

Annual Report on the Remuneration of Directors of Bankinter 2020

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A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR (2021)

A.1 Core principles of the remuneration policy

The remuneration policy of Bankinter, S.A. ("Bankinter", the "Entity", the "Company" or the "Bank") is designed to set out the main principles and elements of a remuneration system that is fully compatible with the Entity's business strategy, objectives, values and long-term interests, and with sound and prudent risk management, both in absolute terms and in comparison with the sector. It defines the Bank's remuneration practices, and establishes the monitoring and control mechanisms in place to ensure the Entity's soundness at all times by not encouraging excessively risk taking, and a remuneration structure that compensates directors' suitably for their dedication and responsibility, and is sufficient to attract, retain and motivate the most outstanding professionals.

Consequently, Bankinter's director remuneration policy is governed by the following general principles, which apply to the remuneration of all staff:

- Prudent and effective risk management
- Alignment with long-term interests
- Appropriate balance between fixed and variable components
- Multiple elements
- Internal fairness and external competitiveness
- Supervision and effectiveness
- Flexibility and transparency
- Simplicity and customisation
- Attracting, retaining and motivating the most outstanding professionals
- Remunerating the dedication and responsibility assumed by individuals

Bankinter Group's remuneration policy establishes certain principles and adjustments to variable remuneration of categories of staff whose professional activities have a material impact on the Entity's risk profile ("identified staff") to avoid conflicts of interest:

- The allocation of variable remuneration components at the Entity shall take into account all current and future risk types.
- Where remuneration is linked to performance, the total amount shall be based on an assessment that combines the individual's performance considering both financial

and non-financial criteria, the business unit's performance, and the Entity's overall performance.

- The assessment of performance shall be placed in a multi-year context to guarantee that the assessment process covers long-term performance and that the effective payment of performance-based remuneration components is scaled over a period of time that considers the Entity's underlying economic cycle and business risks.
- When assessing performance to calculate variable remuneration components, an adjustment shall be made for all types of current and future risks, taking into account cost of capital and liquidity requirements.
- The total variable remuneration shall not limit the Entity's ability to achieve a sound capital base.
- Variable remuneration shall not be paid through vehicles or methods that facilitate non-compliance with regulations on organisation and discipline.
- Guaranteed variable remuneration is not compatible with sound risk management practices or the principle of rewarding performance, and shall not be included in potential remuneration plans.
- Guaranteed variable remuneration is exceptional and can only occur when hiring new staff and where the Entity has a sound and strong capital base, and is limited to the first year of employment.
- Fixed and variable components shall be appropriately balanced in total remuneration. The fixed component shall represent a sufficiently high portion of total remuneration to allow a fully flexible policy on variable remuneration components, up to the point where it is possible not to pay them.
- Variable remuneration, including the deferred portion, shall only be paid or vest if it is sustainable according to the Entity's overall financial situation and is justified by the Entity's, business unit's and individual's performance.
- Notwithstanding general principles in national contract and labour law, total variable remuneration shall be reduced considerably where subdued or negative financial performance of the Entity occurs, taking into account both current remuneration and reductions in payments of amounts previously accrued, where applicable, through arrangements to reduce remuneration (malus) or recover remuneration already paid (clawback).
- Furthermore, variable remuneration of identified staff shall be reduced during the performance assessment should negative performance be detected in the Bank's results or its capital ratios in previous financial years or compared to peers, or in other parameters, such as the achievement of budget targets.

Directors' remuneration policy and modifications to 2021.

- The board of directors, on a reasoned report by the remuneration committee, submitted a motion at the annual general meeting in March 2020 to amend the director remuneration policy for 2019, 2020 and 2021 (the "director remuneration policy") approved at the annual general meeting held on 21 March 2019.
- The proposed amendments to the remuneration policy approved and to be applied to the 2021 year are justified by the following reasons:

The remuneration policy delegated in the board of directors to modify and adjust the number of shares to be delivered to executive directors are part of the deferred variable remuneration in shares under the following terms¹:

"The board of directors is authorised to modify and adjust the number of shares to be delivered on each of the aforementioned dates when an increase in capital in the form of a bonus share issue and/or with a charge to reserves, a split or reverse split of the outstanding shares, or any other corporate transaction of a similar nature or having similar effects has been carried out between the date of approval of related resolution and the date of effective delivery."

Bankinter's board of directors is authorised to modify and adjust the number of shares to be delivered as part of the deferred variable remuneration in shares when there is a bonus share issue, a *split* or a *reverse split* of Bankinter shares, or "*any other corporate transaction of a similar nature or having similar effects*".

Nevertheless, the possibility of different situations, events or special circumstances arising, or regulatory requirements or recommendations to be issued by regulatory or supervisory bodies, and corporate transactions may trigger changes in the unit value of Bankinter's shares, which could therefore affect the initial value of the investment made by any Bankinter shareholder must be clearly explained in the aforementioned policy. In these cases, Bankinter's board of directors is also authorised to make the necessary adjustments to offset the loss of value of the Bank's shares resulting exclusively from these situations, events, special circumstances or corporate transactions to maintain the balance of its remuneration system.

To do so, the board of Bankinter must have the appropriate corrective mechanisms to ensure that variable remuneration is the same as the amount that would have been paid if such events had not occurred.

The remuneration committee, as spelled out in the supporting Report, also considered that the proposed modification was in line with applicable regulators, particularly regarding remuneration of listed credit institutions, and complied with

¹ Section 3.3.c) ii of the Bankinter director remuneration policy on the timing, terms and conditions for delivering variable remuneration.

criteria of prudence in risk-taking, good governance and transparency, and is aligned with the interests of shareholders.

Accordingly, the annual general meeting held on 19 March 2020 approved the amendment to the above paragraph, which read as follows:

"The board of directors is authorised to modify and adjust the number of shares to be delivered as part of the variable remuneration and change the rules on settlement and the payment schedule when prior to the date of effective delivery special situations, events or circumstances have arisen due to internal or external factors, such as but not limited to laws or requirements or recommendations by regulators of supervisors or corporate transactions affecting the Bank (e.g. capital increases, stock splits or reverse stock splits, structural modifications or similar operations, public takeover bids, etc.), and in the opinion of the board of directors such modification, adjustment or change is warranted to maintain the value of the consideration and/or the balance of the remuneration system. These modifications, adjustments or changes shall be disclosed in the annual report on the remuneration of directors."

A.2 Remuneration committee

In March 2019, approval was given at the annual general meeting for the director remuneration policy for 2019, 2020 and 2021, which remains in force. This policy is available on the Company's corporate website.

Bankinter's board of directors is responsible for establishing a system for controlling and supervising the remuneration policy. It has a remuneration committee to which it may delegate monitoring and oversight for the application of the policy.

The functions of the remuneration committee are regulated in article 41 of the Rules and Regulations of the Board of Directors. However, at its meeting of 22 July 2020, and acting on the proposal of the remuneration committee, the board of directors approved a specific regulation for the committee. The purpose of this regulation, which has now been added to the Bankinter Group's internal corporate governance rules, is to promote the remuneration committee's independence and determine the guiding principles and basic rules of its composition, operation and powers while observing corporate governance best practices.

The remuneration committee's remit includes the following:

- Submitting the director remuneration policy and the individual remuneration of directors to the board of directors for its approval, along with the corresponding

annual director remuneration report (which the board shall then lay before shareholders at a general meeting for a consultative vote).

- Submitting a proposal to the board of directors on the individual remuneration of executive directors and, as the case may be, external directors, for the performance of duties other than those of a director and other terms and conditions of their contracts.
- Proposing the remuneration policy for senior managers, including managing directors or those who perform senior management duties and report directly to the Board, to executive committees or to chief executive officers, as well as their individual remuneration and other basic terms and conditions of their contracts.
- Setting the remuneration of employees who are not considered senior managers but who receive significant remuneration (especially variable remuneration), and whose activities may have a significant impact on the Group's risk profile.
- Verifying the extent of compliance with the remuneration policy in general during the financial year and enforcing compliance.
- Conducting regular reviews of remuneration programmes; assessing their implementation and effectiveness; and ensuring that director remuneration conforms to standards of moderation and the Bank's results.
- Ensuring transparent remuneration and that it is mentioned in the annual report and in any other annual reports containing information on director remuneration; and, to this end, submitting relevant information to the board.
- Reporting on incentive plans for senior managers or employees that are pegged to the performance of the Bank's listed share price or other variable indices, as well as on remuneration systems for the Bank's management team based on collective insurance systems or deferred remuneration systems, if applicable.

In accordance with the Bankinter Corporate By-laws and the Rules and Regulations of the Board of Directors, the remuneration committee is currently composed of five directors appointed by the board. As required by the Spanish Companies Act, all committee members are external and non-executive directors, the majority of whom are independent (80%), including the director acting as committee chairman.

Committee members have an indefinite term of office. The board of directors is in charge of agreeing substitutions in accordance with its rules and regulations.

Accordingly, as at the date of approval of this report, the Bankinter remuneration committee comprised:

Chairman:

- Álvaro Álvarez-Alonso Plaza (independent external director)

Members:

- Rafael Mateu de Ros Cerezo (independent external director)
- Fernando Masaveu Herrero (external proprietary director)
- Teresa Martín-Retortillo Rubio (independent external director)
- Fernando José Francés Pons (independent external director)

The secretary of the board of directors acts as secretary of the committee.

All the directors possess the appropriate knowledge and profile to perform their duties on the committee, particularly in the areas of banking and/or financial services. They also have practical experience through prior positions during sufficient periods of time. The profiles of the members of the committee can be consulted on the Company's website, as well as in the Annual Corporate Governance Report, also available on the Company's corporate website.

In addition to the remit of the remuneration committee, the risk committee's duties regarding the remuneration policy include helping to establish rational remuneration policies and practices (article 42 of Royal Decree 84/2015, implementing the Spanish Law on the regulation, supervision and solvency of credit institutions (LOSS), and the Rules and Regulations of the Board of Directors).

Accordingly, without prejudice to the tasks of the remuneration committee, at its meeting of 15 February 2021, the remuneration committee confirmed that the incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.

At the same meeting, the risk control area presented an assessment of the suitability of the parameters and values proposed as variable incentive targets for 2021. It concluded that they comply with Bankinter's risk appetite level and are appropriately balanced between among various targets so there is no incentive for excessive risk taking.

Lastly, according to the Rules and Regulations of the Board of Directors and the Regulation of the Committee itself, the remuneration committee shall have access to all information and documents needed to properly discharge its duties and will be free to engage the services of advisers, consultants, experts and other independent professionals.

The remuneration committee and the board based their decisions on remuneration on comparative studies conducted by consulting firm Willis Towers Watson on key data of the Entity's remuneration compared to the market and peer institutions (including both Spanish and European financial institutions) considering the Bank's size, characteristics and activities, as set out in the following table:

Entidad
Caixabank
BBVA España
Santander España
Banco Sabadell
Bankia
Belfius Bank
Banco BPM
Zürcher Kantonalbank
Swedbank
UBI Banca
Mediobanca
De Volksbank
Abanca
Ibercaja
ING España
Banca March
Wizink Banco

The studies compare the fixed, variable and total remuneration for various executive posts in Bankinter with the same posts in similar companies. It considers the potential impact of the Entity's long-term incentive plan, currently implemented, which does not accrue until three years after its date of approval (2019-2021).

A.3 Director remuneration systems for 2021

In the annual general meetings held in March 2019 and March 2020, respectively, the director remuneration policy for 2019, 2020 and 2021 (the 'directors' remuneration policy'), currently valid, was approved, and also the amendment indicated above in section A.1 The annual directors' remuneration reports were also submitted to a consultative vote at those meetings. The approval data for the policy and the reports are as follows:

	Annual general meeting 2019				Annual general meeting 2020			
	Director remuneration policy for 2019, 2020 and 2021		Director remuneration report		Amendment to remuneration policy		Director remuneration report	
	Number	% of votes cast	Number	% of votes cast	Number	% of votes cast	Number	% of votes cast
Votes against	44,175,908	6.961	48,257,413	7.604	8,706,914	1.354	33,734,569	5.244
Votes in favour	581,257,112	91.655	577,220,671	91.019	626,387,081	97.380	601,403,863	93.496
Blank votes	20,968	0.003	25,537	0.004	120,156	0.019	145,203	0.023
Abstentions	8,722,308	1.374	8,672,675	1.367	8,026,690	1.248	7,957,206	1.237
No. of total votes cast	634,611,106				643,556,521			
General meeting quorum	70.55				71.60			

The director remuneration policy in force at any given time is available on the corporate website and may be consulted by clicking on the following [link](#).

Bankinter's director remuneration policy establishes the following types of remuneration in accordance with the duties performed:

A.3.1 Remuneration of directors in their capacity as such in 2021

A.3.1.1 Remuneration of members of the Bankinter board of directors in their capacity as such in 2021

Remuneration accrued by members of the board of directors for their supervisory and collective decision-making duties consists of an annual fixed amount and does not include variable components. This amount is not subject to the achievement of objectives or linked to performance, in compliance with corporate governance recommendations.

According to the Corporate By-laws and the Rules and Regulations of the Board of Directors, directors shall be entitled to receive remuneration for their appointment as members of the board of directors. The annual maximum amount for all directors shall be determined at the general meeting of shareholders and may be paid in the form of:

- An annual fixed amount
- Attendance fees
- Delivery of shares, share options or remuneration linked to the value of the shares

At the annual general meeting held in March 2019, the shareholders approved, in accordance with articles 217 and 529 septdecies of the Spanish Companies Act, and as part of the Director remuneration policy, the establishment of the maximum amount of annual director remuneration for membership on the Board, at EUR 2,000,000. This amount is currently applicable, and will remain in force provided no modification is approved at the annual general meeting.

The specific amounts for each director for the items mentioned above are set annually by the board of directors considering the positions held by each director on the board, their membership of the board and board committees, and their attendance at board and committee meetings.

The board of directors, in its meeting of 16 December, 2020, approved to maintain the amounts set for the previous year, with the distribution for 2021 being the same as that set for 2020:

- **Annual fixed amount:**

- Chairman: 189,505 euros per year.
- Executive directors: 167,210 euros per year.
- Other board members: 94,752 euros per year.
- Chairmen of board committees: additional 16,721 euros per year.
- **Attendance fees**, to be paid after each meeting:
 - Board of directors: 2,229 euros per meeting to the chairman of the board and 1,672 euros per meeting to board members.
 - Committees: 1,672 euros per meeting to the chairman of the committee and 1,115 euros per meeting to committee members.
- **Delivery of shares**, share options or remuneration linked to the value of the shares: Following the Company's usual practice in recent years, as has been reported in previous directors' remuneration reports, the board of directors has not agreed to pay any remuneration during the 2020 financial year in the form of delivery of shares, share options or remuneration linked to the value of the shares.

These amounts have not been updated in relation to the year 2020, given the prevailing background of the coronavirus pandemic (COVID-19).

In the event of death, the amounts already accrued and receivable by directors are passed on to their heirs or beneficiaries, with the appropriate actions taken as needed. In the event a director's ability prevents him or her discharging their duties, he or she shall also be entitled to receive the amounts already accrued and receivable.

Directors removed from office for any reason other than those indicated in the previous paragraph shall be entitled to the proportional share of their fixed remuneration amount corresponding to the number of days they were in office.

A.3.1.2 Remuneration of directors for seats on the boards of other Group companies

Directors as non-executive directors may also receive fees for attending board meetings of other group companies. The detail of these fees and their amounts in the year ended are disclosed in section B of this report.

A.3.2 Remuneration of the non-executive chairman of the board of directors for performing additional non-executive institutional functions in 2021

Since 2013, the non-executive chairman of the board of directors has discharged additional non-executive institutional duties as chairman of the collective decision-

making body (remunerated in accordance with the previous point). For these duties, the non-executive chairman is remunerated as follows:

- Fixed remuneration: The chairman of the board of directors shall only receive fixed remuneration and no variable remuneration, for the same reasons as noted in the previous point for non-executive directors.

Therefore, in accordance with Corporate By-laws and the Rules and Regulations of the Board of directors, considering the responsibilities assigned and other objective circumstances, at its meeting of 16 December 2020, the board of directors, on the recommendation of the remuneration committee, agreed not to apply any increase as against 2020 in the amount of **fixed remuneration for 2021 for the chairman of the board of directors, keeping the assigned amount at: 726,294 euros per year.**

Fixed remuneration of the non-executive chairman:

	2021 fixed remuneration	Var. % 2021 vs. 2020	2020 fixed remuneration	Var. % 2020 vs. 2019	2019 fixed remuneration
Non-executive chairman	726,294 euros per year	0%	726,294 euros per year	1.1%	718,392 euros per year

- Remuneration in kind: the chairman is beneficiary of a health insurance policy taken out by the Bank. The Bank pays the related premiums, which are attributed to the directors as remuneration in kind.

The Bank also pays the chairman other corporate benefits applicable to all other employees.

The amounts paid to the chairman during the years ended are disclosed in the annual reports on the remuneration of directors.

- Pension scheme: the chairman is not a beneficiary of this scheme.

Moreover, as pointed out in previous years, Bankinter has not agreed to any golden parachute clauses with the chairman in his services agreement, or any clauses that link the accrual of economic rights to situations of change of control over the Bank (standard clauses in these types of contracts in large corporations), nor does it has compensation arrangements or non-competition post-contractual agreements, as specified further in this report.

A.3.3 Remuneration of executive directors for their executive duties for 2021

A.3.3.1 Executive duties of executive directors of Bankinter

Bankinter's board of directors has two executive directors: (i) the CEO, Ms María Dolores Dancausa Treviño, and (ii) the Executive Vice-Chairman, Mr Alfonso Botín-Sanz de Sautuola y Naveda, representing Cartival, S.A.

According to article 27 of the Corporate By-laws, the chief executive is entrusted with the ordinary management of the business and vested with supreme executive duties, and powers of the board of directors, except for those that are legally non-delegable by law, the Corporate By-laws or the Rules and Regulations of the Board of Directors.

Moreover, the executive vice-chairman has certain duties, which include:

- Preside over the executive committee;
- Preside over the ALCO;
- Exercise the delegated executive duties attributed by the Corporate By-laws and the Rules and Regulations of the Board of Directors; and
- Exercise the assigned functions in risk and Investment Banking.

A.3.3.2 Description of the characteristics of remuneration components of executive directors as a result of their execution duties for 2021

According to the Corporate By-laws and the Rules and Regulations of the Board of Directors, directors shall be entitled to any remuneration (wages, incentives, bonuses, pensions, insurance, severance payments) deemed appropriate in exchange for functions and duties they perform other than supervisory and collective decision-making functions as board members on the recommendation of the remuneration committee and via a board of directors resolution.

Executive directors receive annual remuneration for their executive duties in accordance with their employment contracts with the Company consisting of a fixed component and a variable component based on the achievement of predetermined objectives aligned with the Entity's prudent risk management and long-term interests.

Executive directors are entitled to participate in long-term variable remuneration schemes that the Entity may implement at any time.

Bankinter's remuneration policy makes a clear distinction between criteria for setting:

- basic fixed remuneration, which primarily reflects the professional experience and organisational responsibility; and
- variable remuneration, which reflects sustainability of performance and is adapted to risk.

The fixed and variable components shall be appropriately balanced for executive directors. The fixed component shall represent a sufficiently high portion of total remuneration.

A.3.3.2.1 Characteristics of the fixed remuneration of executive directors

a) Fixed salary:

Fixed remuneration of the Company's executive directors is based on the level of responsibility of the position held, experience, performance and level of education. The remuneration levels are adapted to the Bank's values, with greater weight attached to teamwork than individual work, in line with the Bank's culture.

Applying the principle of market analysis, Bankinter participates in annual industry remuneration studies to establish the market benchmarks against which it is compared. These benchmarks consider the salary ranges for each position in addition to other internal criteria.

Specifically, in setting remuneration for 2021, the remuneration committee and the board of directors used a study performed by consulting firm Willis Towers Watson on the competitiveness of the chief executive's remuneration, comparing Bankinter to Spanish and European financial institutions, as detailed previously.

The findings indicate that remuneration of Bankinter's executive directors for performing executive duties is in line with the peer average and well below the 75th percentile.

- Remuneration in kind:

Executive directors may be beneficiaries of health insurance policies taken out by the Bank. The Bank pays the related premiums, which are attributed to the directors as remuneration in kind.

The Bank also compensates certain of these directors with other remuneration in kind, such as the leasing of vehicles and other corporate benefits that apply to all other staff.

b) Pension scheme

As detailed in previous director remuneration reports, on 20 December 2017, Bankinter's board of directors, on a recommendation by the remuneration committee and approval by a consultative vote at the general meeting, approved a "Supplementary pension scheme for executive directors and management committee members" compatible with the Entity's corporate strategy, objectives, values and long-term interests. It includes mechanisms to adjust the Entity's contributions based on performance or adverse circumstances. The pension scheme was approved at the annual general meeting held on 22 March 2018.

For the chief executive officer, managing directors and similar staff, 15% is considered discretionary pension benefits and subject to the system that applies to them.

Appendix 1 describes the characteristics of the current pension scheme.

A.3.3.2.2 Characteristics of the variable remuneration of executive directors

Bankinter's variable remuneration structure is consistent with the principles of banking regulations and other European Union regulations governing remuneration. EU regulations require remuneration policies to be consistent with and promote sound and effective risk management, and offer no incentives for taking risks that exceed the level of risk tolerated by the credit institution.

Bankinter's remuneration policy satisfies these principles for the following reasons:

- The objectives of the incentive plan in variable remuneration are not linked to individual and/or short-term objectives, but rather to the Bank's overall profit before tax. Accordingly, achievement indicators include all the elements of risk the Entity considers necessary, and the related items of assessment of units and areas and the achievement of individual objectives in the appropriate proportion. The long-term indicators of current incentives incorporate a long-term perspective in the remuneration.
- Bankinter's remuneration policy is consistent with its business strategy, objectives, values and long-term interests.
- In absolute terms and with respect to the sector, based on studies carried out by Willis Towers Watson for Bankinter, both fixed and variable remuneration amounts received may be considered moderate and prudent, and proportional to the Bank's annual profit, the remuneration it offers annually to shareholders, and its retained earnings to strengthen share capital every year.
- There have been no cases in which individual accrual targets for variable remuneration might encourage risk-taking behaviours that are not consistent with Bankinter's general risk profile. This is because objectives are primarily set based on the Bank's achievement of its overall pre-tax profit target and any specific objectives for each area or business unit, and only partially (and not always) based on achievement of individual objectives. In any case, there are rigorous separate and independent controls for departments that work extensively in the markets, such as trading. This is to ensure adequate risk management at all times and compliance with lending standards the board of directors establishes every year.
- The accrual criteria of variable components consider the expected loss from that activity. Losses resulting from risks incurred in previous financial years necessarily affect the annual achievement of group and individual objectives.

- The Bank has adequate and sufficient tools for measuring and monitoring the achievement of objectives of variable remuneration schemes.
- Control areas have no variable remuneration linked to achievement of objectives by the areas they oversee.
- There are no golden parachute clauses or guaranteed bonuses.
- The composition of Bankinter's balance sheet, its level of non-performing loans and incurred risk, coupled with its extremely prudent risk management culture clearly demonstrate that the Bank's remuneration systems are aligned with its desired level of risk.
- The composition of the remuneration committee, its duties and its role in defining and approving the variable remuneration systems comply with regulations and the main Spanish and international good corporate governance standards. An internal, central and independent assessment of application of the remuneration policy is performed once a year to verify whether it fulfils the remuneration standards and procedures adopted by the committee and the board.
- Bankinter has established appropriate ratios between fixed and variable components of total remuneration for members of identified staff. These include executive directors, to whom the following principles apply:
 - The variable component shall not exceed 100% of the fixed component of each individual's total remuneration.
 - Nevertheless, the shareholders at the Entity's annual general meeting may approve a higher level, provided that it does not exceed 200% of the fixed component.

Therefore, the total annual variable remuneration that executive directors might receive for the exercise of their executive duties if 100% of the targets set by Bank for 2021 were met would amount to 35% of the fixed remuneration set for their executive directors. In any event, this percentage is less if total remuneration includes the amounts accrued by the directors for both their supervisory and executive duties.

Executive directors are beneficiaries of the following variable incentives:

a) **Annual variable remuneration of executive directors for 2021**

The purpose of this variable remuneration is to incentivise performance by orienting it towards the targets set by the Institution, so as to ensure a proper correlation between the resulting remuneration levels and trends in the Company's earnings, directly linked to overall banking activity targets while at the same time promoting

sound and effective risk management that prevents the variable remuneration from providing incentives for excessive risk-taking by individuals.

On 22 February 2021, on a recommendation by the remuneration committee and the risk committee, the board of directors adopted resolutions including the annual variable remuneration structure for 2021 for executive directors for their executive duties and for senior managers of the Entity, with a new configuration of key indicators as described below.

Bankinter has not defined a specific variable remuneration structure for executive directors. Instead, it applies the same annual variable incentive system to them as to the identified staff that receive variable remuneration. The variable incentive for 2021 is calculated semi-annually.

The purpose of this annual incentive in Bankinter is to ensure a proper correlation between the resulting remuneration levels and performance, as well as a system of individual compensation based on assigned duties and responsibilities.

Furthermore, in the established target indicators, the annual variable remuneration system includes, in addition to those referring to the current year, financial indicators defined to ensure proper correlation between the resulting remuneration levels and the group's medium- and long-term performance, preventing excessive risk-taking.

For the first six months of 2021, to ensure variable remuneration for executive directors with these characteristics, the following financial indicators for the annual incentive have been established: i) Earnings before tax (EBT) for banking business in Spain, Portugal and Ireland (including EVO), to achieve appropriate risk management over the medium and long term, and ii) Pre-provision operating profit for the banking business in Spain, Portugal and Ireland (including EVO), as a critical factor for the sustainability of the business over the medium and long term and alignment with the Entity's risk policy.

Each one of the indicators, EBT for the banking business and gross operating income of the banking business for Spain, Portugal and Ireland (including EVO), represent 35% and 65%, respectively, of variable remuneration, independently. The variable component accrues from the achievement of 90% and up to a maximum of 120% of the targets, potentially resulting in between 80% and 120% of the variable amount assigned to each beneficiary, according to the aforementioned achievement percentages. Therefore, the total incentive amount to be received for the maximum level of achievement of targets is 120% of the benchmark incentive.

Target	Weight	Achievement rate (%)	Incentive accrual (%)
EBT	35%	$90\% \leq x \leq 100\%$	$80\% \leq x \leq 100\%$
		$100\% < x \leq 120\%$	$100\% < x \leq 120\%$ linear

Operating income	65%	$90\% \leq x \leq 100\%$	$80\% \leq x \leq 100\%$
		$100\% < x \leq 120\%$	$100\% < x \leq 120\%$ linear

As in the previous year, it is contingent on the achievement of on certain indicators in the risk appetite framework, which are specific ex ante adjustment factors; specifically, indicators for capital adequacy, liquidity, interest rates, reputational risk and credit risk (*financial and non-financial*):

Risk	Indicator
Capital adequacy	CET1 Ratio
Liquidity	Liquidity buffer + issue capacity
Interest rate	Sensitivity of net interest income
Reputational	NPS - Total Bank customers according to quality surveys
Credit	Problem assets (%)

The measurements are quarterly, and the valuation of non-compliance with tolerances and limits is carried out with respect to the half-yearly accumulation.

The scale of achievement and accrual of the amount corresponding in percentage terms:

Por debajo de Tolerancia	Por debajo de Límites	
	0	1
	% consecución	% consecución
0	100	85
1	95	70
2	90	0
3	80	0
4	70	0
5	0	0

Lastly, once the accrued variable remuneration is calculated using the established indicators and risk-adjusted, the other ex ante adjustment factor, RoE, return on equity, is applied. The RoE metric takes into account the long-term structural outlook and targets, which determines the final variable remuneration, on a scale from 0 to 100%:

Determining factor	Result	Rate
RoE	$X < 6\%$	0%
	$6\% \leq X < 9\%$	50%
	$X > 9\%$	100%

b) Multi-year variable remuneration in force:

On a recommendation by the remuneration committee, the board of directors approved a long-term incentive plan for 2019-2021 (the "Plan") applicable to executive directors, in accordance with the director remuneration policy, to be submitted to a vote at the 2019 annual general meeting.

The main features of the Plan were described in the report on the remuneration of directors approved in a consultative vote at the 2019 annual general meeting. They are attached as **Appendix 2** to this report.

The target assigned to executive directors for achievement of the indicators described is two annual instalments of the gross annual fixed salary as at 31 December 2018 fixed by them.

The duration of the Plan is three years from the calculation of the amount accrued (2019-2021), with five years of deferral from 31 December 2021 in the case of executive directors. Therefore, at 31 December 2021, the deadline for the calculation of the final accrued amount will have been met, and the result of the achievement of the aforementioned plan and its accrual, if any, will be reported in the following year's report.

c) Clauses to which variable remuneration of executive directors is subject at present.

Variable remuneration accrued in 2021 is subject to the following clauses:

- **Deferral:** a substantial portion of variable remuneration shall be deferred for a period of five years.

This deferred remuneration shall be paid in fifths over the five years immediately following the year of receipt of the non-deferred portion. Therefore, the remuneration payable under the deferral provisions will not be received more quickly than is proportionate.

- **Payment in shares and retention periods:** a substantial portion of deferred variable remuneration shall be delivered in Bankinter shares. 50% of non-deferred variable remuneration will be delivered in shares.

The resulting amounts in cash and shares will be paid net of taxes (or tax withholdings).

Bankinter shares delivered to executive directors shall be subject to a retention period of one year from delivery. This is considered an appropriate practice for incentives to be consistent with the Entity's long-term interests.

- **Ex-post adjustments:** variable remuneration (including the deferred portion) will be paid or vest only if it is deemed sustainable based on Bankinter Group's financial situation, and when justified based on the Entity's, business unit's or person's performance.

Bankinter has established malus and clawback clauses that will apply to up to 100% of the total variable remuneration.

- **Prohibition on hedging transactions:** Personal hedging strategies or insurance relating to remuneration and liabilities that undermine the sound risk alignment effects promoted by the remuneration arrangements may not be used.

Specifically, executive directors may not engage in hedging transactions of any kind or take out any insurance on deferred variable remuneration pending payment, pursuant to the deferral clause in Bankinter's remuneration policy.

Furthermore, they may not carry out hedging transactions on any Bankinter shares already delivery that are subject to the retention period.

A.3.3.3 Fixed amounts of remuneration of the vice-chairman of the board for exercising executive duties for 2021

A.3.3.3.1 Amount of fixed remuneration of the executive vice-chairman for 2021

a) Fixed salary of the executive vice-chairman for 2021

The board of directors, at its meeting held on 16 December 2020, at the proposal of the remuneration committee, agreed not to make any increases for the 2021 fiscal year on the amount of fixed remuneration already agreed the preceding year, given the pandemic situation (COVID19), and thus the **vice-chairman's fixed remuneration in 2021 for his executive duties was: 617,652 euros per year.**

The executive vice-chairman is not a beneficiary of medical insurance taken out by the Bank or other remuneration in kind, such as the leasing of vehicles and other corporate benefits that apply to all other staff.

This pension scheme described above does not apply to the executive vice-chairman, CARTIVAL, or its natural person representative.

A.3.3.3.2 Fixed amounts of variable remuneration of the executive vice-chairman

a) Fixed amount of annual variable remuneration of the vice-chairman for 2021

The board of directors of Bankinter, on a recommendation of the remuneration committee agreed to maintain the variable remuneration applied in the preceding year for 2021. The amounts that the vice-chairman will receive for achievement of 100% of the objectives for 2021 are: 216,178 euros, subject to the clauses described above, and the percentages of deferral and delivery of shares detailed below.

b) Deferral and percentage of payment of specific shares to which the variable remuneration accrued by the executive vice-chairman is subject

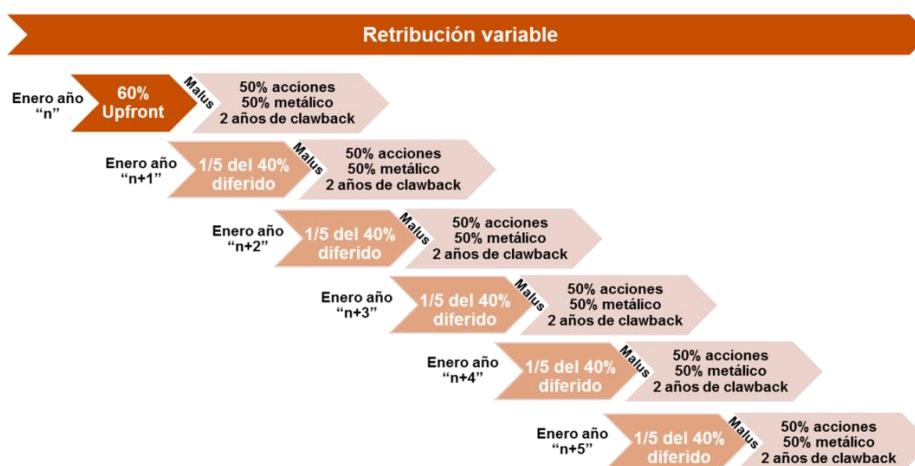
The variable remuneration of the executive vice-chairman is subject to the clauses described above for executive directors. The specific characteristics (percentages) of deferral and payment in shares applied to the executive vice-chairman are as follows:

- **Deferral:** At least 40% of the variable remuneration accrued by the executive vice-chairman shall be deferred over a period of five years.

This deferred remuneration shall be paid in fifths over the five years immediately following the year of receipt of the non-deferred portion. Therefore, the remuneration payable under the deferral provisions will not be received more quickly than is proportionate.

- **Payment in shares and retention periods:** a substantial portion of deferred variable remuneration, at least 50% in the case of the executive vice-chairman, shall be delivered in Bankinter shares. 50% of non-deferred variable remuneration will be delivered in shares.

The clauses to which the variable remuneration of the executive vice-chairman is subject are shown in the following chart:



A.3.3.4 Fixed amounts of remuneration of the chief executive officer for executive duties for 2021

A.3.3.4.1 Amount of fixed remuneration of the chief executive officer for 2021

a) Fixed salary for the chief executive officer for 2021

The board of directors, at its meeting held on 16 December 2020, at the proposal of the remuneration committee, agreed not to make any increases for the 2021 fiscal year on the amount of fixed remuneration already agreed the preceding year, given the pandemic situation (COVID19), and thus the **chief executive officer's fixed remuneration in 2021 for her executive duties was: 933,695 euros per year.**

- Remuneration in kind:

Bankinter's chief executive officer is beneficiary of a health insurance policy taken out by the Bank. The Bank pays the related premiums, which are attributed to the chief executive officer as remuneration in kind.

The Bank also pays the chief executive officer other corporate benefits applicable to all other employees.

The amounts paid to the chief executive officer during the years ended are disclosed in the annual reports on the remuneration of directors.

b) Contributions to the pension scheme in 2021 for the chief executive officer

As explained in previous remuneration reports, the chief executive officer of Bankinter, S.A., as the chief executive officer of the Bankinter subsidiary, Línea Directa Aseguradora S.A. ('Línea Directa'), was awarded a defined-contribution retirement plan in 2005 that Bankinter's board of directors, on the recommendation of the appointments and remuneration committee (currently the remuneration committee), voted to maintain at the time she joined the Bank. The amount

contributed to this plan was 600 thousand euros and covered the standard contingencies for retirement, death or disability.

As explained previously, approval was given by shareholders at the annual general meeting of 22 March 2018 for a new "Supplementary pension scheme for executive directors and management committee members". Compatible with the Entity's corporate strategy, objectives, values and long-term interests, the scheme includes mechanisms to adjust the Entity's contributions based on earnings or adverse circumstances. **Appendix 1** describes the characteristics of the current pension scheme.

Based on the scheme, a period of five years must elapse from the time of the initial contribution for the annual contributions. For the current chief executive officer, appointed to her post in 2010, at the time of approval of the plan a longer period had elapsed. Therefore, the contributions to the pension scheme began in 2018. Those already made and those to be made in 2021 are adjusted by the percentage established in the Rules and Regulations of Pension Obligations with Senior Managers (60% of the chief executive officer's base salary), in line with market practice, considering the time elapsed between the first contribution and the time remaining until retirement age. Data on contributions made in 2021 and accumulated contributions will be presented in the statistical appendix in the report of the following year.

The annual contributions made are not vested, nor are they vested at the time of termination of the contractual relationship with the Company, but only when one of the contingencies specifically provided for such vesting in accordance with the Policy and Regulations of the Bankinter senior executives' pension scheme is met: retirement, death and disability.

A.3.3.4.2 Fixed amounts of variable remuneration of the chief executive officer for 2021.

a) Fixed amount of annual variable remuneration of the chief executive officer for 2021

The board of directors of Bankinter, on a recommendation of the remuneration committee agreed to maintain the variable remuneration applied in the preceding year for 2021. The amounts that the chief executive officer will receive for achievement of 100% of the objectives for 2021 are: 326,794 euros, subject to the clauses described above, and the percentages of deferral and delivery of shares detailed below.

b) Deferral and percentage of payment of specific shares to which the variable remuneration accrued by the chief executive officer is subject:

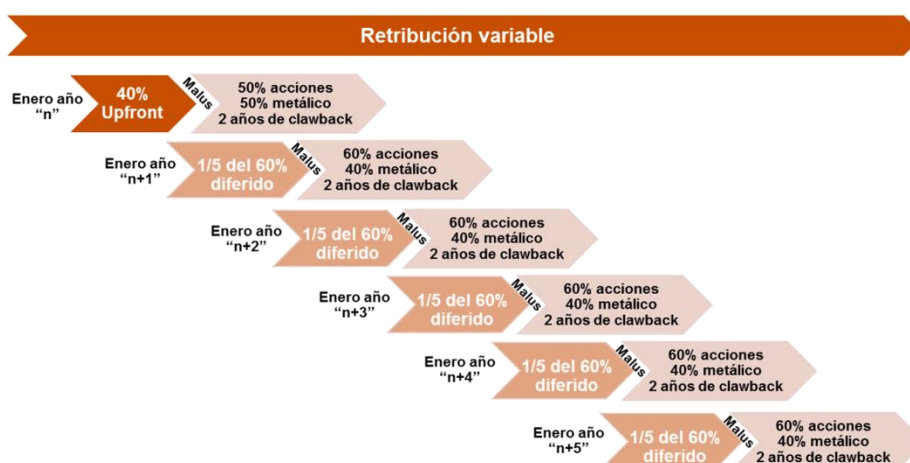
The variable remuneration of the chief executive officer is subject to the clauses described above for executive directors. The specific characteristics (percentages of deferral and payment in shares) applied to the chief executive officer are as follows:

- **Deferral:** At least 60% of the variable remuneration accrued by the chief executive officer shall be deferred over a period of five years.

This deferred remuneration shall be paid in fifths over the five years immediately following the year of receipt of the non-deferred portion. Therefore, the remuneration payable under the deferral provisions will not be received more quickly than is proportionate.

- **Payment in shares and retention periods:** a substantial portion of deferred variable remuneration, at least 60% in the case of the chief executive officer, shall be delivered in Bankinter shares. 50% of non-deferred variable remuneration will be delivered in shares.

The clauses to which the variable remuneration of the chief executive officer is subject are shown in the following chart:



Fixed remuneration and annual variable remuneration of executive directors:

- **Fixed remuneration of executive directors:**

	2021 fixed remuneration	Var. % 2021vs. 2020	2020 fixed remuneration	Var. % 2020 vs. 2019	2019 fixed remuneration
Vice-chairman	617,652 euros per year	0%	617,652 euros per year	1.1%	610,932 euros per year
Chief executive officer	933,695 euros per year	0%	933,695 euros per year	4%	897,784 euros per year

- **Fixed annual variable remuneration of executive directors:**

	2021 variable remuneration (*)	2020 variable remuneration (**)	2019 variable remuneration (***)
Executive directors			
Vice-chairman	216,178 euros per year (35% of fixed remuneration)	59,410 euros per year (35% of fixed remuneration)	212,868 euros per year (35% of fixed remuneration)
Chief executive officer	326,794 euros per year (35% of fixed remuneration)	89,809 euros per year (35% of fixed remuneration)	312,817 euros per year (35% of fixed remuneration)

(*) Estimated amount for an achievement rate of 100% of the targets to which 2021 variable remuneration is indexed.

(**) Accrued amount based on a percentage of accrual of the incentive of 27.48%, as explained in this report: "Specific implementation of the remuneration policy in 2020".

(***) Accrued amount based on a percentage of accrual of the incentive of 99.55%.

A.3.4 Conditions of employment contracts

The chairman, vice-chairman and chief executive officer have services contracts, for the chairman, and management contracts for the executive directors as part of the organic relations based on the executive duties they discharge and their remuneration, respectively, which cover all principal and ancillary conditions and features of their respective relationships with the Company.

Contractual conditions of executive directors are described below:

- **Exclusivity and non-competition:** executive directors may not enter into business or service agreements with any other companies or entities without express authorisation from the board of directors. A non-competition clause is in place at all times with respect to similar companies and activities to those of Bankinter and its consolidated group.
- **Adherence to the Code of Professional Ethics and the Bankinter Group Internal Code of Conduct in Securities Markets:** the obligation to observe the Professional Code of Ethics and the Internal Code of Conduct in Securities Markets operated by Bankinter Group is hereby established.
- **Confidentiality and return of documents:** a rigorous duty of confidentiality is established during the lifetime of the relationship and after termination, when documents and objects related to the executive directors' activity and in their possession must be returned to the Bank.
- **Duration, notice periods and severance payments for contract termination:** the contract is in full force as of the date on which an executive director is appointed and remains fully valid as long as the director is in office with executive powers. If an executive director tenders their resignation for any reason, written notice must be given three months in advance in the case of the chief executive officer, and 15 days

in advance in the case of the executive vice-chairman. The Company reserves the right to discount from a director's settlement any amount corresponding to their failure to comply with the notice period, unless otherwise arranged by the board.

The following section sets forth the compensation, if any, provided for in the aforementioned contracts, only applicable to the contract of the chief executive officer.

- **Post-contractual obligations:** only applicable in the contract of the chief executive officer, the chief executive officer is subject to a non-competition clause in effect for an 18-month period from termination of their employment contract, undertaking not to engage in work or provide professional services, on their own account or on behalf of others, that compete with those of the Bank or Group companies. Compensation for the non-competition clause consists of a sum equal to 50% of the last total annual fixed remuneration approved by the board of directors, which will be paid once the 18-month period has elapsed.

A.3.5 Agreed severance pay in the event of termination of duties as director

No severance payments of any kind have been established for the chairman, executive vice-chairman and other board members in the event of their removal for any reason.

The severance payments for the chief executive officer set out in the contract signed with the Company are based on her relationship with the Entity as an employee before she was appointed chief executive officer apply solely to cases similar to those defined in the Workers' Statute (Estatuto de los Trabajadores) for ordinary employment relations. Furthermore, they have a severance limit that may not, under any circumstances, exceed the limit provided in labour regulations for all Bankinter staff.

Any necessary severance payments will be based on earnings obtained over time and will not accrue over losses or wrongful conduct. They will be subject to the general remuneration policy of Bankinter Group in effect. Moreover, any portion exceeding the legal severance amount will be subject to the remuneration policy for identified staff and, in particular, to deferral, malus and clawback requirements in accordance with current regulations.

In any case, there is no right to receive severance payments relating to changes of ownership of the Entity.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY HAS BEEN APPLIED IN 2020

B.1. Role played by the remuneration committee in implementing the remuneration policy in 2020

The **remuneration committee** held five ordinary meetings and one written meeting in 2020. All committee members took part in these meetings, in person or by proxy.

The role played by the remuneration committee is described herein and in the annual remuneration report made available to shareholders with the call of the 2021 annual general meeting. The annual remuneration report is attached as **Appendix 3**.

B.2 Specific implementation of the remuneration policy in 2020

As explained in the Annual report on the remuneration of directors for the preceding year, the types of remuneration for members of the board of directors, depending on the functions carried out, are as follows:

B.2.1 Remuneration of directors for carrying out their director functions

B.2.1.1 Remuneration of directors for performing their functions in Bankinter as such

At the annual general meeting held on 21 March 2019, the shareholders approved, in accordance with articles 217 and 529 septdecies of the Spanish Companies Act, and as part of the Director remuneration policy, the establishment of the maximum amount of annual director remuneration for membership on the Board, at EUR 2,000,000. This amount has not been modified to date, and is the amount which will apply in 2020.

In 2020, total individual remuneration received by directors was paid in the form of: i) an annual fixed amount for their role on the board of directors and their duties as the chairs of board committees, and ii) attendance fees for meetings of the board and board committees. No Bankinter shares were delivered as remuneration during the year.

Remuneration of non-executive directors does not include any variable components, insofar as it is not subject to the achievement of objectives, therefore complying with corporate governance recommendations.

The amount corresponding to each director for these items was set by the board of directors (on the recommendation of the remuneration committee), in line with the duties each director discharges on the collective decision-making body itself, and their membership of the board and board committees and attendance at their meetings.

At its meeting of 18 December 2019, the board of directors approved the following distribution for 2020:

- **Annual fixed amount:**
 - Chairman: 189,505 euros per year.
 - Executive directors: 167,210 euros per year.
 - Other board members: 94,752 euros per year.

- Chairmen of board committees: additional 16,721 euros per year.
- **Attendance fees**, to be paid after each meeting:
 - Board of directors: 2,229 euros per meeting to the chairman of the board and 1,672 euros per meeting to board members.
 - Committees: 1,672 euros per meeting to the chairman of the committee and 1,115 euros per meeting to committee members.
- Delivery of shares, share options or remuneration linked to the value of the shares: no remuneration of any kind has been received in 2020 via the delivery of shares, share options or remuneration linked to the value of the shares.

These amounts were adjusted by 1.1% with respect to 2019, in line with the inflation rate published in November 2019 and far below the growth in the Bank's earnings in recent years.

Itemised total individual remuneration of members of Bankinter's board of directors in their capacity as such (supervisory and collective decision-making duties) in 2020 and 2019:

In euros		
Directors	2020	2019
Pedro Guerrero Guerrero	237,438	234,855
Cartival, S.A.	219,045	218,316
María Dolores Dancausa Treviño	197,865	194,610
Marcelino Botín-Sanz de Sautuola y Naveda	109,244	113,017
Fernando Masaveu Herrero	125,965	120,717
Rafael Mateu de Ros Cerezo	171,111	170,903
María Teresa Pulido Mendoza	111,473	111,914
Teresa Marín-Retortillo Rubio	142,407	124,025
Álvaro Álvarez-Alonso Plaza (1)	150,768	92,741
María Luisa Jordá Castro (1)	146,866	96,049
Fernando José Francés Pons (2)	88,812	0
Former directors (3)	91,687	349,497
	1,792,680	1,826,644

(1) Álvaro Álvarez-Alonso Plaza and María Luisa Jordá Castro were appointed members of the board of directors (independent external directors) at the annual general meeting held on 21 March 2019.

(2) Fernando José Francés Pons was appointed member of the Board of Directors (independent external director) at the annual general meeting held on 19 March 2020.

(3) Mr Gonzalo de la Hoz Lizcano and Mr Jaime Terceiro Lomba completed their term of office as directors of Bankinter on 19 March 2020, and their re-election by the board of directors was not proposed, since they ceased to be independent external directors after more than 12 years as members of the board of directors.

Breakdown of the total amounts shown in preceding table for each director in their capacity as such between fixed remuneration and attendance fees for meetings of the board of directors and board committees in 2020 and 2019:

In euros	
2020	2019

Directors	Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees
Pedro Guerrero Guerrero	189,504	47,934	187,443	47,412
Cartival, S.A.	183,931	35,114	181,930	36,386
María Dolores Dancausa Treviño	167,210	30,655	165,391	29,219
Marcelino Botín-Sanz de Sautuola y Naveda	94,752	14,492	93,721	19,296
Fernando Masaveu Herrero	94,752	31,212	93,721	26,995
Rafael Mateu de Ros Cerezo	111,473	59,638	110,260	60,643
María Teresa Pulido Mendoza	94,752	16,721	93,721	18,193
Teresa Martín-Retortillo Rubio	107,293	35,114	93,721	30,303
Alvaro Álvarez-Alonso Plaza (1)	107,293	43,475	72,894	19,847
María Luisa Jordá Castro (1)	107,293	39,573	72,894	23,155
Fernando José Francés Pons (2)	72,091	16,721	-	-
Former directors (3)	59,917	31,770	237,059	112,438
Subtotals	1,390,262	402,418	1,402,757	423,887
Total	1,792,680		1,826,644	

(1) Álvaro Álvarez-Alonso Plaza and María Luisa Jordá Castro were appointed members of the board of directors (independent external directors) at the annual general meeting held on 21 March 2019.

(2) Fernando José Francés Pons was appointed member of the Board of Directors (independent external director) at the annual general meeting held on 19 March 2020.

(3) Gonzalo de la Hoz Lizcano and Jaime Terceiro Lomba completed their term of office as directors of Bankinter on 19 March 2020, and their re-election by the board of directors was not proposed, since they ceased to be independent external directors after more than 12 years as members of the board of directors.

Bankinter does not have any pension obligations to external or non-executive directors.

B.2.1.2 Remuneration of directors for performing their functions in Bankinter Group companies as such

In 2020, Gonzalo de la Hoz Lizcano and Rafael Mateu de Ros, non-executive directors of Línea Directa Aseguradora, S.A., received 9,156 euros (amounts received up to 20 March 2020) and 13,733 euros, respectively, in fees for attending meetings of the board of directors of that company.

Gonzalo de la Hoz Lizcano also serves as a director of Bankinter Global Services, S.A., a Group technology services and operations company, and at 20 March 2020, at which point he ceased to be a director of Bankinter, he had received fees amounting to 1,248 euros for attending meetings of the board of directors.

At 31 December, 2020, Gonzalo de la Hoz was still a board member of these Bankinter subsidiaries.

Since 31 May 2019, Ms Martín-Retortillo Rubio has held a seat on the board of EVO Banco, a Bankinter subsidiary, and has been a member of its supervisory committees (3), chairing one them. In 2020, she received 79 thousand euros in fees for attending EVA Banco's board and committee meetings.

B.2.2 Remuneration received in 2020 by the non-executive chairman of the board of directors for additional non-executive institutional functions

The amount of this remuneration in 2020 was 726,294 thousand euros.

The chairman of the board of directors has also received as beneficiary of medical insurance policies and other items of remuneration in kind and other corporate benefits totalling 5,709 euros.

The chairman of the board does not receive any variable remuneration for the reasons noted in the previous point on non-executive directors.

Bankinter has not agreed any golden parachute clauses with the chairman in his services contract, or any clauses that link the accrual of financial rights to situations of change of control over the bank, which are common clauses in these types of contracts in large companies. Nor does he have any severance or post-contractual non-competition clauses in his contract.

Bankinter does not have any pension obligations with its current non-executive chairman.

B.2.3 Remuneration accrued in 2020 by executive directors for their executive duties

Bankinter's board of directors had two executive directors in 2020: (i) the CEO, Ms María Dolores Dancausa Treviño, and (ii) the Executive Vice-Chairman, Mr Alfonso Botín-Sanz de Sautuola y Naveda, representing Cartival, S.A.

B.2.3.1 Components of remuneration of executive directors for their executive duties

Components of remuneration of executive directors in 2020 for their executive duties:

- basic fixed remuneration, which primarily reflects the professional experience and organisational responsibility; and
- variable remuneration, which reflects sustainability of performance and is adapted to risk.

a) Fixed remuneration:

Basic fixed remuneration, which primarily reflects professional experience and organisational responsibility.

b) Variable remuneration:

i) Annual variable remuneration:

The annual variable remuneration system for executive directors was the same as that for other Bankinter Group employees who receive this type of remuneration.

Annual variable remuneration is linked to the achievement of the following targets:

- i) Earnings before tax (EBT) of the banking business of Bankinter Group (which this

year includes EVO Banco and Avantcard), to achieve appropriate risk management over the medium and long term, and ii) gross operating income of Bankinter Group's banking business (including EVO Banco and Avantcard) as a critical factor for the sustainability of the business over the medium and long term and alignment with the entity's risk policy, as approved by the board of directors at the proposal of the remuneration committee. The indicators (PBT of the banking business and gross operating income of Bankinter Group) represent 70% and 30%, respectively, of variable remuneration, independently. The variable component accrues from the achievement of 90% and up to a maximum of 120% of the targets, potentially resulting in between 80% and 120% of the variable amount assigned to each beneficiary, according to the aforementioned achievement percentages. Therefore, the total incentive amount to be received for the maximum level of achievement of targets is 120% of the benchmark incentive. Pursuant to these tables of achievement and accrual, the overall percentage accrual of the incentive in 2020 was 27.48% (2019: 99.55%). This is because the percentage of attainment of the first target, EBT Banking Business has fallen below 80% because of the coronavirus pandemic (COVID-19) occurring in 2020, and no incentive is accrued for this bracket.

The following table presents the level of achievement of objectives and accrual of the incentive based on two objectives to which annual variable remuneration accrued in 2020 and 2019 was linked:

Benchmark annual variable remuneration target	2020			2019		
	% weight	% achievement of objective	% accrual of incentive	% weight	% achievement of objective	% accrual of incentive
PBT	70	40.03	0	60	99.02	98.04
Gross operating income	30	95.80	91.61	40	101.82	101.82
% global accrual of incentive	27.48			99.55		

Furthermore, to earn this 2020 variable remuneration, the following indicators (which may reduce accrued variable remuneration to zero but may never increase the amount) had to be met cumulatively:

- Risk appetite framework ratios, which measure the following risks: credit risk, solvency risk, liquidity risk, interest rate risk and reputational risk, which must meet the condition of not exceeding the risk level defined in the risk appetite framework.

- RoE, (return on equity invested), which had to exceed 9% to accrue 100% of the incentive attained. If this ratio were between 6% and 9%, 50% of the achieved indicators would be made payable; however, if it were below 6%, no amount whatsoever would be paid.

In this respect, in November 2019, Bankinter's board of directors asked the risk committee to look at the risk metrics included in the RAF, as part of the analysis of appropriate measures to improve them; considering that it was necessary to include the difference between long-term objectives and short-term instrumental objectives in the Bank's risk appetite statement. In September 2020, the Risk Committee's final analysis was submitted to the board of directors, which approved the modification of the structure of the RAF metrics, incorporating the structural perspective via TTC (through-the-cycle) metrics.

At the same time, the risk committee's analysis found that the RAF metrics applied to the ex ante adjustment factors of the variable remuneration established in the remuneration policy, incorporated the structural perspective except for two of them: RoE and Cost of risk. The situational perspective of these metrics means they are influenced to a large extent by the economic cycle, unlike the structural perspective, which eliminates the effect of the cycle and is, therefore, the ideal measure of the management carried out. For this reason, at its September meeting, the risk committee agreed to propose to the remuneration committee the use of this structural perspective when applying such adjustment factors and, consequently, it was proposed that the thresholds applicable to these effects would be those corresponding to the TTC metrics.

In view of the above, the board, on the recommendation of the risk committee and the remuneration committee, in its September meeting, approved the use of TTC metrics for the application of ex ante adjustment factors of the variable remuneration included in the remuneration policy, considering that these metrics are better aligned with the philosophy underlying the regulation that governs this type of remuneration, which aims to ensure that the remuneration concepts are consistent with the banks' long-term strategy.

As a result of this, the achievement percentages of both indicators are as follows:

- Risk appetite framework ratios. The level of achievement of this indicator in 2020 was 100%. Therefore, the amount of the variable remuneration receivable will not be reduced.
- RoE. The level of achievement of this indicator in 2020 was 100% (with a level of 9.09% being attained). Therefore, the amount of the variable remuneration receivable will not be reduced.

Thus, the percentage of annual variable remuneration was earned was: 27.48%, as indicated above.

ii) Multi-year variable remuneration:

A multi-year incentive plan for 2019-2021, whose beneficiaries include executive directors, is also in effect. Its key features are described in **Appendix 2** to this report.

Each year **the Group's RoE** must be above the mid-point for the peer group of entities ("Peer Group") at 31 December of each year. The Peer Group for 2020 comprises: Santander, BBVA, CaixaBank, Bankia and Sabadell.

The Group's RoE achievement percentage as of 31 December, 2020 was 7.03%.

B.2.3.2 Amounts of remuneration accrued in 2020 by the executive vice-chairman

a) Amount of fixed remuneration received by the executive vice-chairman in 2020

CARTIVAL, S.A., executive vice-chairman of Bankinter, received a total of 617,652 euros as fixed remuneration. This remuneration was increased from 2019 by 1.1% (the annual inflation rate for 2019), for dedication and performance in recent years, and still shows a significant difference relative to peers of other companies.

The executive vice-chairman does not receive remuneration in kind or remuneration for any other items.

b) Amount of annual variable remuneration accrued by the executive vice-chairman in 2020.

At the end of 2020, as a result of the achievement rate previously mentioned, the amount of variable incentive accrued by the executive vice-chairman was 59,409.69 euros. This amount will be paid in the form and time frame indicated below:

- In cash (the gross amounts accrued are provided below. These amounts will be paid net of tax):
 - 50% of the **non-deferred** variable remuneration accrued under the variable incentive in 2020: 17,822.91 euros.
 - 50% of the **deferred** variable remuneration accrued from the 2020 variable incentive will be paid in cash, according to the following schedule:
 - 1/5 of 50% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2022: 2,376.39 euros.
 - 1/5 of 50% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2023: 2,376.39 euros.
 - 1/5 of 50% of the deferred variable remuneration accrued by the variable

incentive for 2020 will be paid in January 2024: 2,376.39 euros.

- 1/5 of 50% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2025: 2,376.39 euros.
- 1/5 of 50% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2026: 2,376.39 euros.
- In shares² (as stated above, conditional upon shareholders' approval in the annual general meeting). The maximum number of Bankinter shares to be delivered, as calculated over gross amounts accrued, is as follows:
 - 50% of the **non-deferred** variable remuneration accrued by the 2020 variable incentive will be paid through the delivery of 3,712 shares. The average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 20 January 2021, inclusively, will be used to determine the number of shares to be delivered. This price was 4.8014 euros/ per share. If shareholders at the General Meeting approve this delivery of shares, the shares will be delivered within 15 trading days after approval.
 - 50% of the **deferred** variable remuneration accrued from the 2020 variable incentive will be paid in shares, in the following way:
 - 494 Bankinter shares will be delivered in the month of January 2022, corresponding to 1/5 of 50% of the deferred remuneration accrued by the variable incentive in 2020.
 - 494 Bankinter shares will be delivered in the month of January 2023, corresponding to 1/5 of 50% of the deferred remuneration accrued by the variable incentive in 2020.
 - 494 Bankinter shares will be delivered in the month of January 2024, corresponding to 1/5 of 50% of the deferred remuneration accrued by the variable incentive in 2020.
 - 494 Bankinter shares will be delivered in the month of January 2025, corresponding to 1/5 of 50% of the deferred remuneration accrued by the variable incentive in 2020.

² Nonetheless, for the executive vice-chairman, shares will be delivered if they are approved by shareholders at the general meeting of Bankinter in 2021 (one year after remuneration has accrued), as required by article 219 of the Spanish Companies Act.

- 494 Bankinter shares will be delivered in the month of January 2026, corresponding to 1/5 of 50% of the deferred remuneration accrued by the variable incentive in 2020.

As indicated below, the average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 20 January 2021, inclusively, will be used to determine the number of shares to be delivered. This price was 4.8014 euros/ per share.

The shares will be delivered net of taxes and in accordance with the schedule provided previously.

B.2.3.3 Amounts of remuneration accrued in 2020 by the chief executive officer

a) Amount of fixed remuneration received by the chief executive officer in 2020

María Dolores Dancausa Treviño, chief executive officer of Bankinter, received a total of 933,695 euros as fixed remuneration. These amounts were increased by 4% as against 2019, based on her dedication and performance in recent years, though even so there is a significant difference compared to her peers in other companies.

The chief executive officer also received 14,612 euros as beneficiary of medical insurance policies and other items of remuneration in kind or other corporate benefits.

b) Contributions to the pension scheme in 2020 and accumulated amounts

An annual contribution was made to the "Supplementary pension scheme for executive directors and management committee members" on behalf of the chief executive officer for 2020 of 560,217 euros, taking the accumulated amount to 2,238 thousand euros. These contributions made are not vested, nor are they vested at the time of termination of the contractual relationship with the Company. They only vest when one of the contingencies specifically provided for in the Policy and the Rules and Regulations of the Bankinter senior executives' pension scheme occurs, namely: retirement, death or disability.

c) Amount of annual variable remuneration accrued by the chief executive officer in 2020

At the end of 2020, as a result of the achievement rate previously mentioned, the amount of variable incentive accrued by the chief executive officer was 89,808.71 euros. This amount will be paid in the form and time frame indicated below:

- In cash (the gross amounts accrued are provided below. These amounts will be paid net of tax):

- 50% of the **non-deferred** variable remuneration accrued under the variable incentive in 2020: 17,961.74 euros.
- 40% of the **deferred** variable remuneration accrued from the 2020 variable incentive will be paid in cash, according to the following schedule:
 - 1/5 of 40% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2022: 4,310.82 euros.
 - 1/5 of 40% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2023: 4,310.82 euros.
 - 1/5 of 40% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2024: 4,310.82 euros.
 - 1/5 of 40% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2025: 4,310.82 euros.
 - 1/5 of 40% of the deferred variable remuneration accrued by the variable incentive for 2020 will be paid in January 2026: 4,310.82 euros.
- In shares³ (as stated above, conditional upon shareholders' approval in the annual general meeting). The maximum number of Bankinter shares to be delivered, as calculated over gross amounts accrued, is as follows:
 - 50% of the **non-deferred** variable remuneration from the 2020 variable incentive will be paid through the delivery of 3,740 shares. The average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 20 January 2021, inclusively, will be used to determine the number of shares to be delivered. This share price is 4.8014 euros/per share. If shareholders at the General Meeting approve this delivery of shares, the shares will be delivered within 15 trading days after approval.

³ Nonetheless, for the chief executive officer, shares will be delivered if they are approved by the shareholders at general meeting of Bankinter in 2021 (one year after remuneration has accrued), as required by article 219 of the Spanish Companies Act.

- 60% of the **deferred** variable remuneration accrued under the variable incentive in 2020 will be paid in shares, as follows:
 - 1,346 Bankinter shares will be delivered in the month of January 2022, corresponding to 1/5 of 60% of the deferred remuneration accrued by the variable incentive in 2020.
 - 1,346 Bankinter shares will be delivered in the month of January 2023, corresponding to 1/5 of 60% of the deferred remuneration accrued by the variable incentive in 2020.
 - 1,346 Bankinter shares will be delivered in the month of January 2024, corresponding to 1/5 of 60% of the deferred remuneration accrued by the variable incentive in 2020.
 - 1,346 Bankinter shares will be delivered in the month of January 2025, corresponding to 1/5 of 60% of the deferred remuneration accrued by the variable incentive in 2020.
 - 1,346 Bankinter shares will be delivered in the month of January 2026, corresponding to 1/5 of 60% of the deferred remuneration accrued by the variable incentive in 2020.

As indicated below, the average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 20 January 2021, inclusively, will be used to determine the number of shares to be delivered. This price was 4.8014 euros/ per share.

The shares will be delivered net of taxes and in accordance with the schedule provided previously.

The following table presents the aforementioned amounts accrued by executive directors in 2020:

Beneficiary	Year of payment	Not deferred	Deferred					Total
		2021	2022	2023	2024	2025	2026	
% annual variable remuneration accrued		40% (50% in € / 50% in shares)	60% (40% in € / 60% in shares)					
Chief executive officer	In cash (€)	17,961.74	4,310.82	4,310.82	4,310.82	4,310.82	4,310.82	39,515.84
	Shares (*)	3,740	1,346	1,346	1,346	1,346	1,346	10,470

% annual variable remuneration accrued		60% (50% in € / 50% in shares)	40% (50% in € / 50% in shares)					Total
Vice-chairman	In cash (€)	17,822.91	2,376.39	2,376.39	2,376.39	2,376.39	2,376.39	29,704.86
	Shares (*)	3,712	494	494	494	494	494	6,182

(*) To be approved at the general meeting of shareholders.

The shares will be delivered net of taxes and in accordance with the schedule provided previously.

B.2.3.4 Delivery of shares to executive directors in 2020 from variable remuneration accrued in previous years

During 2020, the corresponding shares for the deferral of the variable remuneration accrued in the years 2016, 2017 and 2018, as well as the shares corresponding to the immediate payment of the remuneration accrued in 2019 and the shares corresponding to the extraordinary remuneration accrued in 2018, have been delivered to the executive directors in accordance with the agreements approved at annual general meeting between 2017 and 2020, respectively. Detail of the shares delivered in 2020:

Executive director	Delivery of shares corresponding to the annual variable remuneration accrued in 2016 (vice-chairman 6.67%; chief executive officer: 6.67%)		Delivery of shares corresponding to the annual variable remuneration accrued in 2017 (vice-chairman 6.67%; chief executive officer: 6.67%)		Delivery of shares corresponding to the annual variable remuneration accrued in 2018 (vice-chairman 4%; chief executive officer: 7.2%)		Delivery of shares corresponding to the annual variable remuneration accrued in 2019 (vice-chairman 30%; chief executive officer: 20%)		Delivery of shares corresponding to the annual variable remuneration accrued in 2018 (vice-chairman 4%; chief executive officer: 7.2%)	
	Unit price assigned to each share ¹	In shares ⁵	Unit price assigned to each share ²	In shares ⁵	Unit price assigned to each share ³	In shares ⁵	Unit price assigned to each share ⁴	In shares ⁵	Unit price assigned to each share ⁴	In shares ⁵
CARTIVAL, S.A.	7.5374	1,518	8.3072	1,722	7.022	1,176	6.44708	9,905	7.022	8,382
María Dolores Dancausa Treviño	7.5374	1,447	8.3072	1,577	7.022	1,978	6.44708	6,307	7.022	13,201

1 Average quoted price of the Bankinter share at market close for each trading session held between 4 January and 20 January 2017.

2 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2018.

3 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2019.

4 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2020.

5 Number of shares delivered net of the related tax.

B.2.4 Modifications to contractual conditions

No significant modifications were made to the contracts of the non-executive chairman of the board or of executive directors in 2020. The characteristics of the chairman's and executive directors' contracts are set out in section 3.4 of this report.

B.2.5 Other remuneration

No remuneration has accrued to Bankinter directors by way of a consideration for services provided other than those inherent to their posts, or remuneration at

companies for their services at a third-party company at which the director provides services.

Remuneration in the form of advances, loans and guarantees:

The members of Bankinter's board of directors have received no sum of any kind as compensation in the form of advances, credits, loans from the Entity or guarantees extended on their behalf.

Nevertheless, Bankinter directors maintain risk positions in their name, which are consistent with market conditions and on an arm's length basis; under contracts with standard terms that generally and customarily apply to all other customers.

In relation to any loans/sureties or guarantees that the directors or their related parties may request from Bankinter, the board of directors approved, at a meeting held on 22 April 2015, the "*Procedure for approving transactions with senior officers of the Bankinter Group and their related parties*". This procedure was reviewed and updated on 22 April 2020, to align it with the new "*Bankinter Group related-party transactions policy*", which the board of directors approved on that date. This procedure is also consistent with the principles and criteria set out in the policy to prevent conflicts of interest affecting senior officers, as approved by the board of directors on the same date.

This procedure governs the internal procedures for approving asset transactions granted to Bankinter's key personnel (understood as including members of the board of directors of Bankinter) and their related parties, whether or not prior to seeking authorisation from the competent supervisory authority as required under Act 10/2014 of 26 June, on the regulation, supervision and capital adequacy of credit institutions, and its implementing regulations.

OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

As supplementary information and though it does not apply to this report, by virtue of the Bank's commitment to maximum transparency, it is hereby disclosed that Mr Alfonso Botín-Sanz de Sautuola y Naveda, representing the corporate director (legal entity) CARTIVAL, S.A. on Bankinter's Board of Directors, is personally executive chairman of Línea Directa Aseguradora, S.A Compañía de Seguros y Reaseguros, a wholly-owned subsidiary of the Bank, received 201,016 euros as fixed remuneration and 42,568 euros as annual variable remuneration for executive duties as chairman of the aforementioned subsidiary in 2020.

APPENDIX 1. CHARACTERISTICS OF THE PENSION SCHEME

i) Objectives:

To better align remuneration with the market while following the Entity's prudential criteria by implementing a pension scheme that includes annual contributions, which Bankinter did not have until now.

To comply with internal remuneration criteria, including:

- Having an appropriate balance between pension contributions and functional scope/responsibilities.

- Increasing the weight of long-term remuneration items in the total compensation package.
- Maintaining maximum flexibility to adapt the pension regime to market and internal conditions, whereby the board of directors may scale down or cancel this scheme at any time.

ii) Characteristics of market data (*benchmark*) used:

This decision was taken based on Willis Towers Watson market research.

The sample of financial institutions considered in the study included Spanish and European institutions⁴.

The pension schemes analysed (within the second quartile) include an annual contribution of 55% of chief executive officers' base salary.

iii) Pension scheme beneficiaries:

The scope of the scheme covers the chief executive officer among board members.

iv) Pension scheme financial terms and timeframes:

The initial contribution is 656,560 euros, paid when beneficiaries are named if they are already Bankinter employees. For external appointments, the initial contribution is made one year after the appointment. The contribution and amount are the same as those applicable in the current system.

There is a five-year grace period on subsequent annual contributions, counting from the date of the initial contribution.

As of the sixth year from the initial contribution, an annual contribution will be made for a percentage of the base salary in the year of the contribution (60% of the base salary, in the case of the chief executive officer), consistent with market practice.

The base salary is the same as the gross fixed salary; i.e. no variable compensation is included in the calculation of the annual contribution amount.

15% of the contribution is considered discretionary pension benefits according to Banco de España Circular 2/2016. Therefore, it is entirely subject to a 5-year deferral and to the same malus and clawback, where appropriate.

⁴ Abanca, ING España, Banco Sabadell, Banco Santander España, Bankia, BBVA España, Caixabank, WiZink Banco, Banca March, BayernLB (Germany), Belfius Bank (Belgium), Banco BPM (Italy), Zürcher Kantonalbank (Switzerland), UBI Banca (Italy), Medio Banca (Italy) and De Volksbank (the Netherlands).

The board of directors may amend or cancel the scheme at any time, in accordance with market and internal conditions.

The benefit becomes a vested right only under the following circumstances:

- Retirement
- Death
- Permanent disability

APPENDIX 2. KEY FEATURES OF THE 2019-2021 MULTI-YEAR VARIABLE REMUNERATION APPROVED BY THE BOARD OF DIRECTORS ON 20 FEBRUARY 2019

On a recommendation by the remuneration committee, the board of directors approved a long-term incentive plan for 2019-2021 (the "Plan"), in accordance with the director remuneration policy, to be submitted to a vote at the 2019 annual general meeting.

The main features of this plan were described in the report on director remuneration approved in a consultative vote at the 2019 annual general meeting are as follows:

1. Plan objectives

Plan objectives are as follows:

- To improve levels of engagement and loyalty among "key" officers and employees.
- To bring "key" officers and employees in line with the Bank's Strategic Plan for the 2019-2021 horizon, showing them a long-term vision of the Bank that will generate a culture of sustainability.

Accordingly, this Plan is in addition to any other variable remuneration plans existing now or in future at Bankinter Group.

2. Participants: Executive vice-chairman, chief executive officer, management team, regional unit heads and other key individuals. In total, 70 people as of the approval date of this report.

3.- Duration: 3 years for calculating the amount accrued (2019-2021) and 5 years of deferral, running from 31 December 2021 in the case of executive directors and members of the management team (i.e. 2023, 2024, 2025, 2026 and 2027) and 3 years of deferral for all other participants (i.e. 2023, 2024 and 2025).

4. Benchmark amount of the incentive (target incentive):

- Two annual instalments of the gross annual fixed salary as at 31 December of 2018 set for the plan beneficiary.
- Remuneration in kind, company benefits and any other type of variable remuneration received in 2018 are expressly excluded from the calculation of the target incentive.

5. Indicators

100% of the target incentive is subject to the following indicators:

- Each year, the **Group's RoE** must be above the mid-point for the peer group of entities ('Peer Group') at 31 December of each year.

The remuneration committee shall review the Peer Group each year so as to ensure that it continues to be representative of the market in response to market changes.

The Peer Group for 2020 comprises: Santander, BBVA, CaixaBank, Bankia and Sabadell.

% Group RoE	% of Incentive accrued at 31 December 2019	% of Incentive accrued at 31 December 2020	% of Incentive accrued at 31 December 2021
X => midpoint of the Peer Group	100% of 1/3 of the Target Incentive	100% of 1/3 of the Target Incentive	100% of 1/3 of the Target Incentive
X < midpoint of the Peer Group	0%	0%	0%

- Further, **RoE for the Banking Business** (“Net profit/(loss) from the inventoried Banking Business for Iberia, including Avantcard but excluding EVO Banco and Línea Directa Aseguradora, as a percentage of Adjusted Equity”) must reach 13% at 31 December 2021 –calculated as the arithmetic mean of this indicator at 31 December 2019, 2020 and 2021– in order for 100% of the accrued Incentive to become vested in accordance with the Group's RoE objective.

If RoE for the Banking Business at 31 December 2021 (calculated in the manner described in the preceding paragraph) is less or more than 13%, the entire Target Incentive shall be adjusted accordingly as per the scale shown.

Mean RoE (%)	% achievement
Banking Business	
RoE <12%	0%
$12\% \leq \text{RoE} \leq 13\%$	$50\% \leq X \leq 100\%$
$13\% \leq \text{RoE} \leq 14\%$	$100\% \leq X \leq 150\%$
$14\% \leq \text{RoE}$	150%

6. Basic conditions for payment of the Incentive

a) Reaching the minimum threshold of compliance with targets.

b) Other conditions

Furthermore, the following conditions will be necessary and indispensable for payment:

- Being part of and active in the group on the accrual dates. The right to receive this Incentive shall automatically lapse if the employment or commercial relationship between Bank and employee terminates for any reason before the award date, without any obligation on the Bank to communicate this circumstance.
- The employee must retain the same functional level or responsibilities he or she held at the time the Plan was approved.

7.- Payment of the Incentive

- The Incentive shall be paid to the Beneficiaries, in cash and Bankinter, S.A. shares, in accordance with the following scheme:

a. Chief executive officer and participants who receive a particularly high amount of variable remuneration:

- 40% of the total Incentive accrued shall be paid immediately as follows:
 - 50% will be paid in cash, with the February 2022 payslip.
 - The remaining 50% shall be given to beneficiaries as 'net' Bankinter shares (i.e. after deducting the amount of personal income tax withholding for 2022), which shall be deposited in beneficiaries' securities accounts after the 2022 annual general meeting.
- The remaining 60% of the incentive accrued shall be paid, in fifths, over five years from the time it accrues (2023, 2024, 2025, 2026 and 2027). Each payment shall be made with 40% in cash and 60% in net shares.


b. Other executive directors and members of senior management

- 60% of the total Incentive accrued will be paid immediately as follows:
 - 50% will be paid in cash, with the February 2022 payslip.
 - The remaining 50% shall be given to beneficiaries as 'net' Bankinter shares (i.e. after deducting the amount of personal income tax withholding for 2022), which shall be deposited in beneficiaries' securities accounts after the 2022 annual general meeting.

- The remaining 40% of the Incentive accrued shall be paid, in fifths, over five years from the time it accrues (2023, 2024, 2025, 2026 and 2027). Each payment shall be 50% in cash and 50% in net shares.

c. Other participants

- 60% of the total Incentive accrued will be paid immediately as follows:
 - 50% will be paid in cash, with the February 2022 payslip.
 - The remaining 50% shall be given to beneficiaries as 'net' Bankinter shares (i.e. after deducting the amount of personal income tax withholding for 2022), which shall be deposited in beneficiaries' securities accounts after the 2022 annual general meeting.
- The remaining 40% of the Incentive accrued shall be paid, in thirds, over three years from the time it accrues (2023, 2024 and 2025). Each payment shall be 50% in cash and 50% in net shares.
- Delivered shares will be subject to a one-year retention period.
- Malus and clawback clauses shall apply in accordance with the Bank's remuneration policy.



Activity report of the remuneration committee of Bankinter 2020

In accordance with articles 31 et seq. of the Corporate By-laws, Bankinter's board of directors has set up various committees to help it discharge its duties, including the remuneration committee, which aids the board on matters relating to the definition and implementation of the Bank's remuneration policies.

The remuneration committee's delegated functions and rules of organisation and operation are governed by article 41 of the Rules and Regulations of the Board of Directors, which can be found on Bankinter's corporate website (www.bankinter.com/webcorporativa).

At its meeting of 22 July 2020, and acting on the proposal of the remuneration committee, the board of directors approved a specific regulation for the committee. The purpose of this regulation, which now forms part of Bankinter Group's internal corporate governance rules, is to promote the remuneration committee's independence and determine the guiding principles and basic rules of its composition, operation and powers while observing corporate governance best practices.

1. Composition

In accordance with the Rules and Regulations of the Board of Directors and with its own regulation, the remuneration committee shall comprise non-executive directors only, with a majority of independent directors. The chairman shall always be an independent director.

The following directors (majority independent) sat on Bankinter's remuneration committee at the end of 2020:

Chairman:

- Álvaro Álvarez-Alonso Plaza (independent external director)

Members:

- Rafael Mateu de Ros Cerezo (independent external director)

- Fernando Masaveu Herrero (external proprietary director)
- Teresa Martín-Retortillo Rubio (independent external director)
- Fernando José Francés Pons (independent external director)

The secretary of the board of directors acts as secretary of the committee.

2. Operation and running

In order to fully discharge its duties, the remuneration committee shall meet as often as it or its chairman agrees to convene a meeting.

The committee may instruct its chairman to invite the Bank's chairman, vice-chairman (if executive), chief executive officer and other executives or senior managers to attend committee meetings. The committee must always consult the chairman, vice-chairman (if executive) and the chief executive officer before carrying any resolution or drawing up any report in relation to the remuneration of executives or senior managers.

The remuneration committee shall have access to all information and documentation needed to properly discharge its duties, and may seek the assistance of advisers, consultants, experts and other independent professionals.

The chairman of the remuneration committee shall report to the board of directors on all activities and work performed by the committee, whether at specific meetings scheduled for that purpose or at the next board meeting if the chairman deems this necessary. The committee shall provide board members with copies of the minutes of such meetings.

3. Remit

The remuneration committee has the following remit, pursuant to article 41 of the Rules and Regulations of the Board of Directors and to its own Regulation:

1. Submitting the director remuneration policy and the individual remuneration of directors to the board of directors for its approval, along with the corresponding annual director remuneration report (which the board shall then lay before shareholders at a general meeting for a consultative vote).
2. Submitting a proposal to the board of directors on the individual remuneration of executive directors for the performance of duties other than those of a director and other terms and conditions of their contracts.
3. Proposing the remuneration policy for senior managers, including managing directors or those who perform senior management duties and report directly to

the board, to executive committees or to chief executive officers, as well as their individual remuneration and other basic terms and conditions of their contracts.

4. Setting the remuneration of members who are not considered senior managers but who receive significant remuneration (especially variable remuneration), and whose activities may have a significant impact on the Group's risk profile.
5. Verifying the extent of compliance with the remuneration policy in general during the financial year and enforcing compliance.
6. Conducting regular reviews of remuneration programmes; assessing their implementation and effectiveness; and ensuring that directors' remuneration conforms to standards of moderation and the Bank's results.
7. Ensuring transparent remuneration and its inclusion in the annual report and in any other annual reports containing information on directors' remuneration; and, to this end, submitting relevant information to the Board.
8. Reporting on incentive plans for senior managers or employees that are pegged to the performance of the Bank's listed share price or other variable indices, as well as on remuneration systems for the Bank's management team based on collective insurance systems or deferred remuneration systems, if applicable.
9. Performing such other duties as may be delegated to the committee under these rules and regulations or by the board of directors.

4. Activities of the committee in 2020

The committee performs its duties with complete operational independence. It is led by its chairman, who sets a calendar of meetings and (if necessary) calls any meetings that were not originally envisaged in that calendar; decides the business to be included on the agenda; and decides which Bank employees, senior officers or third parties deemed necessary for the proper performance of the committee's duties should attend meetings. The committee always has full support from the Bank's executive departments and support units, and reports regularly on its activities to the board of directors.

Committee meetings in 2020

The remuneration committee held five ordinary meetings and one written meeting in 2020. Full attendance was reported at all such meetings, with all committee members either present or represented by proxy.

The main activities undertaken by Bankinter's remuneration committee in 2020 are described below:

4.1. Determining the remuneration of the members of the board of directors for their supervisory duties and the individual remuneration of the non-executive chairman, the executive directors and senior management, and submitting a proposal to the board.

- Remuneration of the members of the board for their supervisory duties

In view of the situation caused by the COVID-19 pandemic, at its meeting in December 2020 the remuneration committee advised the board of directors to maintain the fixed remuneration and attendance fees currently assigned to the members of the board of directors, and therefore the annual maximum limits already approved at the annual general meeting for these amounts, i.e. €2,000,000/per annum.

- Remuneration of the non-executive chairman of the board:

The remuneration committee likewise advised the board of directors to maintain the chairman's remuneration in 2021 at the same level as the amount paid in 2020 for duties other than those of a director. For performing these duties, which are described in Bankinter's corporate governance reports, the board's chairman only receives fixed remuneration. The remuneration amounts payable in 2021 will be included in the annual director remuneration report laid before shareholders for a consultative vote at the next annual general meeting held in 2021.

- Remuneration of executive directors and senior management:

Bankinter's remuneration committee has scrutinised the following matters relating to the remuneration of executive directors:

- Recommendation submitted to the board of directors, at a meeting held on 16 December 2020, on the amount of fixed and variable remuneration payable to executive directors in 2021.

In setting these amounts, the committee relied on reports drawn up by external consultants, which included a group of domestic and European peer entities, as was the case the year before. Further information on this point will be duly described in the report on director remuneration that will be available on the corporate website when the annual general meeting is called.

In light of these external reports and the current pandemic, the remuneration committee decided against increasing the fixed remuneration payable to executive directors and senior management.

The committee also advised the board of directors on the best structure of indicators and weightings for determining annual variable remuneration for 2021, as per the

approved remuneration policy. It also recommended suitable indicator attainment levels for payment of variable remuneration. All of this information will be duly explained in the report on director remuneration that will be made available to shareholders when the annual general meeting is called. When drawing up its proposal, the remuneration committee requested a report from the risk committee confirming that the incentives set out in the remuneration system are consistent and compatible with the Bank's position in terms of risk, capital, liquidity, and probability and opportunity for profit. The risk committee received an assessment of the suitability of parameters and values proposed as targets for the 2021 variable incentive. The report concluded that the targets are consistent with Bankinter's risk appetite framework and show a suitable balance between the different targets so as not to encourage behaviour or conduct that might generate excessive risk-taking.

- Verification of target achievement for annual variable remuneration accrued in 2020 and related terms of payment, in accordance with the Bank's general remuneration policy for 2020. The committee also relied on a certificate issued by the chief HR and internal communication officer, the chief financial officer and the chief risk officer confirming that the financial information warranting payment of the accrued annual variable remuneration is adequate and has been validated by the relevant departments.

4.2. Multi-year variable remuneration (long-term incentive)

In 2020 the remuneration committee received information on the current situation and prospects for attaining the indicators set out in the long-term incentive plan for 2019-2021. The related data will be included in the report on the remuneration of directors. The main features of this plan are described in the report on director remuneration approved (in a consultative vote) at the annual general meetings held in March 2019 and March 2020.

4.3. Proposed annual report on director remuneration

In 2020, in compliance with its duties, the remuneration committee analysed and approved the report on director remuneration of directors for 2019, pursuant to art. 541 of the Spanish Companies Act. This approval was then laid before shareholders at the annual general meeting held in 2019. The report was found to be compliant with the form, content and structure defined in Circular 2/2018, of 12 June, of the Spanish National Securities Market Commission (CNMV), which for the first time permitted institutions that did not wish to use the standardised electronic document to present their report in a free format. However, they must comply with the minimum

requirements provided in that Circular, and must be necessarily accompanied by statistical appendices in order to continue to provide a minimum amount of information in a standardised format to help the CNMV with the compilation and subsequent processing of data, so that the CNMV can continue to exercise its supervisory functions effectively.

For the second year in a row, the remuneration committee decided to submit its proposed report on the remuneration of directors to the board of directors in the free format, respecting the minimum content to be included and accompanying it with the statistical appendices.

This report contains a description of the remuneration policy for the financial year in progress, an overall summary of how the policy was applied in the previous year and details of the individual remuneration accrued by each of the directors in the financial year in question.

The report on director remuneration was approved by 93.496% of the total share capital present in person and represented by proxy at the 2020 general meeting of shareholders.

4.4. Verification of information on the remuneration of executive directors and senior managers in corporate documents

The committee has verified the information on the remuneration of executive directors and senior managers contained in the corresponding note to the financial statements, the annual report on director remuneration and the Pillar 3 disclosure report.

4.5. Determining the identified staff

Each year, the remuneration committee verifies and defines the composition of, and potential exclusions from, the identified staff of Bankinter Group, in accordance with prevailing regulations and the policy for determining the identified staff of Bankinter Group.

4.6. Review of remuneration policies and procedures

The remuneration committee continuously reviews remuneration policies and procedures. It makes any changes deemed necessary to bring them in line with the most stringent domestic and foreign recommendations and standards.

The committee advised the board to submit to the annual general meeting a new director remuneration policy for 2019, 2020 and 2021 relative to the assignment to the board of directors of the authority to modify and adjust the number of shares to be delivered to executive directors as part of the deferred variable remuneration in shares.

The new policy describes in greater detail the authority to modify and adjust the number of shares to be delivered as part of the deferred variable remuneration in shares when there is a bonus share issue, a split or a reverse split of Bankinter shares or when '*any other corporate transaction of a similar nature or having similar effects*' includes different situations, events or special circumstances arising, or regulatory requirements or recommendations to be issued by regulatory or supervisory bodies, and when corporate transactions may trigger changes in the unit value of Bankinter's shares, which could therefore affect the initial value of the investment made by any Bankinter shareholder. In these cases, Bankinter's board of directors is also authorised to make the necessary adjustments to offset the loss of value of the Bank's shares resulting exclusively from these situations, events, special circumstances or corporate transactions to maintain the balance of its remuneration system. To do so, the board has the appropriate corrective mechanisms to ensure that variable remuneration is the same as the amount that would have been paid if such events had not occurred.

The proposed amendment for the annual general meeting to the director remuneration policy in March 2020 was accompanied by a specific report drawn up by the remuneration committee of the board of directors to justify and explain the most significant amendments. This report was also made available to shareholders on Bankinter's corporate website from the date on which the general meeting was called.

That policy was approved at the annual general meeting held in March 2020 with 97.38% of votes in favour.

4.7. Exercise of duties in relation to Group companies

The remuneration committee exercises duties in relation to Group companies in coordination with areas under its remit. In some cases, it assumes remuneration committee duties of Group companies that, although they do not have their own committees because of their size and composition, need supervision of matters under the remit of this committee. Specifically, it performs this duty in the following Group companies: Bankinter Consumer Finance, Bankinter Asset Management, Bankinter Venture Capital, Avantcard and Bankinter Luxembourg.

