PROCEDURES FOR RISK MANAGEMENT AND CONTROL AT BANCO INVERSIS, S.A.

Banco Inversis, S.A. has established a comprehensive risk management framework, which forms part of the framework and controls set out in the Risk Appetite Policy, approved by the Board of Directors. This comprehensive risk appetite framework is in line with the solvency regulations adopted by the European Union (EU Regulation No 575/2013 on capital requirements), as well as Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions. This risk management approach is aligned with market best practice and the recommendations of the main international regulatory bodies. Notable among these publications are:

- 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 November 2013)
- Principles for Effective Risk Data Aggregation and Risk Reporting, BCBS, January 2013

To this end, the Board of Directors of Banco Inversis, S.A. has incorporated best risk practices by approving a Risk Appetite Framework (hereinafter the 'Framework' or 'RAF'), thereby formalising the appropriate coordination of decisions in the area of risk, the level and composition of the business risks that Banco Inversis, S.A. wishes to assume in the course of its business, as well as the mechanisms for controlling and monitoring them.

Through the RAF, the Bank's Board of Directors establishes the policy on risk limits and objectives within the approved risk appetite.

In addition to the RAF, the Board of Directors of Banco Inversis,
S.A. has approved a Risk Appetite Statement (hereinafter the 'Statement' or 'RAS'), setting out quantitative and qualitative indicators of risk appetite and its limits in relation to the risks assumed or intended to be accepted. This Statement reflects the full commitment of the Board of Directors of Banco Inversis, S.A. to the monitoring and control of the risks assumed by the Bank. The RAS links the Bank's business strategy with the identification of material risks under both normal and adverse (stressed) conditions. In this regard, both the RAF and the RAS must be regarded as the fundamental basis of Banco Inversis, S.A.'s risk culture, with the Board of Directors being the highest body responsible for defining the Risk Appetite Framework and implementing the corresponding risk policy throughout the organisation, through the Management Committee, which must establish the appropriate operational procedures with the assistance of the Assets and Liabilities Committee (COAP) and the Risk Committee. The Risk Appetite Statement (RAS) is regarded as a straightforward tool that facilitates its understanding and communication throughout the organisation and which, in turn, is useful in addressing the specific characteristics of the business of Banco Inversis, S.A. and its group.

The Risk Management Unit, as provided for in Law 10/2014 and Royal Decree 84/2015, reports to the Board of Directors and is specifically responsible for the risk management function. The Board of Directors has appointed the Director of the Risk Management Unit as the head of that Unit in the capacity of an independent senior executive, who shall not perform operational functions and may not be removed from office without the prior approval of the Board of Directors.

In carrying out his duties, the Head of the Risk Management Unit shall have direct access to the Board of Directors.

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Vol. 17,018, Fol. 69, Section 8, Page M291233, 1st Entry