
REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL OF RATIFICATION AND APPOINTMENT, BY THE GENERAL SHAREHOLDERS' MEETING, OF MR. LUIS ISASI FERNANDEZ DE BOBADILLA, AS INDEPENDENT DIRECTOR

I

The passing away of Mr. Jaime Carvajal Hoyos, member of the Board of Directors of the Company with the category of independent, resulted in a vacancy in the Board of Directors, covered by the appointment by co-option, of Mr. Luis Isasi Fernández de Bobadilla, as independent Director, as per agreement of the Board of September 29, 2020, following a proposal of the Appointments and Remuneration Committee.

II

In accordance with the provisions of article 244, in relation to article 529 decies of the Capital Companies Act, the appointment by co-option has to be ratified by the next General Meeting of the Company held. Therefore, the Board, following the proposal of the Appointment and Remuneration Committee, has proposed to submit to the General Shareholders Meeting the ratification and appointment of Mr. Luis Isasi Fernández de Bobadilla as independent Director.

III

The Appointments and Remuneration Committee, in its meeting of December 18th, 2020, evaluated again the professional and biographical profiles of Mr. Luis Isasi, which is the following:

Mr. Luis Isasi graduated from the University of Seville with a degree in Business Administration and has an MBA from Columbia University (Beta Gamma Sigma).

He joined Morgan Stanley as a Vice President in 1987. During his 33 full-time years in Morgan Stanley, he was actively involved in numerous transactions in the Spanish market for Banks, Corporate and Government Agencies, promoting a leading team of bankers in the Spanish market. Prior to joining Morgan Stanley he worked first as Assistant Treasurer in the Latin American Department of Morgan Guaranty in New York and then, from 1984, as Vice President of First Bank of Chicago Ltd. in London with responsibility for investment banking in Spain and Portugal.

Until March 2020, Luis Isasi was the Country Head and Chairman of Morgan Stanley, S.V., S.A.U. and Morgan Stanley Spanish Holdings, S.L. He was responsible for the Firmwide business of Morgan Stanley in Iberia, where he still serves as Senior Advisor.

Today, he is Non-Executive Chairman of the Board of Santander España, and external Board Member of Banco Santander, S.A., as well as Member of its Executive Committee and its Risk and Remuneration Committee.

IV

The Appointments and Remuneration Committee has noted that Mr. Isasi:

- i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017 (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;
- ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and
- iii) fulfils the legal and statutory requirements for inclusion in the category of independent Director.

In addition, the Committee appreciates Mr. Isasi's performance from the time of his appointment by co-optation.

In consequence, the Appointments and Remuneration Committee unanimously proposed to ratify and appoint Mr. Luis Isasi Fernández de Bobadilla as independent Director.

V

In view of the foregoing, the Board of Directors unanimously agreed to adopt the above-mentioned Report of the Appointments and Remuneration Committee, related to the ratification proposal and appointment by the General Shareholders Meeting of Mr. Luis Isasi Fernández de Bobadilla as independent Director, on the understanding that Mr. Isasi has the necessary skills, experience and merits, and fulfils the requirements to be ratified and appointed by the General Shareholders Meeting as independent Director of the Company.

Leganés, December 18th, 2020

The Secretary Director,

María Echenique Moscoso del Prado