interest rate and liquidity risks, as well as stock market risk and the risk of institutional change or changes in the Company financing policies, although Capital Markets (within its powers or following the instructions of the chairman, chief executive officer or chief financial officer and head of capital markets) may pursue action to protect the Bank from its risks or take advantage of any trading opportunities that may arise.

The board of directors reviews the framework and policies for managing these risks and the appropriateness of changing the operating limits established therein as often as it deems necessary and at least once a year.

The Balance Sheet Management Unit or, on its instructions, Treasury and Capital Markets, implements the decisions taken by the ALCO in relation to the Bank's institutional positions. Depending on the circumstances, it may act immediately to protect the Bank from potential adverse market movements, subsequently reporting its actions to the ALCO.

- **Technology risks**

These risks are supervised by the Technological Risk and IT Security area, which reports hierarchically to the Digital Banking division. Functionally, it reports regularly to Bankinter's chief risk officer (CRO). Its main responsibilities regarding the management of these risks include: training and awareness-raising on information security; coordination of technology environment improvement plans; management of system vulnerabilities; coordination of certified risk management systems; cryptographic key custody; identification and definition of the security requirements for new projects and developments; definition, approval and maintenance of business continuity plans, technological contingency and incident response plans; implementation of security measures on operating systems, databases and middleware; and identification and management of any vulnerabilities detected.

- **Reputational risk**

The first-line management of this risk is delegated to the various subsidiaries, support areas and business units, operating within the scope of the policies and guidelines issued by the Corporate Reputation unit. This unit in the corporate communications and responsibility area draws up reputational risk metrics, overseeing the preventive management of this risk and mitigation of potential reputational risks by participating in crisis response actions.

Other control units

- **Privacy and data protection**

The board of directors must ensure respect for the right to private and personal data protection of customers, employees, shareholders and suppliers, etc., and that the company has a genuine compliance culture in this respect. With this objective in mind, the board of directors has approved the following organisational structure:

Privacy committee, comprising mainly the Bank's senior management and entrusted with the following duties:

- Approving initiatives that affect the right to privacy and the protection of personal data of strategic importance to the Bank.
- Approving the internal procedures necessary to ensure that the right to privacy is duly respected.
- Approving the control system and measures to remedy any deficiencies detected.

- Regularly verifying the measures approved by the committee.
- Fostering the culture of compliance.
- Making decisions on the disclosure of security breaches that pose a high risk to the rights and freedoms of data subjects.

The privacy committee is governed by its own internal rules and regulations.

As a further show of its commitment to proactive responsibility, the Bank has appointed a corporate data protection officer, who has been assigned the following duties:

- Coordinating the privacy and data protection officers of Group companies, to guarantee that they apply the same criteria in matters of privacy and personal data protection.
- Approving new initiatives that affect the right to privacy and personal data protection that are different to those already approved in the organisation the responsibility for which exceeds that of the privacy and data protection officers of the Group entities.

Lastly, Bankinter Group entities that process personal data have appointed a data protection and private officer with the duties outlined in Regulation 2016/ 679/ EU of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), including:

- Advising the data controller of their obligations in relation to data privacy and protection.
- Approving initiatives that affect the right to privacy and the protection of data similar to those already approved at corporate level.
- Overseeing compliance with applicable regulations governing privacy and data protection.

Each data privacy and protection officer (DPO) is supported by a DPO office, comprising the necessary profiles (recruited internally and externally, as required) to ensure that they can perform their duties. The DPO office also has its own set of rules and regulations.

Crime prevention and professional ethics committee

Over the years Bankinter has demonstrated its zero-tolerance for crime, having adopted all measures necessary to convey this commitment and the obligation to prevent, detect and persecute crime in all its forms and to the full extent at all levels of the Bank's structure.

On 21 October 2015, the board of directors of Bankinter, S.A., in accordance with the reform of the Criminal Code, approved by Organic Law 1/2015, of 30 March, which entered into force on 1 July 2015, approved the creation of the crime prevention and professional ethics committee, which is responsible for overseeing the functioning and compliance of the criminal risk prevention model and has autonomous powers of initiative and control.

The regulations implementing the powers and functions of this committee have been updated for the criminal compliance systems in Bankinter Consumer Finance, Luxembourg and Evo, to ensure proper harmonisation and integration with the Bank's system. This was presented to the audit committee at its meeting on 20 July 2020 and was submitted for approval by the board of directors at its meeting on 22 July 2020.

The chairman of the crime prevention and professional ethics committee reports annually and directly to the audit committee, informing the board of directors.

A report on the general criminal compliance model has also been completed, with legal effects and certification of implementation in Bankinter by the external expert, the Cuatrecasas law firm. The conclusions of this report state:

"Based on the information and documents provided, we consider that Bankinter's existing corporate compliance model for crime prevention and control complies outstandingly with the requirements of the current Criminal Code.

The crime prevention system implemented in Bankinter:

- *Adequately identifies the risks that may generate criminal liability for the Bank, in accordance with article 31 bis and related articles of the Criminal Code.*
- *Features the generic and specific tools needed to prevent the commission of criminal offences internally.*

- *Has a complete internal control structure in relation to crime prevention.*
- *Has an adequate model of financial resources through which it applies economic resources directly to criminal regulatory compliance functions.*
- *Is subject to continuous review, updating and improvement.*
- *Focuses in particular on continuous training for employees in criminal risk prevention, in order to generate an appropriate ethical and compliance culture in the Bank.*

Bankinter has implemented a compliance programme to mitigate the risk of criminal offences being committed, as the Supreme Court has recognised that such internal control systems can exonerate legal entities from criminal liability in the event that its managers and employees commit criminal offences (Supreme Court ruling no. 136/2018, of 28 June).

In our opinion, Bankinter's crime prevention model has the capacity to prevent the commission of crimes effectively and to enable the Bank to be exempt from criminal liability pursuant to article 31 bis 2 of the Criminal Code."

In addition, the audit committee and the board of directors approved Bankinter Group's Anti-Corruption Policy at their meetings on 20 and 22 April 2020, respectively.

In addition to the mandatory Circulars and Policies that have to be complied with, Bankinter currently also has:

- Code of Professional Ethics for Bankinter Group employees, available to all employees through the intranet.
- Code of Professional Ethics for Agents, available to agents through the agents' extranet.
- Code of Professional Ethics for suppliers, available to suppliers through the suppliers' portal.

The Bankinter whistleblowing channel is available to employees through the intranet, to agents through the agents' extranet and to suppliers through the suppliers' portal.

6.3. Primary risks which may affect the achievement of business objectives

Bankinter carries out almost all of its lending activity in Spain and Portugal, and to much lesser extent in Portugal and Ireland. As such, it is subject to the normal risks in the banking and financial sector, such as: credit, counterparty, market, balance sheet exchange and interest rate, liquidity, operational, business, reputational and compliance risks.

Bankinter has traditionally maintained a prudent risk policy, which has allowed it to outperform within the industry over the years and across different cycles of the economy.

For credit risk, the Group concentrates on lending to individuals with moderately-high and high income with a solid residential mortgage portfolio and significant advisory and asset management activities. In

recent years, the Bank has developed its consumer financing business with a limited risk appetite. As regards target companies, the focus is on medium-sized and large businesses that have performed relatively well during crises and have higher international growth potential.

For market risk, the exposure is very limited and as far as structural risks are concerned, the institution follows a policy of neutralising interest rate and exchange rate risks deriving from the Group's businesses.

The risks that may affect the achievement of business objectives are those inherent to banking activities in Spain and Portugal. As explained in the "Risks that materialised during the year" section of this report, the health and economic crisis caused by the COVID-19 pandemic has yet to show its adverse impacts on non-performing loans thanks to the extraordinary liquidity and stimulus measures approved by the governments and largely continued in 2021. In 2021, the Bank virtually completed its plan of extraordinary short- and medium-term measures (known internally as "Enhance Risks") unveiled in June 2020 to the board of directors to reinforce credit risk anticipation and management. These measures include: increases in and training of people for monitoring, anticipation and recovery functions; development of information systems and integrated processes that facilitate this management in an efficient, orderly and systematic way; and application of advanced analytics to support the management of these processes. Moreover, at the end of the year, with uncertainties lingering Bankinter maintained the extraordinary provisions set aside in 2020, as

explained in the Group's Legal Report (Note 44, "Impact and impacts of the health crisis").

The application of these unprecedented monetary and fiscal measures in response to the economic effects of the COVID-19 pandemic, though necessary, significantly accentuated economic and financial imbalances. Indeed, the European Central Bank highlighted the risk of disturbances of interest rates and credit spreads caused by the increase in public and private debt and its sustainability amid lower structural growth. This generates uncertainty about the future that all financial institutions must address, especially those in countries with larger macroeconomic imbalances.

Bankinter is preparing for this risk by maintaining a prudent risk profile (as demonstrated by the risk appetite framework), by monitoring its risk tolerances and limits closely, and by actively managing the sources of market risk and its liquidity profile, as well as its asset quality and capital levels. As a result, Bankinter is currently the Spanish bank with the lowest levels of supplementary capital required by the European Central Bank in its supervisor process (SREP).

Other, more indirect, risks are also emerging, such as technological risk and disruption in financial business models, climate change, and cyber attacks. These issues and the measures that Bankinter is taking to prevent them are discussed in the Non-Financial Statement.

In relation to tax risks, it is not believed that the risks that have been detected will have any impact on the Bank's business objectives.

In relation to corruption and bribery, the measures and response plans described in section 6.6 have effectively diluted their impact on the business objectives.

6.4. Risk tolerance level

The risk appetite and tolerance that the Group assumes in performing its activity are subject to the following principles:

- Prudent strategies, policies, organisation and management systems adapted adjusted to the size, environment and complexity of the Group's activities, based on quality banking practices.
- The entity's respect for and conformance to established regulatory requirements, limits and restrictions, ensuring proper compliance with prevailing legislation at all times and maintaining the principle of anticipating new regulatory developments, to reduce their potential impact.
- Maintenance a low or moderate credit-risk exposure, in line with the values shown by the lowest NPL ratio in Spain's financial system and the lowest expected losses under stress scenarios.
- Work with first-class financial institutions in every country, of recognised solvency and sufficient rating to limit counterparty risks.
- Appropriate hedging of problematic assets.

- Work with first-class financial institutions in every country, of recognised solvency and sufficient rating to limit counterparty risks.
- Adequate return on capital invested, ensuring a minimum return over the risk-free rate throughout the cycle and complying at all times with target capital levels and operating profitably.
- Maintenance of a low level of market risk in the trading portfolio, so that the losses generated in stress scenarios have an extremely limited impact on the Bank's income statement.
- An ALCO portfolio comprising low-risk securities and a return commensurate with the entity's RoE requirements, designed to reduce the volatility of net interest income and adjust the impact of any changes in interest rates.
- Intense growth in the priority strategic medium-sized and large enterprise segments, characterised by higher-quality risk and its notable contribution to earnings through the generation of income, fees and commissions, and other recurring income.
- Balance of the loan book to boost profitability.
- Reducing dependence on wholesale markets for funding the business by seeking balanced growth in retail funds.
- Diversification of wholesale funding sources, from the viewpoint of both instruments and markets, maintaining a balanced maturity profile.
- Optimisation of retail financing costs, maintaining a balance between returns on loans and market interest rates, ensuring it stability and avoiding excessive concentration of maturities.
- Use of a risk diversification policy to avoid excessive concentration levels that might translate into difficulties for the Institution.
- Contribution to the sustainable development of society, including the preservation of environmental resources.
- Limitation of business in sensitive sectors that could entail a risk for the Entity's sustainability or have a negative impact on its reputation and/or honourability
- Moderate appetite for interest rate risk.
- Maintenance of a very low structural foreign currency position (excluding trading activity, which is measured and limited by other means), trending continuously towards zero.
- Reinforced control of the Bank's reputational positioning (e.g. good corporate governance, systemic risks).
- Minimisation of exposure to pension obligation risk through the most appropriate mitigating measures (e.g. outsourcing, hedging instruments, diversification).
- Desire to round out the level of services that Bankinter offers its customers, both in private banking and merchant banking, offering limited-risk investment banking services.
- Optimisation of the cost-to-income ratio, considering aggregate costs and revenue.
- Maximisation of shareholder value creation throughout cycles, all underpinned by a strong capital and liquidity base.
- Diversification lines of business by leveraging opportunities in companies in the financial sector that are related or complementary to the core business model.

- Maintaining a Common Equity Tier 1 (CET1) within the fluctuation band set by the Entity, above the regulatory minimum, with a medium-term target of 10%-12%.

In addition, the Risk Control and Management Framework established by the board (the "Framework") clearly describes the Bank's risk policies and the systems of limits and powers for all material risks ensure that the policies are implemented within the established tolerance margins. This Framework and the provisions developed internally establish precise metrics and limits for each type of risk and organisational unit, which are summarised below:

- For credit risk, quantitative limits are assigned in the Framework and developed under the delegated powers system to the amount of risk approved, based on organisational level and the nature and duration of the transaction.
- For structural and market risks, there are specific metrics (exposure level, value at risk (VaR), maturity mismatches, liquidity mismatches) and limits are established for the various management levels.
- For operational risk, the Framework establishes the risk control environments, adjusting them to the amount of risk (higher inherent risk requires a better control environment). An estimate of potential risks is made in the risk map to prioritise risk management and losses from operating risks events are tracked in detail.

For tax risks, it should be noted that by means of a resolution dated 20 May 2015, the Bank's board of directors approved the final version of Bankinter

Group's tax strategy, stating that the policy is primarily aimed at ensuring responsible compliance with tax rules, while best serving the Group's corporate interests and supporting its business strategies. For these purposes, within the framework of its social and corporate responsibility, Bankinter recognises the social value and worth of the tax system and therefore aims to ensure that its own tax function serves the Group's best interests and those of its stakeholders, while also ensuring that the local community believes and trusts in the Group.

On 22 April 2014, the board of directors of Bankinter, S.A. approved such items as an agreement to adhere to the entire Code of Best Tax Practices sponsored by the Spanish Tax Administration Agency (Agencia Estatal de la Administración Tributaria), both in Bankinter's own name and as the parent company of tax group 13/01 to file consolidated corporate income tax returns and tax group 128/09 for the value added tax (VAT) regime for groups of companies. In compliance with the commitments under this agreement, in 2019, 2020 and 2021, Bankinter filed transparency reports for 2018, 2019 and 2020, respectively, with the AEAT, demonstrating its commitment to collaboration with the tax administration.

6.5. Risks that materialised during the year:

2021 will still be marked by the health and economic crisis affecting 2020 caused by SARS-COV-2, an unprecedented adverse event. Both the health crisis and the measures taken to deal with it have had significant effects on productive activity, consumption and, consequently, the economy as a whole.

A key feature of the crisis is the sectoral asymmetry of its impacts. Certain sectors of activity have been effectively derailed for a long time now. While the outlook improved over the course of 2020, the reality is that there have been significant declines in income, and levels of debt have been rising for the most part. This situation also affects households whose income comes directly or indirectly from the activities hit hardest by the pandemic.

Therefore, support for viable businesses had to remain in place in 2021. This prompted the Spanish government to complement the legislative initiatives rolled out in 2020 by extending the deadlines for the moratoriums and undertaking new extraordinary measures to support business solvency, which are described at length in Note 44 of the Bankinter Group Legal Report.

Bankinter's priority was still to meet the extraordinary financial needs of its customers and it was active in applying these measures. As a result, at the close of the financial year the gross carrying amount of the Group's moratoriums was 2,068 million euros, with 6,524 million euros of financing under state-guarantee schemes. These balances, as a whole, represent 11.4% of eligible exposure.

The set of measures taken have so far clearly been positive in containing the adverse economic effects of the pandemic. This is demonstrated by the volume of exposure, with unpaid balances at their lowest level in recent years. At 31 December 2020, they were 38.4% lower than at year-end 2019, then fell another 7.5% by 31 December 2021 from the year before.

This also means that, at the moment, defaults are not materialising on a scale that would lead us to expect a substantial increase in non-performing loans in the coming months. This is particularly the case considering virtually all the moratoriums that have expired and, therefore, returned to their normal repayment schedule.

Note 44 (section "Information and impacts of the health crisis) to the Consolidated Legal Report provides in-depth disclosures on these extraordinary measures, estimates of their economic impact and the Group's policy for hedging the related risks.

Against this backdrop, credit risk at Bankinter continued to show moderate growth. Loans and advances to customers at amortised cost grew by 4.9% and eligible exposures (which include off-balance-sheet exposures) increased by 6.2%, to 75.667 billion euros at the close of the financial year.

Underperforming loans increased by 29.8% (to 484 million euros) due mostly to the reclassification of customers in the sectors affected most by the pandemic. The NPL ratio fell from 2.37% to 2.24%; i.e. a reduction of 5.4% in the year. This is 55% of the sector average (4.29% according to Banco de España data from November 2021).

Provisions for credit risk increased by 5.5% in the year, in addition to the extraordinary provisions recognised in 2020 in anticipation of the future effects of the pandemic. This is fully explained in Note 44 to the Consolidated Legal Report. The coverage ratio for non-performing loans was 63,56% at the close of the financial year.

At the end of December 2021, the foreclosed asset portfolio stood at 227 million euros, representing 0.3% of total credit risk, after falling by 21.9% during the course of the financial year.

For more information about the impact of these risks on the Entity's financial statements, see sections "Risk policies and management", "Financial assets at amortised cost", "Non-current assets", "Additional information on risks: refinancing and restructuring transactions" in the Consolidated Legal Report (available on Bankinter's corporate website under the section titled "Shareholders and Investors" - Financial information".

Bankinter believes that the control and monitoring systems are functioning properly, as indicated by having one of the lowest non-performing loan ratios in the sector.

No tax risks materialised during the year that might have affected the business objectives.

As concerns tax proceedings affecting Bankinter Group—currently pending since the Bank's income statements were challenged before the tax appeal boards and other competent bodies—we would refer readers to the notes to the Group's financial statements. In any event, there are adequate provisions in place for any tax-related liability that might derive from these proceedings, based on figures for 2021 and previous years.

6.6. Response and monitoring plans for the major risks to which the company is exposed

As mentioned in previous sections, Bankinter actively manages these risks using various pillars, which are essentially as follows:

- A clear organisational structure that is independent of the business function, which starts at the board of directors and features a specific structure and functions for identifying, measuring, controlling and managing the various risks.
- Risk policies clearly established by the board that have become crystallised in specific structures involving limits, powers and internal reporting and decision-making processes.
- Specific control systems and procedures, strongly supported by IT information, control and management systems.
- A solid risk culture established over years.

Bankinter's capacity to respond to major risks (as demonstrated during the crisis and anticipated for the immediate future) can be summarised as follows:

- The risk acceptance policy is prudent and business plans are primarily aimed at low to moderate-risk customer segments, both for individuals and legal entities. The credit risk control, monitoring and recovery systems are continually strengthened and supported by investments in IT systems. All these measures and actions are reflected in the 2.24% NPL ratio at year-end 2021, 55% of the

- industry average (4.29% according to Banco de España figures for November 2021).
- There is active management of structural interest rate risk aimed at protecting the financial margin and the Bank's economic value vis-à-vis changes in interest rates.
- Liquidity risk is monitored and actively managed, working primarily on liquid asset cushions, concentration on wholesale funding, diversification of funding sources and improvement of the resulting balances on commercial transactions.
- Operational risk is actively managed using self-evaluations, risk maps, specific improvement plans, key operational risk indicators and contingency plans for the most significant risks.
- The Institution maintains certain capital adequacy levels above the regulatory minimums. At year-end 2021, the fully-loaded CET1 (Common Equity Tier I) ratio was 12.05%.

As noted previously, Bankinter Group's internal control system is based on establishing the so-called "three lines of defence".

The Corporate Control and Compliance division, which brings together the second lines of defence, draws up policies, procedures, limits and controls, so that Bankinter Group can implement the right approach, in its areas of responsibility, for identifying, monitoring, assessing, measuring, managing and reporting risks. This approach must entail:

- (i) Identification of the risks that could affect Bankinter Group's business performance;

- (ii) Assessment of the risk inherent to Bankinter Group's operations to encourage implementation of prevention plans by proposing the approval of policies, the establishment of systems, IT tools and procedures, and the right resources that the first and second lines of defence should execute to mitigate the risk;
- (iii) A systematic programme for overseeing and verifying compliance with regulations, policies and procedures and respect for the risk appetite framework in its area of responsibility. In carrying out this approach, the division and the units it comprises are tasked with:
 - (a) Defining, based on the risk assessment and, where appropriate, in agreement with the first line of defence, a programme of controls or indicators that must be put in place to verify compliance with the risk mitigation measures (i.e. monitoring);
 - (b) Defining and regularly performing specific actions to verify the level of implementation of some of the mitigation measures;
 - (c) Following up on the recommendations of internal auditors, external auditors and supervisory bodies;
- (iv) Managing those controls expressly attributed to it as the second line of defence;
- (v) Participating in the procedures for approving new products and activities so as to ensure that the potential risks they may give rise to are properly assessed and that the required mitigating

factors are implemented to prevent them and comply with applicable regulations;

- (vi) Reporting to the Group's board of directors and senior managers, on a regular basis, on the control of the Group's risks, the application of risk-prevention policies and procedures and, as applicable, any situations of material risks, proposing the appropriate mitigation or correction measures that must be implemented;
- (vii) Advising the board of directors, senior management and the rest of the Group's units, informing them about the measures that must be implemented to comply with regulations and recommendations related to their scope of action and, with support of the regulatory area, on relevant legislative, regulatory or supervisory developments;
- (viii) Developing a risk and compliance culture and ensuring that everyone in the Group is aware of the applicable rules, external regulations and internal policies providing specific training for staff based on Bankinter Group's operations, strategy and risk profile; and
- (ix) Reviewing and updated, on a regular basis, its charter, proposing amendments were needed to the board of directors.

The results of monitoring and verification activities, and external review processes (internal and external audits and inspections by supervisory bodies, customer complaints) complement the risk assessment, enabling the division to verify the effectiveness of existing controls,

propose modifications or adaptations to control where necessary and, as appropriate, review the validity of, or add to, the mitigation measures in place.

In 2021, the Control and Compliance division executed the annual plan it had submitted to the risk and compliance committee. Progress on the plan quarterly activity reports is presented to the board risk and compliance committee. Reports were also provided to the committee regarding requests for key information received from the Spanish National Securities Market Commission and Banco de España, and on the status and progress of the various inspection proceedings to which the Bank is currently subject in relation to the provision of investment services or regulatory compliance matters.

A total of 10,554 employees received training on anti-money laundering (AML) in 2021 through a new course, with a total of 8,863 hours of training.

As for tax risks, Bankinter has a robust control system, as accredited in an assessment performed by independent entity, which was reported to the board of directors through the entity's audit committee.

Internal audit control

The Internal Audit Department runs corruption risk and anti-money laundering controls.

All Bankinter centres in Spain were assessed in 2021 through the automatic auditing programmes. Internal audit audited and reviewed control procedures at 10 business units attached to the branch network in Spain, equivalent to 2.2% of the total (1.75% in 2020).

In Portugal, it performed on-site audits and control procedures at 12 centres in the branch network (15 in 2020), representing 13.8% of the total (17.2% in 2020).

It also analysed 100% of the agencies via automatic audits.

The money laundering risk framework is also reviewed at internal process level. In 2021, a further either audit engagements were carried out centred on anti-money laundering and terrorist financing in Bankinter Group entities (Bankinter, S.A., Bankinter Portugal, Consumer Finance, AvantCard, EVO and Bankinter Luxembourg).

The whistleblowing channel received 18 confidential reports (6 in 2020), which were processed by the relevant departments.

Crime prevention and professional ethics

In 2021, the Bankinter crime prevention and professional ethics committee processed 35 disciplinary cases (25 in 2020) related to breaches by employees of the Code of Professional Ethics (18 in Spain vs. 9 in 2020; 12 in Portugal vs. 8 in 2020, and 5 agents vs. 8 in 2020), of which 11 in Spain ended in terminations.

Training

A criminal compliance course was held for all Bankinter employees and agents in 2021.

Contributions to foundations and NGOs

Bankinter Group's main contribution was through Fundación Innovación Bankinter which, through entrepreneurship programmes, an innovation think-tank and training programmes.

Bankinter Group also forges strategic alliances with the third sector across the communities in which it operates, working alongside them to identify and address local community needs.

With the objective of making its external social management more effective, the Bank adopted the London Benchmarking Group (LBG) methodology for measuring, managing, assessing and reporting the contributions, achievements and impacts of the Bank's social action on the community and the environment. Based on this methodology - which encompasses financial and in-kind donations and management costs - contributions to foundations and NGOs made by the Group in 2021 amounted to 3,080 thousand euros.

Bankinter is also a partner of Fundación Lealtad, a non-profit institution that promotes NGO transparency and best practices, helping donors decide what charity to collaborate with through the assessment reports it prepares on accredited charities.

When it comes to responsible management in the supply chain, Bankinter has integrated ethical, and environmental, social and governance criteria into its supplier certification process. It has also included clauses related to environmental, social and governance management in contracts with suppliers, in which they undertake to

prevent corruption, ensure data protection, avoid child labour and guarantee stable employment, among other requirements.

7. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS FOR THE ISSUE OF FINANCIAL REPORTING (ICFR)

7.1 The entity's control environment in relation to financial reporting

Bankinter's board of directors is ultimately responsible for the reliability of the financial information and for maintaining an adequate system of internal control over financial reporting. In addition, article 39 of the rules and regulations of the board of directors has delegated to the audit committee the duty:

'To safeguard the reliability and transparency of the internal and external information on the Bank's results and activities and, in particular, to verify the quarterly and half-yearly financial statements of the Bank and the Group, as well as the annual financial statements, the notes to the annual financial statements and the management report prior to their approval by or submission to the board of directors and their publication, and to supervise the Bank's policy in relation to prospectuses and other forms of public information.'

Bankinter has a manual of accounting policies and financial reporting procedures (the "Manual of Accounting Policies"), which the board of directors approves on the recommendation of the audit committee.

According to article 5 of the rules and regulations of the board of directors, among other responsibilities, the board of directors is responsible for *"approving the risk management and control policy, while regularly monitoring internal reporting and control systems...."* Section 11.6 of article 38 of the rules and regulations of the board of directors further provides that the audit committee has the duty of *"supervising the efficacy of internal controls, internal auditing services at the Company and systems to control risks (including tax risks), so as to safeguard the independence and effectiveness of the internal audit function."*

The Bank's chief executive also supervises the process of designing systems of internal control over financial reporting at Bankinter Group.

Meanwhile, the effective implementation of the systems of internal control over financial reporting is the direct responsibility of the Financial Control area, which was set up to ensure the reliability and transparency of the Bank's information. It is also the responsibility of the Finance area of the Bank and of each Group subsidiary, as well as the various subdivisions and departments that are involved in or otherwise have an impact on the quality and reliability of the financial information used to draw up the Group's financial statements.

The audit committee addresses, among other matters, possible weaknesses in the control system, as well as the reliability and accuracy of the financial statements, in order to evaluate possible corrections, after receiving the necessary information and clarifications from the areas responsible for or otherwise involved in preparing such statements.

When attempting to detect these weaknesses, the audit committee relies on the support of the Group's external auditor and the internal audit area, both of which verify the effectiveness of the system put in place to control the quality of financial information and detect possible deviations that might ultimately lead to material errors in such information.

Bankinter's board of directors is responsible for approving and reviewing Bankinter's organisational structure, on the recommendation of the appointments and corporate governance committee. On 18 November 2015, Bankinter's board of directors approved the policy on the organisational structure of Bankinter Group, which lays the foundations for the optimal organisation and governance of both the Company and its Group in view of its multi-company structure and presence across different businesses and sectors. The policy also responds to current demands and expectations of the Company and its Group in terms of corporate purpose and interests.

The existing organisational structure of Bankinter Group seeks to ensure a sound internal control model for financial reporting.

The Manual of Accounting Policies, approved by the board of directors on the recommendation of the audit committee, lays down the lines of responsibility and authority in the process for preparing financial information. It also contains a set of ethical principles applicable to all persons with accounting and financial reporting responsibilities and functions. This manual provides a detailed description of the ethical principles and the procedures to be observed when recording

transactions and in the preparation and communication of financial information.

In summary, the applicable ethical principles are independence, integrity, responsibility, professionalism, dedication and confidentiality.

General guidelines for conduct also provide that all transactions must be recorded in accordance with generally accepted accounting principles, specifically, in accordance with the applicable rules set forth in the Manual of Accounting Policies.

Other direct responsibilities of employees with financial and accounting duties are the following:

- Maintain up-to-date knowledge of the accounting regulations and the policies and procedures of Bankinter Group, and perform their duties in accordance with them. Employees have the duty to request professional advice internally if they deem it necessary.
- Be on the alert for possible violations of Bankinter's financial and accounting policies that may be detected in financial reporting analyses and report them immediately.
- Communicate and report financial information in a fully transparent manner.
- Keep the documents supporting accounting records under custody, in accordance with Bankinter Group's policy.
- Immediately report any pressures from management to manipulate estimates and/or accounting valuations in order to alter financial results.

In addition, senior management with responsibility for financial reporting must:

- Ensure that all accounting employees have adequate professional experience and resources to perform their duties properly.
- Prevent and detect pressures to alter accounting valuations or estimates in order to wrongfully influence or alter financial results.
- Take the necessary measures to reasonably ensure that the financial statements and communications concerning financial matters made by the institution are complete and correct.
- Establish, specifically, measures to warn of:
 - i. Accounting records that improperly reflect the nature of the transaction.
 - ii. Pressure to produce incorrect accounting profit or loss.
 - iii. Resistance from persons or heads of processes with financial and accounting duties to avoid such processes being reviewed or audited.
 - iv. Existence of unreported funds or unrecorded assets or liabilities.
 - v. Estimates of valuations, allowances, reserves, etc. not supported by facts and by proper documentation.

The Group has a confidential whistle-blowing channel in place, providing direct contact with the audit committee.

The existence of and access to this channel are made known to all members of the organisation so they may use it to report financial, accounting and other irregularities.

This channel is a channel of communication at Bankinter to receive complaints or reports on a confidential basis in connection with bad practices in financial and accounting matters that may be potentially significant for the company, protecting the identity of the whistle-blower. It was also created to preserve the Bankinter Group's corporate values, in addition to the mere personal liability for individual actions, and requires the commitment of employees to report, through their timely communication, those situations which, while not related to their actions or area of responsibility, they consider to be ethically questionable in accordance with the content of the Code of Ethics.

Such reports shall be sent to an e-mail address provided for such purpose, and the recipient of such reports shall be the head of the Internal Audit division under the authority of the audit committee, or by writing to the head of the Internal Audit division, thus ensuring absolute and strict confidentiality both in the reporting process and in any investigation process. Reports are reviewed in the order in which they are received, provided they meet the requirements established in the procedures governing them.

Bankinter Group employees involved in the various processes for the preparation of financial information regularly participate in training and

refresher programmes so as to allow them to perform their duties effectively.

Training plans for financial and accounting personnel are designed and approved by the finance areas of the Bank and its subsidiaries, as well as the various general divisions involved in drawing up the financial information. Such training plans are supervised and managed by the People Management Division.

A total of 45 courses on financial reporting were delivered in 2021 to personnel attached to the banking business. A total of 1,438 training hours were given. The main areas receiving this training were:

- Financial control and analysis
- Financial reporting and accounting
- Operations
- Cash and trading
- Data management and analytics
- Internal audit

7.2 Assessment of financial reporting risks

The process for identifying risks in financial reporting is described and formalised in Bankinter Group's Manual of Accounting Policies.

The control system over financial reporting must establish a balance between the effective level of control and the related cost. In line therewith, the Group's Accounting Policies Manual establishes a process

for the identification of risks in financial reporting that is designed following a standard of relative importance and taking into account all the reported and published financial reporting.

The risk identification system for financial reporting at Bankinter Group follows a "top down" process framed within the criteria of relative importance approved by the board of directors and culminating in the monitoring of the financial reporting risks including: Group companies and relevant processes and sub-processes.

The Financial Control area is responsible for checking, at least once a year, that the financial reporting risks it monitors have not undergone any significant change.

All business processes flagged as significant have been assigned a responsible area, which is in charge of documenting the process, identifying the associated risks and evaluating existing controls, while also establishing and implementing new controls if deemed necessary.

Both the procedures to identify financial information risks and the controls designed to control significant processes and activity take into account all the financial reporting objectives, following materiality and qualitative standards, focusing on the areas and processes carrying the greatest risk of fraud and error in estimates, and taking into account the principles of occurrence, integrity,

breakdown and comparability. Specifically, the Manual of Accounting Policies sets out the following objectives:

- **Existence:** All assets (rights) and liabilities (obligations) recorded in the bank's balance sheet exist, and the transactions recorded have been made in the respective period.
- **Completeness:** Not only do they exist, but all assets and liabilities as at the balance sheet date and the transactions made during the period are recorded.
- **Valuation:** The carrying amount of the assets and liabilities, as well as revenues and expenses, have been determined in accordance with generally accepted principles.
- **Presentation:** The information is sufficient, adequate, and is correctly described and classified.

The Risk division includes the Group's financial reporting function, which is tasked with determining the scope of consolidation of the Group.

The full consolidation procedure will be applied for the annual financial statements of subsidiaries. Accordingly, all significant balances and transactions between consolidated entities shall be eliminated in the consolidation process.

The profits and losses generated by entities that Bankinter Group may acquire during a reporting period will be consolidated based solely on the profits and losses they generated from the time they are acquired until the end of the relevant reporting period. Furthermore, the profits and

losses generated by entities that Bankinter Group may sell in a year will be consolidated based solely on profits and losses generated from the beginning of relevant reporting period to date on which they are sold.

The equity method will be applied in such processes for the financial statements of jointly controlled entities, with the exceptions provided for in current accounting regulations. Associates are also accounted for using the equity method.

Once the Finance area is informed of the acquisition of a company in which Bankinter Group is a shareholder, its inclusion within the scope of consolidation is analysed and determined in the manner described above.

Note 13 to the annual consolidated financial statements includes important information on shareholdings in subsidiaries, jointly controlled entities and associates, as well as any changes in the scope of consolidation. The same note also includes information about the most significant acquisitions and disposals during the year. The Finance area shall be responsible for reviewing, at least on an annual basis, whether there have been any changes in the risks identified in drawing up the consolidated financial statements and shall report any changes therein to the Audit division.

The Manual of Accounting Policies of the Group establishes standards for assessing significant influence and/or control, which are essential for deciding on consolidation and the consolidation method of the various associates and subsidiaries, and special purpose vehicles.

A detailed description of the main accounting policies, including those relating to the identification of Bankinter Group's scope, is provided in the notes to the financial statements.

The Bank monitors all the risks to which it is exposed, which includes an assessment of the financial reporting risks to which it is exposed.

When assessing each financial reporting process and associated control, the Bank is mindful of whether valuation risk exists or whether estimates made by the managers have been relied on when calculating the information.

The board of directors, through the audit committee, is ultimately responsible for supervising the process, with the support of the internal audit area.

7.3 Financial reporting control activities

As already mentioned, the board of directors delegates to the audit committee the duty of "Ensuring the reliability and transparency of all internal and external information on the Bank's earnings and activities and, in particular, verifying the integrity and consistency of the Bank's and the Group's quarterly and half-yearly financial statements, as well as the annual financial statements, the notes to the financial statements and the management report prior to their approval by or submission to the

board of directors and subsequent release; and supervising the Bank's policy in relation to prospectuses and other forms of public information."

The audit committee, through the external auditor and the internal audit function, reviews the quarterly and half-yearly financial statements of both the Bank and its Group, as well as the annual financial statements, the notes to the financial statements and management report, prior to their approval.

The system of internal control over financial reporting (ICFR) at Bankinter focuses on ensuring the proper recognition, measurement, presentation and disclosure of transactions that are material and that may therefore affect the financial information. The Manual of Accounting Policies provides a detailed description of the types of transactions covered and establishes the necessary procedures for the updating thereof.

All the Group's critical processes and activities that, because of their significance, could have an impact on financial reporting are documented in the Manual of Accounting Policies. Such documentation establishes the procedures and controls that must be observed at all times by employees responsible for them.

The accounting of the Bank and its subsidiaries is automated practically in its entirety and is triggered automatically by the recording of the transaction. For that reason, the ICFR system pays particular attention to manual accounting processes and the launch of new products, operations or special transactions.

As regards manual accounting operations, it should be noted that accounting through manual entries is limited to specialist users in the Operations and Accounting area, Customer Care area, BK Consumer Finance and Life Insurance and Market Risks. Most of the entries made are perfectly traceable, as they are recorded together with the user who made them and the description thereof.

New products and services released on the market or the beginning of a new activity, special transactions or any other event that has an impact on the financial statements must be recorded, from an accounting and tax perspective, to ensure that financial information is reliable and compliant with current accounting laws and regulations. In this sense, the Finance area is advised by the departments and areas undertaking the different initiatives, as are the operational areas, so that they may review and determine the applicable accounting policies, required accounting treatment, inventories and regulatory information, and any other aspect that might have an impact on the financial statements.

Bankinter has set up a new products committee to ensure a strict mechanism for the supervision and control of operational and reputational risks that might arise in the ordinary course of banking activities with customers. In particular, the committee approves the launch of new products and services, adjusts and fine-tunes business practices, establishes marketing policies and controls business agreements with other entities or possible partners; ultimately ensuring

that legal requirements and operational and reputational standards established by the Bank are duly met.

In addition to controls at the process and activity levels, second-level controls are performed in order to detect material errors that could affect financial reporting. Worth noting among such controls are the reconciliation of inventories and accounting databases, controls of input-output and other accounts, control of items pending allocation, reconciliation of current accounts, fairness of changes in balances, returns and costs in relation to changes in interest rates and activities, budgetary deviations and control of allocations of sizeable amounts.

As regards the process for the closing of accounts and the review of litigation and significant estimates, valuations and projections, updates on this matter are made in accordance with the provisions of the Group's Manual of Accounting Policies, which are described in detail in the Group's legal report, and they are made by the areas specialising in each of the issues and checked by the Finance area of the Bank or of each subsidiary, as the case may be.

In addition, in all quarterly closings, the results are reviewed by the audit committee, for ultimate approval by the board of directors. When performing these duties, it draws on the reviews and considerations in that regard of the Internal Audit unit and the external auditor.

7.4 Main characteristics of the process for drawing up financial information

i) Performance of analytical procedures that make it possible to assess aspects of the income statement, such as:

- Consistency of financial reporting with the performance and growth of Bankinter Group's business and of the wider financial system.
- Analytical procedures designed to identify unusual operations and items, which include:
 - Comparisons with income statements from previous periods.
 - Comparison of actual results with budgeted results where these have been defined.
 - Comparisons of income statement items with those expected based on the past experience of Bankinter Group and the financial system.
 - Effect of resolutions adopted by the shareholders at the Annual General Meeting, by the board of directors, etc., on the income statement.
- Meetings with senior officers responsible for financial and accounting matters in order to, based on the information obtained from the aforementioned analytical procedures, evaluate matters such as:
 - Whether the income statement was prepared in accordance with current accounting standards.
 - Changes that may have occurred in the activities of Bankinter Group or when implementing accounting standards.

- Significant aspects relating to changes in activities, new products or new lines of business that may affect the income statement.
- Statements concerning changes in the income statement and changes in certain line items, especially any unexpected or unusual changes.
- Information, documents and/or data obtained to assess the reasonableness of the representations made.

ii) Review and performance of calculations and comparisons of a similar nature.

The above procedures are applied based on the principle of materiality. Accordingly, the Bank does not analyse items or transactions that, given their low amounts relative to the Group's income statement, were not material for consideration by the audit committee, and those items whose changes are consistent with the changes seen in their underlying variables.

Furthermore, a system based on the key processes and controls identified to ensure the accuracy and reliability of monthly financial reporting is implemented.

The control system has been designed following quantitative and qualitative materiality standards, focusing on the areas and processes with the greatest risk (fraud, estimates, valuations, errors, etc.). All business processes identified as significant have been assigned a responsible area, which is in charge of documenting the process,

identifying the risks thereof and evaluating existing controls, as well as of establishing and implementing new controls if deemed necessary.

The financial control and analysis area has designed an agile, dynamic and efficient system for controls established by those responsible for them.

The process is essentially as follows:

- On a monthly basis:
 - Each of the areas and/or heads is sent a report with the controls that must be checked ahead of the close date for earnings and results.
 - This report must be returned by the person responsible for such control, along with a status description, ahead of the final close date of the Bank's earnings and results. Several controls are performed at intervals that are different from those mentioned due to their respective types, since they would not have an impact on Bankinter's earnings.
 - All this information is grouped and sent to the heads of the financial area for information and control of the situation prior to the closing of results of the current month, which will allow them to act to resolve possible incidents and/or circumstances, if any, that may have occurred, preventing an incorrect impact on results.

A total of 365 controls have been sent to date (December 2021), the status of which, as reported by those responsible for them, has been

favourable, given that they have all been reviewed and classified as without noteworthy qualifications.

- On an annual basis:
 - A report sent to each area and/or manager with the processes and controls established by them for review.
 - This report must be returned by the person responsible for such processes/controls validating, modifying and/or increasing all processes and/or controls that have been modified and/or altered which modify both the structure of the process and the control performed, achieving a dynamic control system.

7.4.1. Internal control policies and procedures for financial reporting systems

Bankinter's information systems relating to the processes for preparing financial reporting, be it directly or indirectly, ensure at all times that financial reporting is properly prepared and published using a specific internal control system. Bankinter has an information security policy that sets out regulations to identify, develop and implement the necessary technical and organisational measures for guaranteeing the security of the information and information reporting systems, in accordance with technology risk analyses, good practices within the financial system and legal and contractual requirements to which Bankinter Group is bound.

In June 2016, the ISP was formalised as Bank Circular #4323 at the request of the Bank's information security and business continuity committee (S&C committee). As a living document, it underwent two changes in 2021: in April, to adapt it to RD 43/2021, specifying the figure of the ISO (information security officer), amending certain general principles and reflecting the reorganisation of the second line of defence (i.e. the Control and Compliance unit); and, in September, to change the name of the division attributed the duty of the first line of defence (from the Information Security to the Digital Security division).

Bankinter has specific internal controls governing access to the applications and systems, based on a system of profiles adapted to the duties of each post.

Management of access to information systems and applications is clearly established and standardised. Access is managed by the Technical Administration Management department. Every year, usernames created in the main systems are reviewed to determine if they remain active. Bankinter has specific controls for data processing centres to ensure security. User names authorised to access these centres are revised on a quarterly basis and recertified by managers. To perform these tasks, it has a cutting-edge tool in the market that allows control of IDs throughout the organisation to be centralised.

Within the Digital Security division, there is a Business Continuity and Incident Response area tasked with drawing up and maintaining the is responsible for preparing and maintaining the Company's business continuity plan (BCP).

The BCP is divided up by business process, each of which has its own plan based on disaster recovery strategies. These strategies include the teleprocessing contingency plan. The main measure of the teleprocessing IT continuity plan is based on the availability of two data processing centres in geographical locations that are sufficiently far apart from each other whose data are replicated simultaneously.

Data and IT systems can be recovered in the event of a contingency without any data loss thanks to this measure. Tests are performed at least annually to check that it is functioning properly. Bankinter's BCP is ISO 22301:2019 certified, which directly entails testing contingency plans (including the aforementioned test of teleprocessing).

7.4.2 Internal control policies and procedures for overseeing the management of outsourced activities, and the engagement of independent experts for appraisal, calculation or valuation services, when these may have a material impact on the financial statements

As a general rule, it is the Bank's policy not to outsource any activity that is considered significant because of its impact on financial reporting. Almost no valuation processes, lawsuits or calculations to be made for the preparation and publication of the financial statements have been outsourced.

Outsourcing of activities is always supported by a service level agreement (SLA) that clearly sets out the services provided and the required service

quality levels, in accordance with the EBA Guidelines on outsourcing arrangements.

Processes and procedures outsourced to third parties can be audited and are subject to regular audits by the internal audit area, which verifies the suitability of the services and controls in place.

On 16 December 2015, Bankinter's board of directors approved an outsourcing policy, which establishes, among other things, the principles, the services that may be outsourced, the persons responsible for outsourcing, limitations and the outsourcing procedure.

On 24 January 2018, Bankinter's board of directors approved the supplier code of conduct, on the recommendation of the audit committee.

In February 2019, Bankinter's board of directors approved an updated outsourcing code, on the recommendation of the audit committee.

In April 2020, Bankinter's board of directors approved a new updated outsourcing policy, on the recommendation of the audit committee.

In February 2021, Bankinter's board of directors approved a further update of the outsourcing policy, on the recommendation of the audit committee.

7.5 Information and communication

7.5.1 Specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation

The Finance area works alongside the Audit area in ensuring the quality, transparency and timeliness of the separate financial information of Bankinter S.A. and the consolidated financial information of Bankinter Group, in accordance with appropriate accounting methods.

In order to achieve these basic financial reporting objectives, it has been deemed necessary to formally set up a specific function tasked with developing and updating Bankinter's accounting policies, while resolving all queries or conflicts arising from the interpretation of accounting laws and regulations.

This function is assumed by the Financial Reporting division, which is responsible for resolving any conflict of interest that may arise among the various areas and divisions of the Bank, and for deciding how to include or interpret the financial information in the various reports that must be drawn up, in accordance with applicable law and regulations and the accounting principles and policies set out in the Manual of Accounting Policies. Any material changes in criteria are submitted to the audit committee for approval. The Manual of Accounting Policies is updated annually. If there are substantial changes in prevailing legislation, it must be updated immediately.

7.5.2 Measures for capturing and preparing financial information

Bankinter Group's systems are fully integrated for the most part. Once transactions are recognised, they are automatically recorded in accounting records and inventories are updated accordingly.

The automated accounting is parametrised and defined following review and verification, by the Accounting Definition department (part of the Finance area) so as to ensure compliance with applicable laws and regulations and with the Group's own accounting policies.

The consolidation of the Group's financial statements is a fully automated process that is based on the use of a standard tool that is fully integrated within the internal systems.

All the subsidiaries included within the Bankinter Group scope report their financial statements to the Finance area of the parent company on a monthly basis in accordance with the Group's accounting plan.

The Hyperion tool, which standardises and harmonises accounting information and consolidation of the perimeter of the consolidated Group, is used for accounting consolidation purposes.

7.6 Supervision of the functioning of the system

7.6.1 Supervision of ICFR and scope

Pursuant to the rules and regulations of the board of directors of Bankinter, S.A., the Internal Audit division reports to the audit committee but is functionally attached to the chairman of the board of directors, thus ensuring the independence, autonomy and Group-wide remit of the internal audit function.

In accordance with these regulations and the corporate by-laws of Bankinter, S.A., the remit of the audit committee includes: supervising and controlling the Company's operations and the accuracy, objectivity and transparency of its accounting records; supervising the process of drawing up and the integrity of financial information and the internal control systems, ensuring compliance with regulatory requirements and the correct application of accounting rules and standards. It also has the duty to promote and periodically review the sound operation of adequate internal control systems to ensure the proper management of Company risks; and to verify the integrity and consistency of the quarterly and half-yearly financial statements of the Bank and the Group, and the annual financial statements, notes to the financial statements and management report prior to their approval by or submission to the board of directors and their eventual release.

Significantly, Internal Audit presents the audit committee with a quarterly report verifying the accuracy of Bankinter Group's consolidated income statement, with the support of the external auditor. The same applies to the half-yearly report on the income statement.

In accordance with the internal audit charter approved by the audit committee, Internal Audit is responsible for assessing the effectiveness of risk management and control, internal control, regulatory compliance and corporate governance processes, among others, providing added value and raising alarms if any changes need to be made, while recommending operational and organisational improvements. One of its main functions is to provide added value for the management bodies and other areas of the organisation with control functions, so as to further improve and consolidate the internal control system, control activities and procedures applied, without prejudice to the independence and autonomy of the internal audit function.

In relation to the internal control over financial reporting (ICFR) system, the rules and regulations of the audit committee of Bankinter, S.A., the current text of which was approved in April 2021 by the board of directors, state that the committee's remit also includes supervising the effectiveness of the Company's internal control, knowing, understanding and supervising the effectiveness of the internal control over financial reporting (ICFR) system and discussing with the auditor any significant weaknesses in the internal control system.

The audit plan of Bankinter Group's internal audit function envisions a Group-wide review and audit of ICFR over a three-year period. The 2021 audit plan, which includes a review of controls of the internal control over financial reporting (ICFR) system, was approved by the audit committee at a meeting held on 20 December 2021.

The internal control over financial reporting (ICFR) system of subsidiaries was reviewed in September 2021. This review focused on the design, implementation and monitoring of the controls included in the ICFR system to assess their effectiveness.

The final report was issued on 22 October 2021. The conclusion was that the design, review and reporting of controls is adequate. However, some areas of improvement were identified related to documentation and traceability of certain controls. These improvements are currently being addressed.

The findings of the review process have been reported to Bankinter Group's management team and submitted to the Group's audit committee. The observations arising from the audit are to be monitored closely in accordance with internal rules and regulations. A monthly follow-up report on the status of the observations and recommendations given as a result of both external and internal audit reports is made available to all audit committee members on the director website.

7.6.2 Discussion procedure for significant weaknesses encountered and action plan

The rules and regulations of the board of directors state that the remit of the audit committee includes discussing with the auditors any significant weaknesses they may have detected in the internal control

system when conducting their audit. It also states that the external auditors shall attend meetings of the audit committee whenever the committee's chairman sees fit to invite them. They must always attend any meeting held to scrutinise their audit report on the Bank and the Group's annual and half-yearly financial statements and annual control report, as well as any other meetings that may be held to verify earnings before the relevant reports are released.

In accordance with the law and the rules and regulations of the board of directors, the audit committee shall also: serve as a channel of communication between the board of directors and the external and internal auditors; evaluate the results of audit reports and compliance with the qualifications and conclusions found therein; and discuss with the auditors any significant weaknesses they may have detected in the internal control system when conducting their audit.

The rules and regulations of the audit committee of Bankinter also state that the committee shall supervise Internal Audit, monitoring, among other things, the appropriateness of the conclusions reached by Internal Audit, the sound implementation of action plans in due course and timely reporting to the audit committee on how matters are progressing.

We would highlight that the action plans put in place to address the findings and recommendations given by both the internal and external auditor are subject to strict oversight and monitoring in accordance with the Internal Circular on Internal Audit Reports, the latest version of

which was approved by the audit committee at its meeting of 21 June 2021. This Circular contains the general framework governing the management process for reports issued by Bankinter Group's internal audit function and the observations and recommendations included in those reports, as well as the binding action plans rolled out to mitigate the risks observed.

7.7 Other relevant information: review by the auditor of information about the ICFR model

Audit firm PricewaterhouseCoopers Auditores, S.L., as auditor of the financial statements of the Bank and of Bankinter Group, conducts an annual review of the information sent to the market through the financial reporting system model described above. Attached hereto is the report of the auditor titled "Information relating to the Internal Control over Financial Reporting (ICFR) System" of Bankinter Group for 2021.

8. OTHER ADDITIONAL INFORMATION

Adherence to codes of ethics and good practices:

At the board meeting held on 22 April 2014, the shareholders resolved that Bankinter and its Group should adhere to the entire Code of Best Tax Practices, approved at the Large Businesses Forum on 20 July 2010.

This annual corporate governance report was approved by the board of directors of the Company at its meeting held on 21 February 2022.

State whether any directors voted against or abstained from voting on this report.

Yes

No

Table of cross references between the report and sections of the annual corporate governance report using the CNMV template.

Section in the CNMV template	Included in the statistical model	Line item in this report
A. OWNERSHIP STRUCTURE		
A.1	YES	2.1 Share capital
A.2	YES	2.3 Significant shareholders
A.3	YES	2.5 Shares held by board members
A.4	NO	2.3 Significant shareholders
A.5	NO	2.3 Significant shareholders
A.6	NO	4.2.1 Information on positions held by board members or their representatives on other governing bodies
A.7	YES	2.4 Shareholders' agreements
A.8	YES	2.3 Significant shareholders
A.9	YES	2.6 Treasury shares
A.10	NO	2.6 Treasury shares
A.11	YES	2.7 Estimated floating capital
A.12	NO	2.1 Share capital / 3.2 Shareholder rights
A.13	NO	2.1 Share capital / 3.2 Shareholder rights
A.14	YES	2.1 Share capital
B. GENERAL MEETING		
B.1	NO	3.4 Annual General Meeting
B.2	NO	3.4 Annual General Meeting
B.3	NO	3.4 Annual General Meeting
B.4	YES	3.4.1 2021 Annual General Meeting
B.5	YES	3.4.1 2021 Annual General Meeting
B.6	YES	3.4.1 2021 Annual General Meeting
B.7	NO	3.4 Annual General Meeting
B.8	NO	3.2 Shareholder rights
C. STRUCTURE OF THE COMPANY'S ADMINISTRATION		
C.1 Board of directors		
C.1.1	YES	4.1 Size and composition of the board of directors
C.1.2	YES	4.1 Size and composition of the board of directors
C.1.3	YES	4.1 Size and composition of the board of directors / 4.2 Profiles of board members / 4.7 Positions held on Bankinter's board of directors
C.1.4	YES	4.3 Gender diversity
C.1.5	NO	4.3 Gender diversity
C.1.6	NO	4.3 Gender diversity
C.1.7	NO	4.3 Gender diversity / 4.4 Director selection / 4.5 Appointment, re-election and removal of directors

C.1.8	NO	4.1 Size and composition of the board of directors
C.1.9	NO	2.2 Authorisation to increase capital
C.1.10	NO	4.2.1 Information on positions held by board members on other governing bodies
C.1.11	YES	4.2 Profiles of board members / 4.2.1 Information on positions held by board members on other governing bodies
C.1.12	YES	4.2.1 Information on positions held by board members on other governing bodies
C.1.13	YES	4.13 Remuneration received by the board of directors as a whole
C.1.14	YES	4.14 Members of senior management (excluding executive directors) and their total remuneration
C.1.15	YES	4. BOARD OF DIRECTORS
C.1.16	NO	4.4 Director selection / 4.5 Appointment, re-election and removal of directors
C.1.17	NO	4.12 Evaluation of the board and its committees
C.1.18	NO	4.12 Evaluation of the board and its committees
C.1.19	NO	4.5 Appointment, re-election and removal of directors
C.1.20	NO	4.9.2 Operation of meetings
C.1.21	YES	4.7.1 Non-executive chairman of the board of directors
C.1.22	NO	4.5 Appointment, re-election and removal of directors
C.1.23	YES	4.1 Size and composition of the board of directors
C.1.24	NO	4.9.2 Operation of meetings
C.1.25	YES	4.9.2 Operation of meetings / 4.10 Board committees
C.1.26	YES	4.9.2 Operation of meetings
C.1.27	YES	4.11.2 Preliminary certification of the annual financial statements
C.1.28	NO	4.11 Audit / 7. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)
C.1.29	YES	4.7.5 Secretary of the board of directors
C.1.30	NO	4.11.1 Independence of the auditors
C.1.31	YES	4.11 Audit
C.1.32	YES	4.11.1 Independence of the auditors
C.1.33	YES	4.11 Audit
C.1.34	YES	4.11 Audit
C.1.35	YES	4.9.1 Preparation of meetings
C.1.36	NO	4.5 Appointment, re-election and removal of directors
C.1.37	NO	n/a
C.1.38	NO	n/a
C.1.39	YES	4.7.2 Executive directors / 4.14 Members of senior management (excluding executive directors) and their total remuneration
C.2 Board committees		
C.2.1	YES	4.10 Board committees
C.2.2	YES	4.3 Gender diversity
C.2.3	NO	4.10 Board committees
D. RELATED PARTY AND INTRAGROUP TRANSACTIONS		
D.1	NO	5. Related party and intragroup transactions
D.2	YES	5. Related party and intragroup transactions
D.3	YES	5. Related party and intragroup transactions
D.4	YES	5. Related party and intragroup transactions
D.5	YES	5. Related party and intragroup transactions
D.6	No	5. Related party and intragroup transactions
D.7	No	5. Related party and intragroup transactions
E. RISK MANAGEMENT AND CONTROL SYSTEMS		

E.1	NO	6.1 Risk management and control system of the company
E.2	NO	6.2 Bodies within the company responsible for preparing and executing the risk management and control system
E.3	NO	6.3 Main risks which may affect the achievement of business objectives
E.4	NO	6.4 Risk tolerance level
E.5	NO	6.5 Risks that materialised during the year
E.6	NO	6.6 Response and oversight plans for the company's main risks
F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)		
F.1	NO	7.1 The entity's control environment in relation to financial reporting
F.2	NO	7.2 Assessment of financial reporting risks
F.3	NO	7.3 Financial reporting control activities
F.4	NO	7.4 Main characteristics of the process of drawing up financial information
F.5	NO	7.5 Information and communication
F.6	NO	7.6 Supervision of the functioning of the system
F.7	NO	7.7 Other relevant information: review by the auditor of information about the ICFR model
G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS		Statistical annex

Statistical annex to the annual corporate governance report, including
*"Degree of compliance with the recommendations of the Good
Governance Code"*