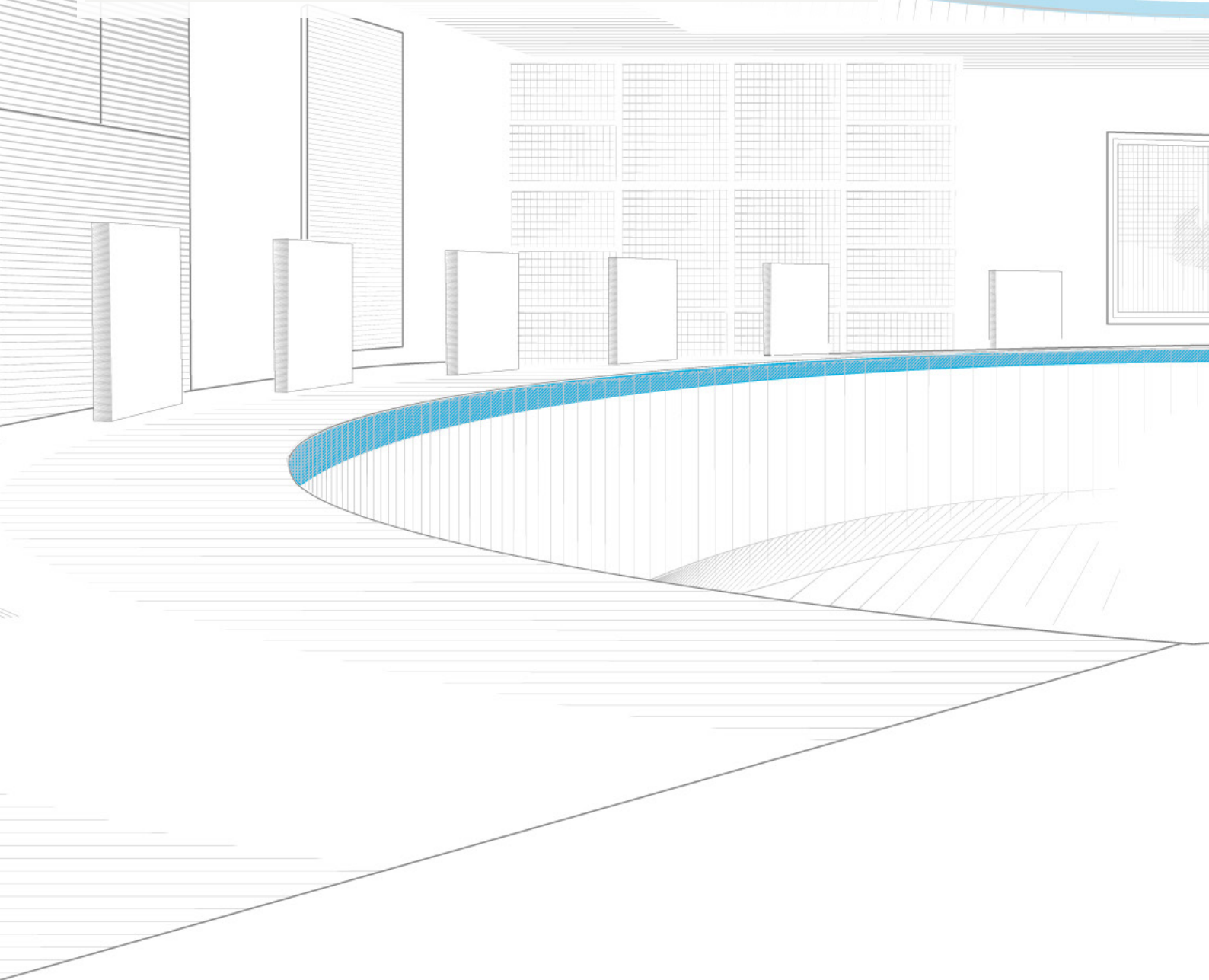


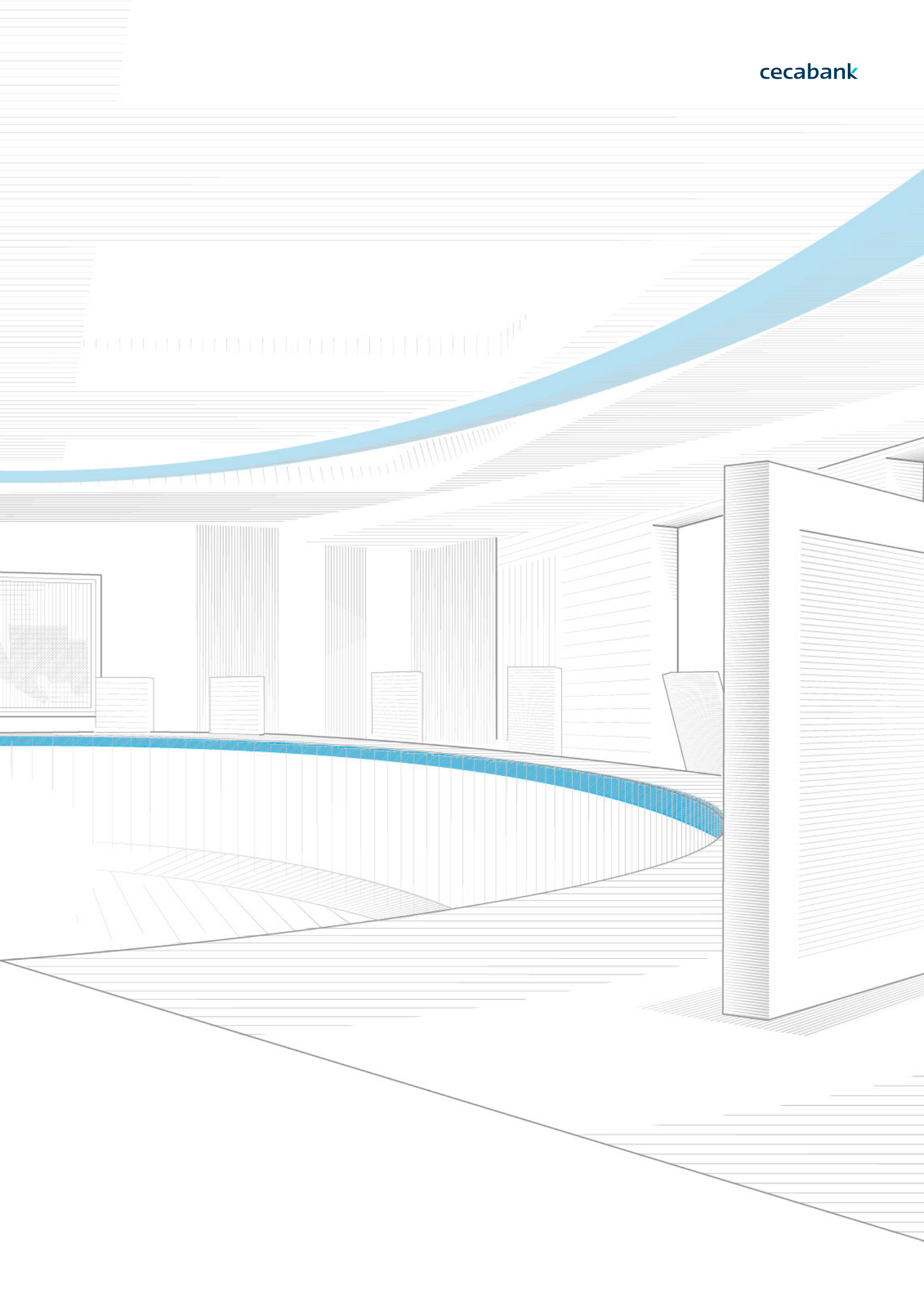
02

Corporate governance

1. **Governing Bodies** | Board of Directors | Management Committee
2. **Code of Conduct**

Cecabank's corporate governance fully complies with the standards established by the regulatory and supervisory authorities.





Governing Bodies

Cecabank has a Board of Directors with extensive experience in the financial sector.



➤ More information on Cecabank's structure and governance practices in 2015.

Board of Directors

The Board of Directors is responsible for the governance and administration of the entity and for representing it in all matters related to its turnover and in lawsuits, with the powers the Articles expressly confer upon it.



Antonio Massanell Lavilla
(Chairman)
Proprietary



D. José Luis Aguirre Loaso
(Vice Chairman)
Proprietary



D. José M^a. Méndez Álvarez-Cedrón
(Director – General Manager)
Executive



D. José Manuel Gómez de Miguel
(member)
Independent



D. Antonio Ortega Parra
(member)
Proprietary



D. Jesús Ruano Mochales
(member)
Proprietary



D^a. M^a. del Mar Sarro Álvarez
(member)
Independent



D. Santiago Carbó Valverde
(member)
Independent



D^a Julia Salaverría Monfort
(member)
Independent



D. Joaquín Cánovas Páez
(member)
Proprietary



D. Francisco Javier García Lurueña
(member)
Proprietary



D. Manuel Azuaga Moreno
(member)
Proprietary

Changes in the Board of Directors in 2015

In compliance with the best standards of Corporate Governance, a new independent director, Ms Julia Salaverría Monfort, joined the Board in March 2015. As a result of this, all the Board’s delegated Committees are now chaired by independent directors.

Functioning and material events

The Articles establish that the Board must hold at least six meetings a year, called by the chairman.

In 2015 the Board of Directors met on eleven occasions and agreed on the following, amongst others:

- To divide the the Appointments and Remuneration Committee into two separate committees: the Appointments Committee and the Remuneration Committee.
- To change the name of the Solvency and Risk Committee to Risk Committee and to change one of its members.

Moreover, the Regulations for the Board of Directors and its Committees were amended.

The General Secretary, Mr Fernando Conlledo Lantero, attended the Board meetings without voice or vote, in his capacity as non-director secretary.

Term of office

The directors are in office for a period of six years, although they can be re-elected, and they may designate substitutes if one or several of them leave the Board.

Evaluation of the Board of Directors

In 2015 the activity and functioning of the Board of Directors and its Committees were evaluated.

Gender diversity on our Board of Directors



Policy on the representation objective for the gender less represented on the Board of Directors

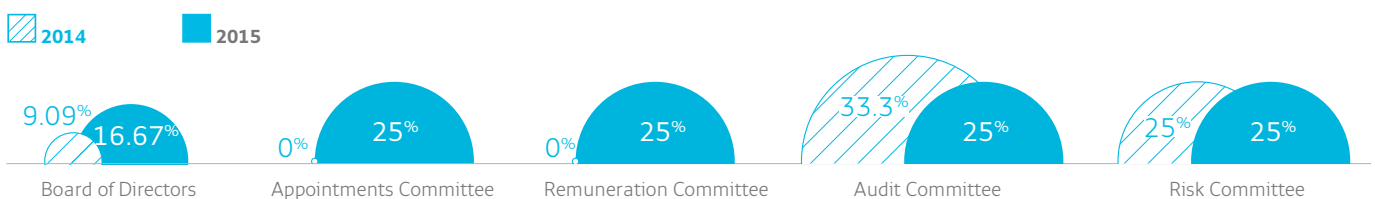
In compliance with Article 31.3 of Act 10/2014, of 26 June, on the Organization, Supervision and Solvency of credit institutions, at its meeting on 25 November 2014 the former Appointments and Remuneration Committee passed the “Policy on the representation objective for the gender less represented on the Board of Directors” (the “Policy”). This Policy contains guidelines on how to increase the number of women on the Board.

The Policy establishes a short-term objective that at least fifty per cent (50%) of independent Directors should be women. This objective was met with the appointment of Ms Julia Salaverría Monfort as an independent Director at the General Shareholders’ Meeting of 17 March 2015.

Thus, today Cecabank’s Board of Directors is formed by twelve Directors, of whom seven are proprietary, four are independent and one is executive. Two of the four independent Directors are women.

In the medium term, the goal is for the number of women on the Board to increase so that a balance between men and women is eventually reached. The vacancies which arise on the Board and its different Committees will be taken into account in aiming for this goal.

Evolution of female directors on the Board of Directors and its committees



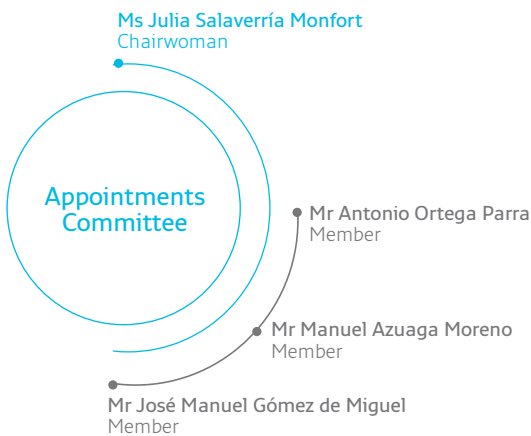
Board Committees

Appointments Committee

This committee ensures fulfilment of the requirements established in the Articles for exercising the function of member of the Board, its Committees and of General Manager.

Changes on the Appointments Committee in 2015

On 28 April 2015, the Board of Directors agreed to create the Appointments Committee, in compliance with Article 39 of the Articles of Association. It thus became the successor of the former Appointments and Remuneration Committee in relation to appointments.



Functioning and material events

The Appointments Committee is responsible for ensuring fulfilment of the requirements established in the Articles for exercising the function of member of the Board, its Committees and of General Manager.

In 2015 the former Appointments and Remuneration Committee met on two occasions and the Appointments Committee met on another two occasions. At these meetings, the following issues were addressed, amongst others:

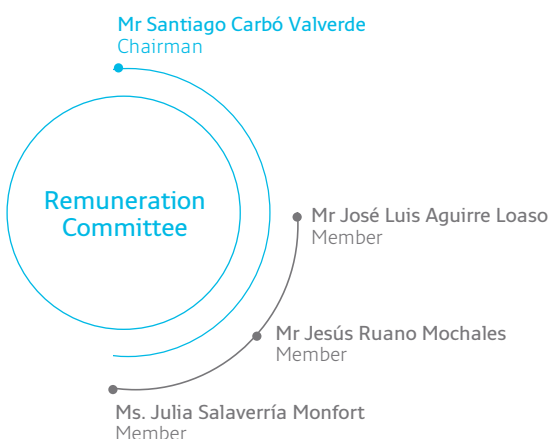
- The appointment of a female Independent Director
- The evaluation of the suitability of an employee
- The procedure for evaluating the Board of Directors and its Committees
- Directors' training needs

Remuneration Committee

This committee supervises and informs on the per diem, remuneration and incentives policy for the Directors and the entity's personnel.

Changes on the Remuneration Committee in 2015

On 28 April 2015, the Board of Directors agreed to create the Remuneration Committee, in compliance with Article 40 of the Articles of Association. It thus became the successor of the former Appointments and Remuneration Committee in relation to remuneration.



Functioning and material events

The Remuneration Committee is responsible for supervising and informing on the per diem, remuneration and incentives policy for the Directors and the entity's personnel.

In 2015 the former Appointments and Remuneration Committee met on two occasions and the Remuneration Committee met on another two occasions. At these meetings, the following issues were addressed, amongst others:

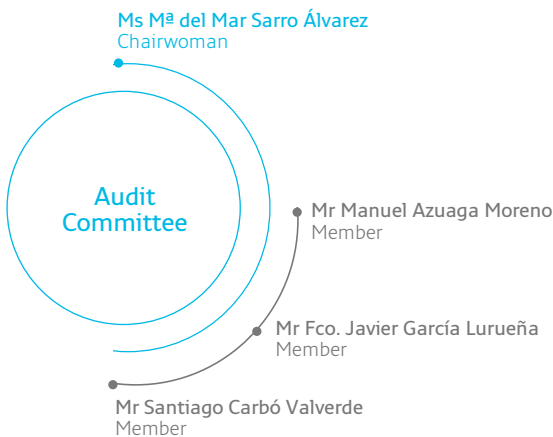
- Remuneration policy
- Remuneration of the people chairing the Committees
- The Recruitment and Selection Policy

Audit Committee

This committee supervises the entity's internal control, internal auditing and risk management systems.

Functioning and material events

The Audit Committee is responsible for supervising the efficiency of the entity's internal control, internal auditing and the risk management systems.



In 2015 the Audit Committee met on five occasions, when the following issues were addressed, amongst others:

- /// The control function and its annual reports
- /// The internal auditing plan
- /// The external expert report on the prevention of money-laundering and financing of terrorism
- /// The update of the framework for the organization and management of criminal risk
- /// The strategic plan for internal auditing
- /// External auditing
- /// The framework for internal hiring and the procedure for granting powers

Risk Committee

This committee knows and regularly analyses the entity's liquidity, solvency and risk position, and informs the Board of Directors of new regulations in relation to this.

Functioning and material events

The Risk Committee is responsible for knowing and regularly analysing the entity's liquidity, solvency and risk position, and informs the Board of Directors of new regulations in relation to this.



In 2015 the Risk Committee met on four occasions, when the following issues were addressed, amongst others:

- /// The entity's solvency and risk position
- /// The Self-evaluation of Capital Report (SCR) and the Prudential Importance Report (PIR)
- /// The exercise of the entity's stress test
- /// The Recovery Plan
- /// The structuring of the risk function and the review of the Risk Tolerance Framework

Management Committee

The Management Committee is the highest-ranking body assisting Cecaban's General Management.



José María Méndez Álvarez-Cedrón
General Manager



Agustín Márquez Dorsh
Assistant General Manager of the Technology Division and Global Business Coordinator



Jorge Gil Lozano
Assistant General Manager of the Operations and Finance Division



Antonio Romero Mora
Assistant Manager of the Services for Federated Banks and Auditing Division



Ana María Raposo Ferreira
Manager of the Resources Division



Ainhoa Jáuregui Arnáiz
Manager of the Planning Division



Francisco Javier Píanelles Cantarero
Manager of the Operations Department



Andrés Martín Pintor
Manager of the Risk Division



Fernando Conlledo Lantero
Secretary General-Manager of Legal and Tax Advisory Services



José Manuel Villaverde Parrado
Manager of the Finance Department

Scope of action and functioning

Apart from the function described above, the Management Committee also has the following basic responsibilities:

- ✓ Deciding on matters which the Board of Directors directly submits to it.
- ✓ Deciding on matters which the General Manager submits to it before they are approved by the Board of Directors.
- ✓ Deciding on matters which the General Manager submits to it on his own initiative.
- ✓ Approving the entity's standards of conduct and internal regulations

The Committee is formed by the entity's senior managers. However, other employees may attend meetings with voice and vote when the chairman of the Committee so requires.

The Management Committee meets prior to the meetings of the Board of Directors and whenever it is called by the chairman. In 2015 it met on sixteen occasions.

Executive Committee

The Executive Committee is the body to which the Management Committee's most important functions are delegated. This committee is formed by the entity's General Manager, the Assistant General Managers and Assistant Managers.

In 2015 the Executive Committee met on nine occasions.

Code of Conduct

Cecabank has a Code of Ethics which formalizes the commitment of all the entity's professionals to the highest standards of integrity and professional ethics.

All the members of the governing bodies and the employees thus assume a set of principles and standards of behaviour to guide their work

Some professionals are also subject to specific codes of conduct related to their sphere of work, such as the Internal Regulation for Conduct in the securities market.

The entity has an Ethics Channel which started to fully function in 2014.

The Ethics Channel is managed by the multi-disciplinary Monitoring Committee, comprising the Head of Auditing, Control and Compliance, the Secretary General-Manager of Legal and Tax Advisory Services, the Manager of the Resources Division and the Management of Social Investment and Innovation.

This Committee is responsible for ensuring the correct functioning of the communication channel created for employees for matters related to the Code of Ethics. It transmits the questions and complaints received, guaranteeing privacy, confidentiality, impartiality, efficacy and objectivity.

In 2015 the Monitoring Committee received no questions or complaints. It met on four occasions, on a quarterly basis.