

## PROCEDURES FOR THE MANAGEMENT AND RISK CONTROL AT BANCO INVERISIS. S.A.

Banco Inversis, S.A. has established comprehensive risk management within the framework and control as referred in risk appetite policy approved by the Board of Directors. This comprehensive risk appetite framework is part of the solvency regulations approved in the European Union (EU Regulation No. 575/2013 on capital requirements) and Law 10/2014 of 26 June, management, supervision and solvency of credit institutions. This risk management approach is aligned with the best market practices and recommendations from major international regulators. Such publications include:

- Guidelines on Corporate governance principles for Banks. BIS (July 2015)
- Guidelines on Internal Governance (GL-44). EBA
- Principles for an effective Risk Appetite Framework. Financial Stability Board (18.11.2013)
- Principles for effective risk data aggregation and risk reporting, BCBS, January 2013

For this purpose, the Board of Directors of Banco Inversis, S.A. has incorporated the best risk practices, approving a Risk Appetite Framework (hereinafter Framework or Risk Appetite Framework -RAF-), thus formalizing the proper articulation of decisions in the field of risk, the level and composition of business risks Banco Inversis, S.A. that it wishes to assume in its activity and control mechanisms and monitoring thereof.

The Board of Directors of the Bank, through the RAF, establishes limits and risk objectives within the approved risk appetite.

Complementing the RAF, the Board of Directors of Banco Inversis, S.A. has approved a Risk Appetite Statement (hereinafter Declaration of Risk Appetite Statement -RAS-), establishing, over the risks assumed or that it intends to accept, some quantitative and qualitative indicators of risk appetite and its limits. This Declaration represents the maximum involvement of the Board of Directors of Banco Inversis, S.A. in the monitoring and control of the risks assumed by the Bank. Through RAS it joins the Bank's business strategy with the identification of material risks under normal and adverse conditions (stressed). In this sense, both the RAF and the RAS should be regarded as the fundamental basis of the Risk Culture Risk of Banco Inversis, S.A., being the Board of Directors the highest body responsible for defining the risk appetite framework, implementing the appropriate risk policy throughout the organization, through the Steering Committee, which should establish appropriate operating procedures using the Asset and Liability Committee (ALCO) and the risk Committee. The statement (RAS) is considered as a single instrument to facilitate understanding and communication throughout the organization and that in turn is useful based on the specificities of the business of Banco Inversis, S.A. and its group.

The Risk Management Unit under Law 10/2014 and Royal Decree 84/2015, assumed under the jurisdiction of the Board, specifically the responsibility of the risk management function. The Board of Directors has appointed the Risk Management Unit Director, responsible for the indicated Unit as an independent senior manager, who perform operational functions and can not be revoked from office without prior approval of the Board of Directors.

For the performance of their duties the Risk Management Unit Director shall have direct access to the Board of Directors.