

## To the Spanish National Securities Market Committee

Pursuant to the legislation on securities markets, Bankinter hereby announces the following:

### **Material information**

The board of directors of BANKINTER S.A., on 20 February 2019, announced the **Annual General Meeting the Company**, to be held in Madrid, at the Mutua Madrileña building, at Paseo de la Castellana no 33, (**entrance on Paseo Eduardo Dato, 20, 28046 Madrid**), **on 21 March 2019 at 13.00**, at the first call, and in the event that the required quorum is not met, at the second call, on 22 March 2019 at the same time and place, in accordance with the following order of business:

## **2019 Annual General Meeting of Shareholders of Bankinter, S.A. Agenda**

- 1st. Examination and approval of the individual annual accounts (balance sheet, profit and loss account, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements) and of the individual management report of Bankinter, S.A. as well as the consolidated annual accounts and the management report of the consolidated group, for the financial year ended 31 December 2018.

- 2nd. Examination and approval of the non-financial information statement, in accordance with Law 11/2018 of 28 December.
- 3rd. Examination and approval of the management and activities of the board of directors during the financial year ended 31 December 2018.
- 4th. Examination and approval of the proposal for allocation of profits and the distribution of dividends for the financial year ended 31 December 2018.
- 5th. Re-election of the auditor of the Company and its Consolidated Group for 2019.
- 6th. Appointment, re-election and establishment of the number of directors:
  - 6.1. Appointment of Álvaro Álvarez-Alonso Plaza as an independent external director.
  - 6.2. Appointment of María Luisa Jordá Castro as an independent external director.
  - 6.3. Re-election of María Dolores Dancausa Treviño as an executive director.
  - 6.4. Re-election of María Teresa Pulido Mendoza as an independent external director.
  - 6.5. Establishment of the number of directors.
- 7th. Approval of a restricted capitalisation reserve pursuant to the provisions of section 25.1.b) of Law 27/2014 of 27 November on Corporate Income Tax.
- 8th. Delegation to the board of directors, with the power to designate the executive committee as its substitute, of the power to increase share capital over a period of five years up to a maximum amount equal to 50% of the bank's share capital on the related authorisation date, providing for incomplete subscription pursuant to article 507 of the Act, and further delegating the power to amend article 5 of the corporate by-laws. Delegation of the power to exclude preferential subscription rights, although this power will be limited to 10% of the bank's share capital on the related authorisation date. Withdrawal of the delegation passed in the annual general meetings of previous years.
- 9th. Delegation to the board of directors, with the express power to designate the executive committee as its substitute, for a period of five (5) years, of the power to issue securities exchangeable and/or convertible into shares of the company or other companies of its group or of companies outside the group (including warrants), with a maximum limit of one billion euros (€1,000,000,000). Delegation to the board of directors, with express faculty to be substituted by the executive committee, of the faculties necessary to establish the terms and forms of exchange

and/or conversion, to agree where applicable the complete or partial exclusion of preferential subscription, exchange or exercise rights. Furthermore, in the case of debentures and convertible bonds and warrants on new issue shares, it delegates the faculty to increase the share capital by the amount necessary to meet requests for the conversion of debentures or the exercise of warrants, thereby withdrawing the delegation agreed in annual general meetings of previous years, in the unused portion.

10th. Resolutions on remuneration.

10.1. Approval of the remuneration policy for directors of Bankinter, S.A. for the financial years 2019, 2020 and 2021, which includes the maximum amount of the annual remuneration payable to the directors for the exercise of their duties.

10.2. Approval of the delivery of shares to the executive directors for their executive duties, and to senior officers as part of the annual variable remuneration earned in 2018.

10.3. Approval of the delivery of shares to executive directors for their executive duties, and to senior officers as part of the multi-year variable remuneration approved in the 2016 annual general meeting.

10.4. Approval of the maximum level of variable remuneration for those members of staff whose professional activities have a significant impact on the risk profile of the Company.

11th. Delegation of powers to the board of directors, including the power of substitution, to formalise, interpret, correct and implement the resolutions adopted by the shareholders at this Annual General Meeting.

Item submitted to a consultative vote:

12th. Annual Director Remuneration Report pursuant to section 541 of the Companies Act.

Item of an informational nature:

13th. Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity. 13°. Information on the partial amendment of the *Rules and Regulations of the Board of Directors* pursuant to section 528 of the *Ley de Sociedades de Capital* [Spanish Corporations Act]

Bankinter has also submitted to the Spanish National Securities Market Commission the full text of the proposed resolutions to be put to a vote in the Annual General Meeting on 21 March 2019.

The directors' reports on the items on the order of business that require this and other documents on the Annual General Meeting can be found on the Bankinter corporate website, [www.bankinter.es/webcorporativa](http://www.bankinter.es/webcorporativa).

## **Proposed resolutions**

### **2019 Annual General Meeting of Bankinter, S.A.**

**1st. Examination and approval of the individual annual accounts (balance sheet, profit and loss account, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements) and of the individual management report of Bankinter, S.A. as well as the consolidated annual accounts and the management report of the consolidated group, for the financial year ended 31 December 2018.**

To approve the Annual Accounts (Balance Sheet, Profit and Loss Account, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Financial Statements) and the Management Report of BANKINTER, S.A. and of the BANKINTER Group for financial year 2018, in accordance with the terms upon which such Accounts and Reports were approved by the board of directors of BANKINTER, S.A. at its meeting of 20 February 2019, verified by the audit and regulatory compliance committee and audited without qualifications by PricewaterhouseCoopers Auditores, S.L.

The individual financial statements have been prepared in accordance with the accounting standards and formats established by Banco de España. The consolidated statements comply with the International Financial Reporting

Standards ('IFRS') and have also been prepared in accordance with the standards and formats established by Banco de España.

In 2018, the pre-tax profit of the BANKINTER Consolidated Group was 721,093 thousand euros and the net profit came to 526,398 thousand euros, up 6.5 % and 6.3 %, respectively, from 2017.

In the individual accounts of the parent company, the pre-tax profit of Bankinter, S.A. in 2018 was 629,197 thousand euros and the distributable net profit came to 505,020 thousand euros.

## **2nd. Examination and approval of the non-financial information statement, in accordance with Law 11/2018 of 28 December.**

To approve, in accordance with Law 11/2018 of 28 December amending, among others, section 5 of Article 49 of the Spanish Commercial Code, the non-financial information included in the Non-Financial Information Statement in the management report of the consolidated group for the financial year ended 31 December 2018.

## **3rd. Examination and approval of the management and activities of the board of directors during the financial year ended 31 December 2018.**

To approve the management and activities of the board of directors during financial year 2018.

## **4th. Examination and approval of the proposal for allocation of profits and the distribution of dividends for the financial year ended 31 December 2018.**

To approve the proposal for allocation of profits of Bankinter, S.A. for financial year 2018, in the amount of 505,020 thousand euros, as follows:

4.1 - The sum of 263,199 thousand euros shall be allocated to the payment of dividends. In this regard:

- The sum of 173,980 thousand euros was paid prior to the date on which this Annual General Meeting is held, as interim dividends with a charge to the profits obtained in financial year 2018, on 27 June 2018, 26 September 2018 and 28 December 2018, upon the prior approval thereof by the board of directors at its meetings of 20 June 2018, 19 September 2018 and 19 December 2018.
- The sum of 89,219 thousand euros (a gross amount of 0.09927435 euro per share) shall be paid as a supplemental dividend on 28 March this year (the ex-date is: 26/03/2019 and the record date: 27.03.2019).

Therefore, the total gross dividend for financial year 2018 is 0.29286115 euro per share.

4.2 - The remainder of Bankinter, S.A.'s profit for financial year 2018 (ie, 241,821 thousand euros) shall be allocated to funding the institution's voluntary reserves.

#### **5th. Re-election of the auditor of the Company and its Consolidated Group for 2019.**

To re-elect the company PricewaterhouseCoopers Auditores, S.L., *with its registered office in Madrid at Torre PwC, Paseo de la Castellana 259 B, Tax Identification Number (C.I.F.) B-79031290, registered under number S-0242 of the Spanish Official Registry of Auditors of Accounts, and registered with the Madrid Commercial Registry on page 87250-1, folio 75, volume 9267, book 8054, section 3*, as auditor of the accounts of Bankinter, S.A. and of its Consolidated Financial Group for 2019, in accordance with the proposal submitted by the audit and regulatory compliance committee to the board of directors and approved by the board.

#### **6th. Appointment, re-election and establishment of the number of directors:**

##### **6.1. Appointment of Álvaro Álvarez-Alonso Plaza as an independent external director.**

To appoint Álvaro Álvarez-Alonso Plaza, of legal age, married, a Spanish citizen, domiciled for these purposes at Paseo de la Castellana, 29, Madrid and holder of Tax

Identification Number (NIF) 2.162.005-M as a director of the bank for a four-year term.

Álvaro Álvarez-Alonso Plaza is appointed an external independent director.

The aforementioned director nomination conforms to the proposal submitted to the board of directors by the appointments and corporate governance committee, has a favourable report from the board of directors as set out under section 529 *decies* of the *Ley de Sociedades de Capital* [Spanish Corporations Act] and fully complies with the definition of an independent director set forth in such Law. Said report has been made available to the shareholders since the publication of the announcement of the call to the General Shareholders' Meeting.

## **6.2. Appointment of María Luisa Jordá Castro as an independent external director.**

To appoint María Luisa Jordá Castro, of legal age, married, a Spanish citizen, domiciled for these purposes at Paseo de la Castellana, 29, Madrid and holder of Tax Identification Number (NIF) 1.119.289-V as a director of the bank for a four-year term.

María Luisa Jordá Castro is appointed an external independent director.

The aforementioned director nomination conforms to the proposal submitted to the board of directors by the appointments and corporate governance committee, has a favourable report from the board of directors as set out under section 529 *decies* of the *Ley de Sociedades de Capital* [Spanish Corporations Act] and fully complies with the definition of an independent director set forth in such Law. Said report has been made available to the shareholders since the publication of the announcement of the call to the General Shareholders' Meeting.

## **6.3. Re-election of María Dolores Dancausa Treviño as an executive director.**

To re-elect María Dolores Dancausa Treviño, of legal age, married, a Spanish citizen, domiciled for these purposes at Paseo de la Castellana, 29, Madrid. María Dolores Dancausa Treviño was appointed director of Bankinter, S.A. in the annual general meeting held on 28 April 2011.

María Dolores Dancausa Treviño is nominated for re-election as an executive director.

The aforementioned proposal for the re-election of a director, thereby complying with the provisions of Article 529 *decies* of the Ley de Sociedades de Capital [Spanish Corporations Act], it has a favourable report from the appointments and corporate governance committee and the board of directors, and the aforementioned report by the board of directors is available to shareholders as of publication of the announcement convening the Annual General Meeting.

#### **6.4. Re-election of María Teresa Pulido Mendoza as an independent external director.**

To re-elect María Teresa Pulido Mendoza, of legal age, married, a US citizen, domiciled for these purposes at Paseo de la Castellana, 29, Madrid and holder of residence card no X-4006241-D, as a director of the bank for a four-year term. María Teresa Pulido Mendoza was appointed director of Bankinter by co-option on 23 July 2014, on the favourable recommendation of the appointments and corporate governance committee. Her appointment was subsequently confirmed in the annual general meeting held on 18 March 2015.

María Teresa Pulido Mendoza is nominated to be confirmed as an independent external director.

The aforementioned re-election proposal conforms to the proposal submitted to the board of directors by the appointments and corporate governance committee, has a favourable report from the board of directors as set out under section 529 *decies* of the *Ley de Sociedades de Capital* [Spanish Corporations Act] and fully complies with the definition of an independent director set forth in such Law. Said report has been made available to the shareholders since the publication of the announcement of the call to the Annual General Meeting.

#### **6.5. Establishment of the number of directors.**

To establish at twelve (12) the effective number of members of the board of directors within the limit set forth in article 25 of the By-laws.



**7th. Approval of a restricted capitalisation reserve pursuant to the provisions of section 25.1.b) of Law 27/2014 of 27 November on Corporate Income Tax.**

To approve the formal funding and book recognition in financial year 2018 of a capitalisation reserve in the amount of 9,345,413.64 euros, as a restricted reserve for a term of five years, to be kept fully separate and apart and identified with a proper description pursuant to the provisions of section 25.1.b) of Law 27/2014 of 27 November on Corporate Income Tax.

**8th. Delegation to the board of directors, with the power to designate the executive committee as its substitute, of the power to increase share capital over a period of five years up to a maximum amount equal to 50% of the bank's share capital on the related authorisation date, providing for incomplete subscription pursuant to article 507 of the Act, and further delegating the power to amend article 5 of the corporate by-laws. To delegate the power to exclude preferential subscription rights, although this power shall be limited to 10% of the Bank's share capital at the date of authorisation. Withdrawal of the delegation passed in the annual general meetings of previous years.**

First. To delegate to the board of directors, with as broad a legal scope as necessary, the power to increase share capital on one or more occasions, pursuant to the provisions of Article 297.1.b) of the Ley de Sociedades de Capital [Spanish Corporations Act], within the legal timelines of five years from the date of this Annual General Meeting, up to the maximum amount of 50% of the share capital of the Company at the time of this authorisation, although, only for share capital increases agreed with an exclusion or disapplication of preferential subscription rights, this threshold shall be reduced to 10% of share capital in the terms stipulated in section 2 of this Agreement.

This capital increase or increases may be agreed in the amount decided by the board, through the issue of new shares with or without voting rights, ordinary or privileged shares, or any other type of share permitted by law, including redeemable shares, with or without an issue premium, with establishment of the terms and conditions of the capital increase, including, among other powers, the following: (i) determination of the nominal value of the shares to be issued, with their equivalent value consisting of cash contributions at all times (ii) the characteristics of the shares and of any privileges conferred on them (iii)

attribution of redemption rights and the conditions, and exercise of these rights by the Company.

For the purposes of determining the limit available at any given time of the maximum amount authorised, consideration shall be given to the amount of any share capital increases which, for the purposes of conversion of bonds, are carried out pursuant to the provisions of Resolution Nive of those adopted by this ordinary general meeting of shareholders on 21 March 2019 or of any other resolution to this end that may be adopted by the general meeting in the specific terms stated in section 2.

Second. The board is further empowered to exclude, totally or partially, preferential subscription rights in any share capital increases carried out on the basis of this delegation, when this is in the interests of the company, in the conditions stipulated in Article 308 and 506 and related sections of the Ley de Sociedades de Capital [Spanish Corporations Act]. When such exclusion or disapplication is approved, the maximum amount by which the board may increase share capital in the terms of this Resolution shall be reduced to 10% of the share capital of the Company at the time of this authorisation. This shall also apply to any share capital increases agreed for the purposes of conversion of any ordinarily convertible issues that are carried out with exclusion of preferential subscription rights, using the delegation in Agreement Nine approved by this Annual General Meeting or any other agreement to this end that may be adopted by the Annual General Meeting.

The 10% threshold shall not apply in relation to Contingently Convertible Issues for which preferential subscription rights are excluded and which may be agreed pursuant to the provisions of Resolution Nine of this ordinary general meeting or shareholders or any other resolution to this end that may be adopted by the general meeting, and thus the aforementioned general limit of 50% shall be applicable to share capital increases for the purposes of conversion of such issues, even when preferential subscription rights are excluded.

Third. Delegate powers to the board of directors to amend Article 5 of the By-laws.

Fourth. Delegate powers to the board of directors to freely offer unsubscribed shares within the preferential subscription timeline or timelines, and establish that, in the event of an incomplete subscription, the share capital shall be increased in the amount of the subscriptions carried out.

Fifth. Authorise the board of directors to apply for the admittance, maintenance, or exclusion from trading, where applicable, on official or unofficial secondary markets, whether or not organised, Spanish or foreign, and on multilateral trading

systems or, in general, any market on which the shares issued by virtue of this resolution may be admitted for trading.

Sixth. Invalidate the unused portion of the delegation agreed by the Annual General Meeting of 23 March 2017.

Seventh. Grant the board of directors powers of substitution so that, pursuant to the provisions of Article 249 of the Ley de Sociedades de Capital [Spanish Corporations Act], it may delegate all or some of the powers that have in turn been delegated to it by the Annual General Meeting in relation to the aforementioned resolutions, in favour of the executive committee.

**9th. Delegation to the board of directors, with the express power of substitution in favour of the executive committee, for a period of five (5) years, of the power to issue securities that may be swapped and/or converted into shares of the Company or other companies in its Group or companies outside the Group (including warrants), to the maximum limit of one thousand million (1,000,000,000 €) euros. Delegation to the board of directors, with express faculty to be substituted by the executive committee, of the faculties necessary to establish the terms and forms of exchange and/or conversion, to agree where applicable the complete or partial exclusion of preferential subscription, exchange or exercise rights. Furthermore, in the case of debentures and convertible bonds and warrants on new issue shares, it delegates the faculty to increase the share capital by the amount necessary to meet requests for the conversion of debentures or the exercise of warrants, thereby withdrawing the delegation agreed in annual general meetings of previous years, in the unused portion.**

First.- Delegate to the board of directors, pursuant to the provisions of Article 319 of Regulations of the Commercial Registry and the general regime governing the issuance of bonds, and applying the provisions of Articles 285 to 290, 297.1.b) and 511 of the Ley de Sociedades de Capital [Spanish Corporations Act], the power to issue securities, which may be swapped for and/or converted to shares of the Company or other companies in its Group or companies outside the Group, including warrants, or other similar securities, which may be swapped for and/or converted to newly issued shares or outstanding shares of the Company or other

companies in its Group or companies outside the Group, subject to the following conditions:

**1. Securities to be issued:** The securities this delegation refers to may be debentures, bonds, preferential shares and other fixed-income securities or debt instruments of a similar nature in any of the formats permitted in Law, which may be swapped for and/or converted to shares of the Company or other companies in its Group or companies outside the Group, either newly issued shares or existing shares. This delegation may also include warrants or other similar securities that may grant direct or indirect entitlement to the subscription or acquisition of shares of the Company or other companies in its Group or companies outside the Group, either newly issued shares or outstanding shares, settled either by physical delivery or through differences.

**2. Term:** The securities may be issued on one or more occasions, at any time, within a maximum period of five (5) years as of the date of adoption of this resolution.

**3. Maximum amount:** The total maximum amount of the issue or issues of securities agreed pursuant to this delegation shall be one thousand million (1,000,000,000€) euros, or the equivalent in any other currency.

**4. Scope of the delegation:** Using the delegation of powers agreed herein, the board of directors shall be responsible for determining the establishment of the various aspects and conditions of each issue, including, although the following is for information purposes and is not exhaustive: determining, for each issue or tranche forming part of an issue, the amount, at all times within the global quantitative limit expressed; the place of issue - in Spain or abroad - and the currency and, if it is a currency other than the euro, the equivalent sum in euros; the denomination, be it debentures, bonds, preferential shares or any others permitted in Law; the date or dates of issue; whether the securities are necessarily or voluntarily convertible and/or swappable, including contingently; the number of securities and their par value, which in the case of convertible and/or swappable securities shall not be less than the nominal value of the shares; in the case of warrants and similar securities, the issue price and/or premium, the exercise price - which may be fixed or variable - and the procedure, timeline and other conditions applicable to exercise of the right of subscription or acquisition of the underlying shares; the fixed or variable interest rate, the dates and procedures for coupon payments; the perpetual or redeemable nature of the issue and, in the case of the latter, the redemption timeline and maturity date; the type of reimbursement, premiums and lots, guarantees; the method of representation, as shares or book-entries; preferential subscription

rights, or exclusion of such rights, as the case may be (as stipulated in this resolution), and the subscription regime; anti-dilution agreements; legislation applicable; application, as the case may be, for admission for trading on official or unofficial secondary markets, whether or not organised, Spanish or foreign, of any securities issued with the requisites established by current regulations in each case and, in general, any other condition of the issue, and, where appropriate, appointing the Auditor and approving any basic rules to govern the legal relations between the Bank and the Syndicate of holders of the securities issues, if such a Syndicate must be created.

The delegation also includes attribution of the powers that, in each case, may be decided with respect to the conditions for redemption of the securities issued by means of this authorisation, and, as applicable, the means may be used that are referred to in Article 430 of the Ley de Sociedades de Capital [Spanish Corporations Act] or any others that may be applicable. The board of directors is also empowered, whenever it considers this appropriate and provided the necessary official authorisations have been obtained, and, where applicable, subject to the agreement of the Assemblies of the Syndicates or bodies representing the holders of the securities, to modify the conditions of redemption of the securities issued and their respective timelines and the rate of interest accrued by securities in each of the issues carried out pursuant to this authorisation.

**5. Bases and procedures for conversion and/or swap.** In the case of issues of securities convertible to and/or swappable for shares, and for the purposes of determining the bases and procedures for conversion and/or swap, it is hereby agreed that the following criteria are established:

- (i) Any securities issued pursuant to this resolution may be convertible and/or swappable in accordance with a fixed (determined or determinable) or variable (which may include maximum and/or minimum thresholds for the price of conversion and/or swap) conversion and/or swap ratio, and the board of directors is empowered to decide whether they are convertible and/or swappable, the time and the scenarios for conversion and/or redemption, and perpetual issues may be carried out; and the bases and procedures for conversion, with a distinction made between: a) perpetual emissions or emissions with no conversion and/or redemption timeline, whereby conversion is contingent and is stipulated to comply with regulatory requisites for the eligibility of the securities issued as equity instruments in accordance with the solvency regulations applicable at any given time ("Contingently Convertible Issues" or "CoCos") and b) issues of convertible

securities carried out by virtue of this agreement, including, although the following is for information purposes only, issues with a mandatory and determined conversion period (on maturity or at any other time) or that may be converted voluntarily at the wish of the holder and/or the issuer, with the frequency and over the maximum period established in the issue agreement, which cannot exceed fifty (50) years from the date of issue ("Ordinarily Convertible Issues").

(ii) In the case of a fixed conversion and/or swap ratio, for the purposes of conversion and/or swap, as applicable, the securities shall be appraised at their nominal amount and the shares at the fixed rate determined in the resolution of the board of directors in which use of this delegation is made, or at the rate determinable at the date or dates close to the issue stipulated in the board resolution, and depending on the listing price of Bankinter shares at the date/s or period/s taken as a reference in said resolution, with or without discount or premium, and the board of directors may determine any conversion and/or swap criteria it may deem appropriate.

(iii) It may also be agreed to issue the convertible and/or swappable fixed-income securities with a variable conversion and/or swap ratio. In this case, the price of the shares for the purposes of conversion and/or swap shall be that determined by the board of directors, and a premium or, as the case may be, a discount may be applied to the per-share price arising from the criteria established. The premium or discount may be different for each date taken as a reference for the conversion and/or swap of each issue (or, as the case may be, each tranche of an issue). A minimum and/or maximum reference price may also be established for the shares for the purposes of conversion and/or swap, in the terms decided by the board of directors.

(iv) Under no circumstances may the value of the share for the purposes of the conversion ratio of the bonds for shares be less than its nominal value. Pursuant to the provisions of Article 415.2 of the Ley de Sociedades de Capital [Spanish Corporations Act], bonds cannot be converted into shares when the nominal value of the bonds is less than the nominal value of the shares. Nor may convertible bonds be issued for a sum that is less than their nominal value.

**6. Share capital increase and exclusion of preferential subscription rights in convertible securities.** The delegation also contains the following powers, although these are for information purposes and are not exhaustive:

(i) The power to increase share capital in the amount necessary to meet conversion requests. This power may only be exercised if the board, when the capital it increases for the issue of convertible bonds is added to any other share capital increases it has agreed pursuant to the authorisations issued by the Annual General Meeting, does not exceed the threshold authorised at any time by the Annual General Meeting pursuant to the provisions of Article 297.1 b) of the Ley de Sociedades de Capital [Spanish Corporations Act]. This authorisation to increase share capital includes authorisation to issue and put into circulation, on one or more occasions, the shares representing this capital that are necessary to carry out the conversion, and to amend the article of the By-laws concerning the sum of share capital and, as the case may be, to cancel the portion of this capital increase that does not prove necessary for the conversion to shares.

(ii) The power, pursuant to the provisions of Articles 308, 417 and 511 of the Ley de Sociedades de Capital [Spanish Corporations Act], to totally or partially exclude the preferential subscription rights of shareholders, when this is required to capture funds on finance markets or when in any other way it can be justified by the interests of the Company as part of a specific issue of convertible and/or swappable securities which, pursuant to this authorisation, the decision is taken to carry out.

However, in the case of Ordinarily Convertible Issues, the power to exclude preferential subscription rights shall be limited to the proviso that the nominal amount of any share capital increases that may be agreed for the purposes of conversion with exclusion of preferential subscription rights using the delegation of Resolution Eight of this Annual General Meeting does not exceed the overall maximum nominal amount of the Bank's share capital at the time of this delegation, and this limit may not apply to Contingently Convertible Issues, but to the general limit of 50%

In any case, if the decision is taken to disapply preferential subscription rights in relation to a specific issue it decides to carry out pursuant to this authorisation, it shall draw up, at the time of approving the issue and as per the regulations applicable, a report setting out the specific reasons in the corporate interest to justify this measure, which shall be covered in the correlative report by the auditors, in the terms stipulated in Articles 417.2 and 511.3 of the Ley de Sociedades de Capital [Spanish Corporations Act]. These reports shall be made available to shareholders and notified to the first general meeting held following the issue agreement.

(iii) The power to carry out and specify the bases and procedures for conversion and/or swap, taking account of the criteria established in 5 above and, in general, in the broadest sense, the determination of any measures and conditions that may prove necessary or advisable for the issue.

In the successive general meetings held by the Company, the board of directors shall report to shareholders on the use, if any, that has been made to date of the delegation to issue securities that are convertible and/or swappable for shares of the Company.

Second.- To also empower the board of directors, in accordance with the provisions of Article 249 of the Ley de Sociedades de Capital [Spanish Corporations Act], to delegate the powers conferred on it by the Annual General Meeting to the executive committee, with express powers to delegate in turn to the chairman of the board of directors and the chief executive officer.

Third.- To invalidate the unused portion of the authorisation set out in Resolution Six of the Annual General Meeting of Shareholders on 20 March 2014 and replace it with this delegation.

## **10th. Resolutions on remuneration.**

**10.1.- Approval of the policy of remuneration of the directors of Bankinter, S.A. for the years 2019, 2020 and 2021, including the maximum sum of the annual remuneration to be paid to directors for the exercise of their functions.**

To approve, pursuant to the provisions of section 529 *novodecies* of the Companies Act, the Remuneration Policy for the directors of Bankinter, S.A., for a maximum term of 3 years, the text of which has been made available to the shareholders together with the other documents relating to the Annual General Meeting since the date of call thereto.

This policy replaces the policy of remuneration of the directors of Bankinter, S.A. at the Annual General Meeting of Shareholders held on 22 March 2018, for the years 2019 and 2020.



**10.2. Approval of the delivery of shares to the executive directors for their executive duties, and to senior officers as part of the annual variable remuneration earned in 2018.**

To approve, upon the terms set forth below and pursuant to the provisions of section 219 of the Companies Act, the maximum number of Bankinter shares to be delivered to the executive directors (2 individuals) and to senior officers (8 individuals) as part of the annual variable remuneration accrued in 2018.

The annual variable remuneration accrued in 2018 will be paid as follows:

- In the case of the chief executive officer:

- 40% of the annual variable remuneration will be paid in 2019, in halves and net of tax, in cash and in shares.
- The remaining 60% will be deferred in fifths and paid, if applicable, in the following financial years (until financial year 2024). Every year, half of each amount will be paid in cash, with 60% being paid in shares and 40% in cash. These payments will be made net of taxes.

- In the case of the vice-chairman and senior officers:

- 60% of the annual variable remuneration will be paid in 2019, in halves and net of tax, in cash and in shares.
- The remaining 40% will be deferred in fifths and paid, if applicable, in the following financial years (until financial year 2024). In each year, the corresponding amount will be paid, after taxes, half in cash and half in shares.

Implementation of the deferred variable remuneration clause	CEO		Vice-chairman and senior officers	
	40% Not deferred	60% Deferred (5 years)	60% Not deferred	40% Deferred (5 years)
Cash	50%	40%	50%	50%
Equity securities	50%	60%	50%	50%

In the deliveries of the shares under both the deferred and the non-deferred portions, the price of the Bankinter share will be 7.022 euros/share, this being the average listing price of the Bankinter share at the close of business for the trading sessions between 2 January and 18 January 2019, both inclusive.

The deliveries of shares shall be carried out net of taxes and according to the schedule set out below:

- The maximum number of Bankinter shares to be delivered to executive directors and senior officers for the **non-deferred** variable remuneration accrued under the variable incentive in 2018 is:
  - 8,826 Bankinter shares to be delivered to the executive vice-chairman,
  - 8,456 Bankinter shares to be delivered to the chief executive officer, and
  - 38,379 Bankinter shares to be delivered to senior officers.

The delivery of Bankinter shares for the non-deferred portion of the variable remuneration accrued in 2018 shall be carried out within 15 trading days following the date of approval thereof by the shareholders at the Annual General Meeting.

- The maximum number of Bankinter shares to be delivered to executive directors and senior officers for the **deferred** variable remuneration accrued under the variable incentive in 2018 shall be paid as follows:
  - CEO:

- 3,044 Bankinter shares will be delivered in the month of January 2020, corresponding to 1/5 of 60% of the deferred variable remuneration earned as part of the variable incentive in 2018.
  - 3,044 Bankinter shares will be delivered in the month of January 2021, corresponding to 1/5 of 60% of the deferred variable remuneration earned as part of the variable incentive in 2018.
  - 3,044 Bankinter shares will be delivered in the month of January 2022, corresponding to 1/5 of 60% of the deferred variable remuneration earned as part of the variable incentive in 2018.
  - 3,044 Bankinter shares will be delivered in the month of January 2023, corresponding to 1/5 of 60% of the deferred variable remuneration earned as part of the variable incentive in 2018.
  - 3,044 Bankinter shares will be delivered in the month of January 2024, corresponding to 1/5 of 60% of the deferred variable remuneration earned as part of the variable incentive in 2018.
- Vice-chairman and senior officers (aggregated):
    - 1,176 Bankinter shares for the vice-chairman and 5,316 shares for senior officers (8 individuals) will be delivered in the month of January 2020, corresponding to 1/5 of 50% of the deferred variable remuneration earned as part of the variable incentive in 2018.
    - 1,176 Bankinter shares for the vice-chairman and 5,316 shares for senior officers (8 individuals) will be delivered in the month of January 2021, corresponding to 1/5 of 50% of the deferred variable remuneration earned as part of the variable incentive in 2018.
    - 1,176 Bankinter shares for the vice-chairman and 5,316 shares for senior officers (8 individuals) will be delivered in the month of January 2022, corresponding to 1/5 of 50% of the deferred variable remuneration earned as part of the variable incentive in 2018.
    - 1,176 Bankinter shares for the vice-chairman and 4,810 shares for senior officers (8 individuals) will be delivered in the month of January 2023, corresponding to 1/5 of 50% of the deferred variable remuneration earned as part of the variable incentive in 2018.
    - 1,176 Bankinter shares for the vice-chairman and 4,810 shares for senior officers (8 individuals) will be delivered in the month of January

2024, corresponding to 1/5 of 50% of the deferred variable remuneration earned as part of the variable incentive in 2018.

Each year, the remuneration committee shall evaluate whether any circumstances, risks or significant negative impacts have affected the institution's results or assets which, having occurred during financial year 2018, may warrant a total or partial review of the shares ultimately to be delivered within each deadline.

The board of directors is granted by delegation the power to modify and adjust the number of shares to be delivered on each of the aforementioned dates when an increase in capital in the form of a bonus share issue and/or with a charge to reserves, a split or grouping (reverse split) of the outstanding shares, or any other corporate transaction of a similar nature or having similar effects has been carried out between the date of approval of this resolution and the date of delivery.

The board of directors and the executive committee are granted by delegation and may each exercise alone the power to supplement this resolution as may be required for the implementation hereof and, specifically, to establish those exceptional cases, independently of the provisions of the preceding paragraph, in which termination by a director of his executive duties or as a member of the board or termination of the special employment relationship binding any senior officer entails the loss of the right to receive any shares pending delivery on the scheduled dates.

The board of directors and the executive committee are granted by delegation and may each exercise alone the power to supplement this resolution as may be required for the implementation hereof and, specifically, to establish those exceptional cases, independently of the provisions of the preceding paragraph, in which termination by a director of his executive duties or as a member of the board or termination of the special employment relationship binding any senior officers entails the loss of the right to receive any shares pending delivery on the scheduled dates.

**10.3. Approval of the delivery of shares to executive directors for their executive duties, and to senior officers as part of the multi-year variable remuneration approved in the 2016 annual general meeting.**

To approve, upon the terms set forth below and pursuant to the provisions of section 219 of the Companies Act, the maximum number of Bankinter shares to be delivered to executive directors and to senior officers (8 individuals<sup>1</sup>) who are beneficiaries of the multi-year remuneration mentioned in the annual remuneration report approved in a consultative vote in the annual general meeting held on 17 March 2016.

This plan aimed to, on the one hand, encourage key employees to maintain a certain level of commitment and loyalty and, on the other hand, promote a long-term future with the bank among key managers in order to foster a culture of sustainability.

Beneficiaries of the multi-year plan include executive directors, the management team and other key individuals (in total, 55 people at the time the plan accrued). This incentive was in addition to current or future variable remuneration plans in place in Bankinter Group.

To collect the incentive, beneficiaries needed to be registered and active on the date they were paid the first of the earned amounts. If Bankinter terminated its work or business relationship with a beneficiary, for whatever cause, before a date of payment, the beneficiary lost, automatically and without notice, his or her right to receive this incentive. Any individuals who lost the functional or responsibility level they had at the time the plan was approved would also not receive the incentive.

The multi-year incentive plan remained effective for three years to calculate accrued amounts for employees, and four years from the time incentives accrued (31 December 2018) for the full payment of the those amounts (in accordance with deferred payment clauses).

The benchmark amount of the long-term incentive was two-years of the annual gross fixed salary in 2015, received by each beneficiary of the plan. It was calculated in-kind remuneration items and any corporate benefits of variable remuneration received in 2015.

100% of the incentive was subject to these final terms and conditions:

- Each year, the bank's RoE should be above the mid-point for the peer group of institutions by 31 December of each year. The remuneration committee annually revised the peer group in order to adjust it to any market changes and, thus, ensure that the peer group remains representative under any such changes. Compliance with this indicator is described below:

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<sup>1</sup> A senior officer joined senior management on 1 January 2019. The individual was not a senior officer at the time the annual variable remuneration accrued.

Accrual date	Bank's ROE position <sup>2</sup>	Accrual (%)
31/12/2016	1	100
31/12/2017	1	100
31/12/2018	1	100

- The RoE for customer activity also had to exceed 10% at 31 December 2018 in order to receive 100% of the accrued variable incentive. Compliance with this indicator and the accrual scale are described below:

Customer RoE (%)	Accrued incentive (%)
11.65 % <sup>3</sup>	141.25 %

Therefore, the final amount earned by beneficiaries is: 141.25%

60% of the chief executive officer's multi-year variable remuneration and 40% of the vice-chairman and senior officers' multi-year variable remuneration will be deferred over a period of 5 years. This deferred remuneration will be distributed in five equal payments over these five years immediately after they accrue, or the non-deferred remuneration portion is paid.

The multi-year variable remuneration accrued in 2018 will be paid as follows:

- In the case of the chief executive officer:

- 40% of the multi-year variable remuneration will be paid in 2019, in halves and net of tax, in cash and in shares.

<sup>2</sup> Comparable group: Santander, BBVA, CaixaBank, Bankia, Sabadell and Liberbank

<sup>3</sup> This figure was audited to be verified.

- The remaining 60% will be deferred in fifths and paid, if applicable, in the following financial years (until financial year 2024). Every year, half of each amount will be paid in cash, with 60% being paid in shares and 40% in cash. These payments will be made net of taxes.
- In the case of the vice-chairman and senior officers:
- 60% of the multi-year variable remuneration will be paid in 2019, in halves and net of tax, in cash and in shares.
  - The remaining 40% will be deferred in fifths and paid, if applicable, in the following financial years (until financial year 2024). In each year, the corresponding amount will be paid, after taxes, half in cash and half in shares.

Implementation of the deferred variable remuneration clause	CEO		Vice-chairman and senior officers	
	40% Not deferred	60% Deferred (5 years)	60% Not deferred	40% Deferred (5 years)
Cash	50%	40%	50%	50%
Equity securities	50%	60%	50%	50%

The price of the Bankinter share under the deliveries of shares shall be 7.022 euros/share, which is the average listing price of the Bankinter share at the close of business for the trading sessions held between 2 January and 18 January 2019, both inclusive.

The deliveries of shares shall be carried out net of taxes and according to the schedule set out below:

- The maximum number of Bankinter shares to be delivered to executive directors and senior officers for the accrued **non-deferred** multi-year variable remuneration is:
  - 62,866 Bankinter shares to be delivered to the executive vice-chairman,
  - 56,418 Bankinter shares to be delivered to the chief executive officer, and
  - 250,660 Bankinter shares to be delivered to senior officers.

The delivery of Bankinter shares for the non-deferred portion of the multi-year variable remuneration earned in 2018 shall be carried out within 15 trading days

following the date of approval thereof by the shareholders at the Annual General Meeting.

The maximum number of Bankinter shares to be delivered to executive directors and senior officers for the accrued **deferred** multi-year variable remuneration is:

- CEO:
  - 20,310 Bankinter shares will be delivered in the month of January 2020, corresponding to 1/5 of 60% of the deferred multi-year variable remuneration earned in 2018.
  - 20,310 Bankinter shares will be delivered in the month of January 2021, corresponding to 1/5 of 60% of the deferred multi-year variable remuneration earned in 2018.
  - 20,310 Bankinter shares will be delivered in the month of January 2022, corresponding to 1/5 of 60% of the deferred multi-year variable remuneration earned in 2018.
  - 20,310 Bankinter shares will be delivered in the month of January 2023, corresponding to 1/5 of 60% of the deferred multi-year variable remuneration earned in 2018.
  - 20,310 Bankinter shares will be delivered in the month of January 2024, corresponding to 1/5 of 60% of the deferred multi-year variable remuneration earned in 2018.
- Vice-chairman and senior officers (aggregated):
  - 8,382 Bankinter shares for the vice-chairman and 35,402 shares for senior officers (8 individuals) will be delivered in the month of January 2020, corresponding to 1/5 of 50% of the deferred multi-year variable remuneration earned in 2018.
  - 8,382 Bankinter shares for the vice-chairman and 35,402 shares for senior officers (8 individuals) will be delivered in the month of January 2021, corresponding to 1/5 of 50% of the deferred multi-year variable remuneration earned in 2018.
  - 8,382 Bankinter shares for the vice-chairman and 35,402 shares for senior officers (8 individuals) will be delivered in the month of January 2022, corresponding to 1/5 of 50% of the deferred multi-year variable remuneration earned in 2018.
  - 8,382 Bankinter shares for the vice-chairman and 30,441 shares for senior officers (8 individuals) will be delivered in the month of January



2023, corresponding to 1/5 of 50% of the deferred multi-year variable remuneration earned in 2018.

- 8,382 Bankinter shares for the vice-chairman and 30,441 shares for senior officers (8 individuals) will be delivered in the month of January 2024, corresponding to 1/5 of 50% of the deferred multi-year variable remuneration earned in 2018.

Furthermore, malus and clawback clauses will apply to paid amounts in accordance with Bankinter's remuneration policy. And the shares to be delivered shall have a holding period of one year.

Each year, the remuneration committee shall evaluate whether any circumstances, risks or significant negative impacts have affected the bank's earnings or assets which, having occurred during years in which multi-year variable remuneration was achieved, may warrant a total or partial review of the shares ultimately to be delivered within each deadline.

The board of directors is granted by delegation the power to modify and adjust the number of shares to be delivered on each of the aforementioned dates when an increase in capital in the form of a bonus share issue and/or with a charge to reserves, a split or grouping (reverse split) of the outstanding shares, or any other corporate transaction of a similar nature or having similar effects has been carried out between the date of approval of this resolution and the date of delivery.

The board of directors and the executive committee are granted by delegation and may each exercise alone the power to supplement this resolution as may be required for the implementation hereof and, specifically, to establish those exceptional cases, independently of the provisions of the preceding paragraph, in which termination by a director of his executive duties or as a member of the board or termination of the special employment relationship binding any senior officer entails the loss of the right to receive any shares pending delivery on the scheduled dates.

The board of directors and the executive committee are granted by delegation and may each exercise alone the power to supplement this resolution as may be required for the implementation hereof and, specifically, to establish those exceptional cases, independently of the provisions of the preceding paragraph, in which termination by a director of his executive duties or as a member of the board or termination of the special employment relationship binding any senior officers entails the loss of the right to receive any shares pending delivery on the scheduled dates.

**10.4. Approval of the maximum level of variable remuneration for those members of staff whose professional activities have a significant impact on the risk profile of the Company.**

Under the provisions of section 34.1, letter g), of Law 10/2014 of 26 June concerning the organisation, oversight and solvency of credit institutions, it is proposed to approve the theoretical variable remuneration of the group of employees whose professional activities have a significant impact on the Group's risk profile or who perform control duties and who are subject to the maximum level of variable remuneration of up to 200% of the fixed component of the total remuneration of such professionals, in accordance with the report setting forth recommendations and issued for these purposes by the board of directors of Bankinter, S.A. on 20 February 2019 and which has been made available to the shareholders since the date of call to this Annual General Meeting.

**11th. Delegation of powers to the board of directors, including the power of substitution, to formalise, interpret, correct and implement the resolutions adopted by the shareholders at this Annual General Meeting.**

The board of directors is granted by delegation, with the express power of substitution in favour of the executive committee, the broadest powers that may be required by law to interpret, correct, supplement and implement the Resolutions adopted by the shareholders at the Annual General Meeting and to delegate by substitution the powers granted by the shareholders.

Additionally, with regard to the deposit of the annual accounts and the documents specified in the Regulations of the Commercial Registry, the chairman of the board of directors, Pedro Guerrero Guerrero, the individual representing the executive vice-chairman on the board of directors, Alfonso Botín Sanz de Sautuola y Naveda, the chief executive officer, María Dolores Dancausa Treviño, the general secretary and the secretary of the board of directors, Gloria Calvo Díaz, are authorised such that any of them, acting severally, may perform any acts needed to carry out the aforementioned deposit, including the submission of applications to the Commercial Registry and the issuance of certificates of any kind, and in particular, the certificate provided for in section 279 of the Ley de Sociedades de Capital [Spanish Corporations Act].

The chairman of the board of directors, the executive vice-chairman of the board of directors, the chief executive officer, and the general secretary and secretary of the board of directors are authorised so that any of them may have the resolutions adopted by the shareholders at this Annual General Meeting converted into notarial instruments and execute such public or private documents as may be required or appropriate to implement such resolutions, including the power to amend and correct the text thereof to the extent needed for such text to conform to the classification of the Commercial Registry or of any administrative bodies or authorities.

**Item submitted to a consultative vote:**

**12th. Annual Director Remuneration Report pursuant to section 541 of the *Ley de Sociedades de Capital* [Spanish Corporations Act].**

Approve, in consultative fashion, the Annual Report on Remuneration of the Directors of Bankinter, S.A., approved by the board of directors following a proposal by the remuneration committee, in the terms stipulated in Law and in Spanish Securities Market Commission Circular 4/2013 of 12 June (as amended by Spanish Securities Market Commission Circular 2/2018 of 12 June). The full text of this report has been made available to shareholders together with the other documents relating to this Annual General Meeting since the date of call thereto.

**Item of an informational nature:**

**13º. Information on the partial amendment of the *Rules and Regulations of the Board of Directors* pursuant to section 528 of the *Ley de Sociedades de Capital* [Spanish Corporations Act]**

The Annual General Meeting is hereby informed of changes to the Rules and Regulations of the Board of Directors which, following a report by the appointments and corporate governance committee, were agreed by the board of directors at a meeting on 19 December 2018, whereby the following articles were amended: Article 32 (secretary), Article 37 (executive committee), Article 38 (audit and regulatory compliance committee), Article 39 (risk committee), Article 40 (remuneration committee) and Article 41 (appointments and corporate governance committee).

The purpose of these amendments is to include the replacement of the secretary of the board by the vice-secretary, in the event of vacancy, absence, illness or conflict of interest, in both board and committee meetings; provide for the supplementary implementation in committees of the rules of operation in place for the board, in case such rules are not expressly defined; include a set of specific rules and regulations for the audit and regulatory compliance committee; and introduce certain technical improvements.

The aforementioned articles of Rules and Regulations of the Board of Directors now read as follows:

***Article 32. The secretary.***

*1. The duties of the secretary and legal counsel of the board of directors will be discharged by the individual it appoints, who may not be a board member.*

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

*- The acting secretary of the board will only report to the board of directors and its chairman.*

*- The appointment and removal of the secretary of the board will require a preliminary report by the appointments and remuneration committee and must be approved by the board of directors in its entirety.*

*3. In addition to discharging those duties assigned by law, the company by-laws or the Rules and Regulations of the Board of Directors, the secretary must also:*

*safeguard the documentation of the board of directors, record meeting events in meeting minutes and attest to the contents thereof and the resolutions passed.*

*ensure that all actions of the board of directors comply with current legislation and are consistent with the corporate by-laws and other internal regulations.*

*assist the chairman to ensure that directors receive the information necessary to discharge their duties in a timely and appropriate manner.*

*4. In order to substitute the secretary of the board of directors in the event of a vacancy, absence, illness or conflict, the board of directors may appoint a vice-*

*secretary who will not have to be another director. The vice-secretary may also substitute the secretary of the board in meetings of board committees.*

*5. If no vice-secretary is appointed, the secretary of the board will be replaced by the least senior director in age amongst all the members attending the meeting to discharge the related duties.*

**Article 37. Executive committee**

*1. The executive committee will have a minimum of three and a maximum of seven directors. The participation structure for the several categories of directors will be similar to that of the board of directors. The members of the committee are appointed for the duration determined by the board of directors.*

*2. The Board of Directors shall appoint a Chairman among all its members, and the Secretary of the Board of Directors shall act as Secretary.*

*3. The permanent delegation of powers to the executive committee and the resolutions to appoint its members require the vote of at least two thirds of the members of the board of directors.*

*4. Powers of the board of directors permanently delegated to the executive committee may include all the board's powers, except those that may not be delegated under current legislation, the corporate by-laws or these rules and regulations.*

*Without prejudice to the aforementioned delegation, the executive committee expressly and permanently has the powers that are listed below delegated to it:*

*1. authorise credit transactions, in general, up to the limit set by the board of directors. Transactions involving the directors, senior officers and other related transactions are excluded from this delegation and must be approved by the full board of directors.*

*2. authorise new businesses and individual transactions, provided that they are non-strategic in nature and do not imply a particular fiscal risk for Bankinter or its group.*

*3. monitor the various business units of Bankinter, its types of customers and how they are segmented across Bankinter, its sales networks and organisations, as well as its product and service offering, all in line with the strategic business plan approved by its board of directors for this purpose.*

*4. monitor any significant variations in its shareholder base.*

*5. The executive committee shall meet as many times as it is called to meeting by its Chairman. Furthermore, the executive committee will be convened at the request of three directors serving on it.*

*6. The secretary will take the meeting minutes, which will be signed by the secretary with the committee chairman's approval and sent to all directors, even if any resolutions adopted by the committee that must be subsequently approved by the board of directors have not taken effect. The secretary of the committee will be responsible for calling the meetings and filing the minutes and any documentation submitted to the committee.*

*The executive committee reports to the board of directors on the matters discussed and the decisions adopted at its meetings, and it provides copies of the minutes of these to the board members.*

*7. In matters not expressly covered by this article, the rules of operation found in these Rules and Regulations of the Board of Directors shall apply where appropriate.*

***Article 38. Audit and regulatory compliance committee.***

*1. The audit and regulatory compliance committee will have a minimum of three and a maximum of seven directors appointed by the board of directors on the recommendation of the appointments and corporate governance committee. The members of the committee are appointed for the duration determined by the board of directors. The committee chairman must be replaced at least every four years and may be re-elected after one year after having been removed.*

*2. The chairman of the committee shall be an independent director, who must in particular, and as is the case with the other members of this committee, have knowledge and experience in matters of accountancy, auditing or risk management. All committee members will be non-executive directors, the majority of whom will be independent.*

*3. The committee secretary will be the secretary of the board of directors.*

*4. The chairman, the vice-chairman, the chief executive officer of the Bank or other executive directors or managers may attend committee meetings at the invitation of the committee chairman if the committee so decides.*

*5. The head of the audit division and the head of the regulatory compliance unit may attend committee meetings as speakers –but not as members– as frequently as the committee decides. Other audit division staff, as well as any executive or employee of the company, may also attend committee meetings if the committee chairman so decides, even without any other executive present.*

*6. External auditors will attend committee meetings provided that the committee chairman deems it necessary. They will always attend meetings convened to examine their report on the Bank and its group's annual and half-yearly financial statements and annual control report, as well as any other meetings verify earnings before these reports are made public.*

*7. As a general rule, the committee will act by formulating good practice recommendations addressed to relevant areas in the Bank. However, it may also pass resolutions on matters within its remit, irrespective of those resolutions reserved to the board of directors, the executive committee or other company bodies under current legislation and the corporate by-laws.*

*The provisions of these rules and regulations on the operations of the board of directors will also apply to the operation of the audit and regulatory compliance committee. The application of these rules must in any event favour the independence of the committee's operation.*

*8. In general, the committee will meet as frequently as the board of directors. It will also meet whenever convened by the committee chairman or at the request of two or more committee members. In the absence of its chairman, the meeting will be chaired by the independent director appointed for that purpose by the committee.*

*9. The secretary will record the meeting minutes, which will be signed by the secretary with the committee chairman's approval, reported on to the board of directors and distributed amongst all the directors. The secretary will be responsible for convening committee meetings and filing the minutes and any documentation submitted at the meeting.*

*10. The audit and regulatory compliance committee is the body delegated by board of directors to exercise the board's powers relating to the oversight and monitoring of the company's activity; the accuracy, objectivity and transparency of its accounting practices; its economic and financial reporting; and its compliance with legislation and regulations to which the Bank is subject.*

*The bank's audit division reports to the audit and regulatory compliance committee and is functionally assigned to the chairman of the board of directors.*

*11. By law and under the corporate by-laws, the audit and regulatory compliance committee is specifically authorised to:*

*1. report to shareholders at the general shareholders' meeting, through its chairman, on the status of the company's oversight, the committee's activities during the fiscal year; and any questions raised by shareholders about matters that fall within the committee's remit.*

*2. propose external accounts auditor candidates to the board of directors for selection, appointment, re-election or replacement by the shareholders at the general shareholders' meeting, in addition to their contractual conditions and the scope of their professional mandate.*

*3. oversee activities unrelated to the account auditing and ensure that the company files material facts to notify the market of any auditor change, accompanied by a statement on any existing disagreements with the outgoing auditor and the contents thereof.*

*4. ensure that the external auditor holds an annual meeting with the board of directors to report on its work and any developments concerning the company's accounting and risk position.*

*5. propose the approval of the annual audit and regulatory compliance committee report by the board of directors.*

*6. supervise the effectiveness of company's internal control, internal auditing services and risk control systems (which include tax risks); safeguard the independence and effectiveness of this function; and discuss any significant weaknesses in the internal control systems identified in audits with account auditors.*



*7. understand and oversee the preparation and the integrity of the financial reporting and internal control systems of the company and, if applicable, the group; and verify that regulatory requirements are being met, the consolidation parameter is accurate and accounting principles are correctly implemented.*

*8. promote and review the operation of adequate internal control systems on a regular basis, so as to ensure that the company's risks are adequately managed.*

*9. ensure the external auditor's independence and that the auditor's compensation do not compromise the quality or independence of its work; and receive information from the external auditor on matters that may jeopardise its independence so that it may be examined by the committee, in addition to information on any other matters relating to account audits and all other communications mentioned in accounts auditing legislation and technical auditing rules. In any event, each year the committee will receive written confirmation from the account auditors of their independence from the entity or entities related directly or indirectly to it, as well as information on any additional services provided to those entities by any such auditors or companies, or by individuals or entities related to them in accordance with current accounts auditing legislation.*

*10. ensure that the company and the external auditor comply with current rules on non-audit services; with restrictions on the concentration of the auditor's business; and, in general, with all other rules regarding their independence, for which it will, prior to issuing the accounts audit report, issue a report stating an opinion on the independence of the accounts auditors or audit firms. In any event, this report will mention any additional service provided as referenced in the previous sub-section, individually and as a whole, other than the legal audit, and with relation to the independence regime or auditing regulations.*

*11. report to the board of directors in advance on all matters established by law, the corporate by-laws and these rules and regulations; and specifically on:*

- a) The financial information the Company must periodically disclose,*
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens and,*
- c) Related-party transactions.*

*12. Analyse any operations involving structural and corporate modifications the bank intends to carry out, and subsequently report to the board on*

*the basis of the analysis performed of the economic conditions and the accounting impact and, in general, as applicable, on the swap ratio proposed.*

*13. acting as a channel of communication between the board of directors and external and internal auditors; assessing the findings of audit reports and compliance with the observations and conclusions drawn therein; and discussing any significant weaknesses detected in the internal control system during the audit with auditors.*

*14. supervise compliance with the auditing agreement, ensuring that opinions on financial statements and the main contents of the audit report are accurate and transparent.*

*15. examine any circumstances that may have prompted the external auditor to resign.*

*16. ensure that the group's auditor takes responsibility for auditing the companies that make up the group.*

*17. report to the board on the incorporation of companies, businesses, associations, foundations and any other kinds of legal entities (including special purpose vehicles), and on any other transactions or operations of a similar nature that, given their complexity, may reduce the group's transparency before the board takes a decision in relation thereto.*

*18. understand the reports issued about the Bank by supervisory bodies; and supervise the compliance with any actions and measures stemming from inspection reports.*

*19. ensure that internal and external information on the Bank's earnings and activities is reliable and transparent; in particular, verify the integrity and consistency of the Bank's and the group's quarterly and half-yearly financial statements, annual accounts, annual report and management report before they are approved or proposed by the board of directors and made public; and supervise the Bank's policy regarding prospectuses and other forms of public information.*

*20. receive information on any disciplinary measures affecting executives in the Bank as a result of labour violations or breaches of the internal rules of conduct; convey the appropriate policies and instructions to the relevant company*

*bodies; and assume the final decision to be taken for such managers in special cases and at the committee's discretion.*

*21. safeguard the independence, autonomy and group-wide scope of the internal audit function; and propose the internal audit budget.*

*22. To supervise the Bank's and the Group's internal auditing activities, and therefore to approve its annual work plan, the annual report on activities, and to ensure that the main risk areas and the internal control systems and procedures are reviewed. To receive periodic information on its activities, and to verify that the senior management takes the conclusions and recommendations of its reports into account.*

*23. approve or modify the internal audit by-laws, which will set out its functions and powers.*

*24. approve the appointment or replacement of the head of the audit division on the recommendation of the chairman of the board, the vice-chairman (if executive) or the chief executive officer.*

*25. ensure that sufficient equipment and resources are set aside for the audit division and the regulatory compliance unit.*

*26. supervise compliance with the Internal Securities Market Rules of Conduct, Bankinter Group's Code of Professional Ethics and the attributed functions carried out by the Bank's regulatory compliance unit, crime prevention and professional conduct committee, and by the departments responsible for personal data and anti-money laundering protection; and understand the reports and proposals it receives from those units and departments.*

*27. approve or amend the regulatory compliance by-laws, which will set out its functions and powers.*

*28. approve the appointment or replacement of the head of the regulatory compliance unit at the request of the chairman of the board, the vice-chairman (if executive), the chief executive officer or the general secretary; propose its budgets and approve its annual working plan and annual activity statement or report; receive regular information on its activities; and verify that senior executives take into account the conclusions and the recommendations of its reports.*

*29. report on any transactions of parties related to directors and significant shareholders with any powers to approve them under the terms laid down in these rules and regulations.*

*30. receive information on any significant irregularities, breaches or risks identified in monitoring exercises by competent areas in the Bank.*

*31. review any other matter under its purview that the board of directors, the chairman, the vice-chairman (if executive) or the chief executive officer may bring to its attention.*

*32. All other duties delegated to the committee under these rules and regulations or by the board of directors.*

*12. The audit and regulatory compliance committee will supervise, and ensure the effectiveness of, the employee whistleblowing procedure to report any potentially significant irregularities, especially of a financial and accountancy nature, they observe within the company.*

*13. The audit and regulatory compliance committee will have access to all the information and documentation it requires to discharge its duties. It may request the assistance of auditors, advisers, consultants, experts and other independent professionals. If previously authorised by the committee, the committee chairman may, directly or through the audit division, contract the services of such professionals, whose work will be submitted directly and exclusively to the committee.*

*If there are any significant reservations or qualifications in the accounts audit report, the committee chairman will report on them at the general shareholders' meeting.*

*The stipulations of this article may be set out in the Regulations of the Audit and Regulatory Compliance Committee.*

#### **Article 39. Risk committee.**

*1. The risk committee will have a minimum of three and a maximum of seven directors appointed by the board of directors on the recommendation of the*

*appointments and corporate governance committee. The members of the committee are appointed for the duration determined by the board of directors.*

*2. The risk committee will have an oversight role with respect to risks.*

*3. The individual acting as committee chairman will be an independent director who, like other committee members, must have particular expertise and experience in risk matters. All committee members will be non-executive directors, the majority of whom will be independent.*

*4. By law and under the corporate by-laws, the risk committee will specifically:*

*a) advise the board of directors on the Bank's overall current and future risk propensity and strategy, and to assist the board in the effective implementation of that strategy. However, the board of directors retains overall responsibility with respect to risk.*

*b) assess whether the prices for the assets and liabilities offered to customers conform to the Bank's business model and risk strategy. Otherwise, the risk committee will submit a corrective plan to the board of directors.*

*c) determine, with the board of directors, the nature, quantity, format and frequency of the risk information which the committee itself and the board of directors need to receive.*

*d) assist in defining rational remuneration policies and practices. To this end, irrespective of the duties of the remuneration committee, the risk committee will examine whether the incentives established in the remuneration system take into consideration risk, capital, liquidity, and probability and opportunity of profits.*

*e) approve the appointment or replacement of the Director of Risks, at the proposal of the Chairman of the Board, of the Deputy Chairman, if they are executive, or of the CEO.*

*f) review the general risks map for the Bank and the Group, and to submit to the Board the corresponding proposals.*

*g) approve the dismissal of the head of the risk control unit, on the recommendation of the chairman of the board of directors, the vice-chairman (if executive) or the chief executive officer.*

*h) approve or amend the Risk Control Function Bylaws, which shall contain its functions and powers.*

*i) oversee the activities of the Risk Control Unit of the Bank and Group, which must report to the committee on a regular basis.*

*j) recommend the approval of the risk committee's annual report to the board of directors.*

*5. To discharge its duties properly, the risk committee has unhindered access to information on the Bank's risk situation and, if necessary, to the risk management unit and specialised external advice.*

*6. The Risk Committee may meet as many times as it may be convened, either by the Committee itself or by its Chairman, attending the meetings anyone within or outside the Company whenever that is deemed appropriate by the Committee.*

*7. The secretary will record meeting minutes, which will be signed by the secretary with the committee chairman's approval and sent to all members of the board of directors. The secretary of the committee will be responsible for calling the meetings and filing the minutes and any documentation submitted to the committee.*

*8. The risk committee will report to the board, through its chairman, on its activities and work, in meetings held for this purpose or at the next immediate meeting when the chairman deems it necessary.*

*9. In matters not expressly covered by this article, the rules of operation found in these Rules and Regulations of the Board of Directors shall apply where appropriate.*

#### **Article 40. Remuneration committee**

*1. The remuneration committee must comprise at least three and no more than seven directors, appointed by the board of directors on the recommendation of the appointments and corporate governance committee. The members of the committee are appointed for the duration determined by the board of directors.*

*2. The committee chairman will be an independent director. All committee members will be non-executive directors, the majority of whom will be independent.*

*3. The secretary of the committee will be the secretary of the board of directors.*

*4. The chairman, the vice-chairman (if executive) and the chief executive officer of Bankinter, or other executive directors or senior officers, may attend committee meetings called to discuss executive directors or senior officers other than those in attendance or matters regarding the remuneration of senior officers, if invited by the chairman at the committee's discretion. In all cases, the committee must consult the chairman, vice-chairman (if executive) and the chief executive officer when addressing any such matters before it may approve any proposal or report.*

*5. The decisions taken by the committee and which are within its remit will be deemed to be motions to be laid before the board of directors. The provisions of these rules and regulations on the operation of the board of directors will also apply to the operation of the remuneration committee. The application of these rules must in any event favour the independence of the committee's operation.*

*6. The remuneration committee will also meet whenever convened by its chairman or at the request of two or more committee members. In the absence of its chairman, the meeting will be chaired by the independent director appointed for that purpose by the committee.*

*7. The secretary will keep meeting minutes, which will be signed by the secretary with the committee chairman's approval, reported on to the board of directors and distributed amongst all the directors. The secretary will be responsible for filing meeting minutes and any documentation submitted to the committee, unless the committee decides that certain information is to be filed in a different manner for reasons of strict confidentiality.*

*8. By way of its Chairman, the Remuneration Committee shall report to the Board of Directors on its activity and work done, in its scheduled meetings, or in the immediately after when Chairman considers necessary and the copy of the minutes of such meetings shall be available to the members of the Board.*

*9. The remuneration committee is charged with:*

*1. 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 consultative voting at the Annual General Meeting.*

- 2. proposing to the board the individual remuneration of executive directors and, if appropriate, external directors, for discharging duties other than those of a director; other related contractual terms and conditions.*
- 3. proposing the remuneration policy for senior managers, including managing directors or those who discharge senior management duties and report directly to the board, the executive committees or the chief executive officer; individual remuneration and other basic contractual terms and conditions.*
- 4. determining the remuneration of members who are not senior executives and receive significant remuneration (especially variable remuneration), and whose activities may have a significant impact on the group's assumption of risk.*
- 5. overseeing the extent to which the remuneration policy is implemented in general during the fiscal year, and ensuring compliance with that policy.*
- 6. revising the remuneration programmes on a regular basis, considering their suitability and returns and ensuring that director remuneration conforms to standards of moderation in accordance with Bankinter's earnings.*
- 7. guaranteeing the transparency of remuneration and inclusion in the annual report and in any annual reports that contain information concerning the remuneration of directors, and to this end, submitting any information deemed appropriate to the Board.*
- 8. reporting on incentive plans for senior managers or employees whose duties are linked to the performance of Bankinter's share price or to other variable indices; and on the remuneration systems of Bankinter's management team based on collective insurance systems or deferred remuneration systems, if any.*
- 9. All other duties delegated to the committee under these rules and regulations or by the board of directors.*
- 10. The remuneration committee will have access to all the information and documentation it requires to discharge its duties. It may seek assistance from advisors, consultants, experts and other independent professionals. If authorised by the committee, the committee chairman may procure the services of such professionals, who will work directly and exclusively for the committee.*
- 11. In matters not expressly covered by this article, the rules of operation found in these Rules and Regulations of the Board of Directors shall apply where appropriate.*



***Article 41. Appointments and corporate governance committee.***

*1. The appointments and corporate governance committee will have a minimum of three and a maximum of seven non-executive directors appointed by the board of directors on the recommendation of the committee itself. The members of the committee are appointed for the duration determined by the board of directors.*

*2. The committee chairman will be an independent director. All committee members will be non-executive directors, the majority of whom will be independent.*

*3. The secretary of the committee will be the secretary of the board of directors.*

*4. The chairman, the vice-chairman (if executive), and the chief executive officer of Bankinter or other executive directors or senior officers, if applicable, may attend the meetings if invited by the chairman at the committee's discretion. In general, the Bank's chairman, vice-chairman (if executive) and/or the chief executive officer will be called to committee meetings convened to discuss matters regarding executives or senior managers other than those in attendance, or regarding the appointment of senior executives. In all cases, the committee must consult the chairman, vice-chairman (if executive) and the chief executive officer when addressing any such matters before it may approve any proposal or report.*

*5. The decisions taken by the committee and which are within its remit will be deemed to be motions to be laid before the board of directors. The provisions in these rules and regulations on the operation of the board of directors will be applicable on a supplementary basis to the operation of the appointments and corporate governance committee. The application of these rules must in any event favour the independence of the committee's operation.*

*6. The appointments and corporate governance committee will meet whenever convened by its chairman, or where this is requested by two members. In the absence of its chairman, the meeting will be chaired by the independent director appointed for that purpose by the committee.*

*7. The secretary will keep meeting minutes, which will be signed by the secretary with the committee chairman's approval, reported on to the board of directors and distributed amongst all the directors. The secretary will be responsible for filing meeting minutes and any documentation submitted to the committee, unless the*

*committee decides that certain information is to be filed in a different manner for reasons of strict confidentiality.*

*8. By way of its Chairman, the Nomination and Corporate Governance Committee shall report to the Board of Directors on its activity and work done, in its scheduled meetings, or in the immediately after when Chairman considers necessary and the copy of the minutes of such meetings shall be available to the members of the Board.*

*9. The appointments and corporate governance committee is charged with:*

*1. nominating independent directors and board advisers for appointment, ratification, re-election and removal. In the case of independent directors, it will indicate the nature of their appointed role on the board. As regards the appointment of directors, the committee will ensure that, when filling any vacancies, selection procedures are free of implicit biases that prevent female directors for being selected, aiming to find and include, amongst potential candidates, women who have the professional profile sought when the number of female directors is low or non-existent.*

*2. nominating chairmen and members of board committees for appointment, re-election and removal.*

*3. Assess the balance of the responsibilities, skills, knowledge, diversity and experience necessary in the Board of Directors. For this purpose, it will define the functions and aptitudes required of candidates for each vacancy; and assessing the time and dedication necessary for them to properly discharge their duties.*

*4. assessing, at least once a year, the suitability of the various board members and of the board as a whole; and reporting on its findings to the board of directors.*

*5. setting a representation target for the least represented gender on the board of directors and preparing guidelines to achieve that target.*

*6. reporting to the general shareholders' meeting, before it is held, on its activities during the financial year as well as any questions raised by shareholders on matters for which it is responsible, in accordance with the Rules and Regulations of the Annual General Meeting, where appropriate, and through the committee chairman.*

*7. conducting a yearly assessment of existing and updated succession plans for the chairman, the vice-chairman (if any), the chief executive officer; and, where appropriate, escalating the findings of this assessment to the board of directors so that successions may take place in an organised and planned manner.*

- 8. reporting on proposals to appoint, remove and dismiss Bankinter's senior executives.*
- 9. reviewing the board of directors' policy on selecting and appointing senior executives on a regular basis; and submitting recommendations.*
- 10. reporting on the appointments and removals of any directors or senior executives in subsidiaries or affiliates who act on behalf of, or are proposed by Bankinter.*
- 11. proposing to the board of directors, according to the specific circumstances of the new directors, an orientation programme that provides adequate information about the Bank, its operation and its corporate governance rules, including the possible implementation of refresher programmes for serving directors if advisable under the circumstances.*
- 12. supervising the company's corporate governance in order to monitor compliance with the rules it approves; ensure the balance of power, the proper operation of its administrative and management bodies, the independence of its directors; and guarantee that the corporate governance system adapts to new rules and recommendations as well as the best national and international practices.*
- 13. overseeing that the conditions ensuring the actual independence of independent directors are maintained; and safeguarding their independence in fundamental aspects such as independent directors' approach, ability to debate and actual participation.*
- 14. ensuring that the ethos of the board of directors and the relationships between directors foster debate and free discourse amongst all board members; and that issues are debated and resolved in board meetings with the level of importance and depth that they require.*
- 15. ensuring that annual meetings calendars for the board of directors and its committees contain matters of greatest concern to the company.*
- 16. submitting the company's annual corporate governance report to the board of directors for approval.*
- 17. reporting on the company's main projects and regulations relating to corporate governance before the board of directors approves them.*
- 18. proposing to the board of directors any practices which it considers may contribute to the development of corporate governance at Bankinter, and to advise the board's chairman in this regard.*
- 19. supervising the strategies for communication and relations with shareholders and investors, including retail shareholders.*
- 20. reviewing the company's corporate social responsibility policy and ensuring that it is orientated toward creating value.*

*21. monitoring corporate social responsibility strategy and practices and evaluating the related level of achievement.*

*22. reviewing any matter that falls under its authority and that may be submitted to it by the board of directors, the chairman, the vice-chairman or the chief executive officer.*

*23. All other duties delegated to the committee under these rules and regulations or by the board of directors.*

*10. The appointments and corporate governance committee will have access to all the information and documentation it requires to discharge its duties. It may seek assistance from advisers, consultants, experts and other independent professionals. If authorised by the committee, the committee chairman may procure the services of such professionals, who will work directly and exclusively for the committee.*

*11. In matters not expressly covered by this article, the rules of operation found in these Rules and Regulations of the Board of Directors shall apply where appropriate.*

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