

## *Functions of the Risk Committee*

### *BANCO DE CRÉDITO SOCIAL COOPERATIVO, SA*

The Risk Committee does not have any executive powers. Its purpose is to advise and formulate proposals to the Board of Directors regarding issues that fall within its remit, to which end it must:

- a) Report on all relevant matters that come to its attention within the development of its activities, and advise the Board on any matters that require such action.
- b) Propose any modifications to policies, procedures and strategies it deems to be advisable.

The responsibilities of the Risk Committee include:

- i. Advising the Board of Directors regarding the Bank's current and future global propensity towards risk and its strategy in this arena, and assisting the board in overseeing the application of this strategy.
- ii. Evaluating Credit, Market, Interest Rate, Liquidity, Operational, Legal and Reputational risks in the aspects detailed below:
  - 1) In relation with Credit Risk:
    - Knowledge of the admission policies established and their level of compliance.
    - Knowledge of exposure to credit risk and its relationship with the limits established for its control.
    - Knowledge of the effects of the policies and limits established regarding the entity's future exposure to credit risk.
  - 2) In relation with Market, Interest Rate and Liquidity Risks:
    - Knowledge of risk management policies and their level of compliance.
    - Knowledge of the entity's exposure to each of the above risks and its relationship with the limits established for their control.
    - Knowledge of the impact of these risks on the entity, in the event of unfavourable evolution of the financial markets.

- 3) In relation to Operational Risk:
  - Knowledge of losses registered attributable to operational error.
  - Knowledge of the procedures and systems established for its control and mitigation.
- 4) In relation to Legal and Reputational Risks, derived from non-compliance with applicable legislation and regulations:
  - Knowledge of the policies and procedures established to guarantee compliance with regulations governing:
    - The Prevention of Money Laundering and the Funding of Terrorism
    - Personal Data Protection.
    - Transparency of Operations and Customer Protection.
    - Securities Market Conduct.
    - Remunerations.
    - Corporate Governance
  - Knowledge of the entity's level of compliance with regard to the aforementioned regulations.
- iii. Examining whether the prices of assets and liabilities offered to customers fully take account of the Bank's business model and risk strategy. If this is not the case, the Risk Committee shall present the Board of Directors with a plan to rectify this matter.
- iv. Working with the Board of Directors to determine the nature, amount, format and frequency with which the Committee itself and the Board of Directors should receive information about risks.
- v. Collaborating to establish rational remuneration policies and practices. To this end, the Risk Committee, notwithstanding the functions performed by the Remunerations Committee, shall examine the incentives set out as part of the remuneration system that take into consideration the issues of risk, capital, liquidity, and the probability and opportunity of profits.