

EVERTEC, Inc.  
Form DEF 14A  
April 16, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**EVERTEC, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**Not Applicable**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Notice of Annual Meeting  
of Stockholders and  
2015 Proxy Statement

April 16, 2015

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**EVERTEC, Inc.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

April 16, 2015

Dear Stockholder:

On behalf of the Board of Directors (the Board ) of EVERTEC, Inc. (the Company ), we are pleased to invite you to attend the Company s 2015 Annual Meeting of Stockholders (the Annual Meeting ) to be held at the Condado Vanderbilt Hotel Luchetti Meeting Room, 1055 Ashford Avenue, San Juan, Puerto Rico 00907, on Friday, May 29, 2015 at 9:00 a.m. Puerto Rico Time.

The accompanying notice of the meeting and proxy statement describe the matters to be acted upon at the Annual Meeting.

Your vote is very important to us. Whether or not you expect to attend the Annual Meeting in person, please submit your proxy or voting instructions over the telephone, the Internet or by mail as soon as possible to ensure that your shares are represented at the Annual Meeting and your vote is properly recorded.

We look forward to seeing you at the Annual Meeting and appreciate your continued support.

Sincerely,

Frank G. D Angelo

*Chairman of the Board of Directors*

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**EVERTEC, INC.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

**TIME AND DATE** Friday, May 29, 2015, at 9:00 a.m. Puerto Rico Time

**PLACE** Condado Vanderbilt Hotel Luchetti Meeting Room

1055 Ashford Avenue

San Juan, Puerto Rico 00907

**ITEMS OF BUSINESS** To address the following proposals:

1. Election of the Directors named in the Proxy Statement for the coming year;
2. Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm;
3. Advisory Vote on Executive Compensation;
4. Advisory Vote on the Frequency of the Executive Compensation Advisory Vote;

and to transact such other business as may be properly brought before the Annual Meeting or any adjournments or postponements thereof.

**RECORD DATE** Owners of record at the close of business on March 31, 2015 (the Record Date ), are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof.

*Your vote is important to us. Please exercise your stockholder right to vote.*

**Important Notice Regarding the Availability of Proxy Materials**

Edgar Filing: EVERTEC, Inc. - Form DEF 14A  
**for the 2015 Annual Meeting of Stockholders to be Held on May 29, 2015:**

The Company's Proxy Statement and Annual Report are available at:

[www.proxyvote.com](http://www.proxyvote.com)

By Order of the Board of Directors,

**Arturo Díaz-Abramo**

Secretary

April 16, 2015

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**PROXY SUMMARY**

**Introduction**

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should carefully read the entire Proxy Statement and Annual Report on Form 10-K before voting.

**2015 Annual Meeting of Stockholders**

**Date:**

Friday, May 29, 2015

**Time:**

9:00 a.m. Puerto Rico Time

**Location:**

Condado Vanderbilt Hotel Luchetti Meeting Room

1055 Ashford Avenue

San Juan, Puerto Rico 00907

**Record Date:**

March 31, 2015

**Voting:**

Stockholders as of the record date may cast their vote in the following ways:

| <b>Internet</b>  | <b>Phone</b>            | <b>Mail</b>            | <b>In Person</b>                  |
|--|-------------------------|------------------------|-----------------------------------|
| Visit <a href="http://www.proxyvote.com">www.proxyvote.com</a> .<br>You will need the 12 digit | Call<br>1-800-690-6903. | Send your<br>completed | If you plan to vote<br>in person, |

number included in your proxy card or notice.

You will need the 12 digit number included in your proxy card or notice.

and signed proxy card to the address on your proxy card.

you will need to bring a government-issued photo ID and proof of your ownership of EVERTEC, Inc. stock as of the record date.

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| Jorge Junquera   | <b>FOR</b>                      | 21          |
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In 2014, the Merchant Acquiring and Payment Processing segments continued to grow, driving growth in total revenues to \$361.1 million, for an increase of 1%. The Business Solutions segment slowed in the year, driven almost entirely by a reduction in hardware and software sales. Highlights for 2014 include:

Merchant Acquiring revenues increased \$5.5 million or 7% compared with 2013. The revenue growth was primarily the result of an increase in transaction volumes of 19.44 million.

Payment Processing revenues grew \$5.3 million or 5% compared with 2013. Revenue growth was driven mainly by an increase of \$3.0 million in our card products business resulting from higher accounts on file due to new customer additions in our Latin America operations, and by an increase in ATH and POS network and processing transactions.

Business Solutions revenues decreased \$7.7 million or 4% compared with 2013. The decrease was almost entirely attributable to a decline in hardware and software sales of \$10.3 million, partially offset by an increase in demand for core banking and other services of \$2.7 million.

|                 |   |
|-----------------|---|
| \$182.8 Million | <b>Adjusted EBITDA</b> (vs. \$177.7 Million in 2013)              |
| \$130.0 Million | <b>Adjusted Net Income</b> (vs. 121.3 Million in 2013)            |
| \$1.65          | <b>Adjusted Net Income per diluted share</b> (vs. \$1.49 in 2013) |

Total operating costs and expenses for the year ended December 31, 2014 were \$263.8 million, a decrease of \$8.5 million or 3% compared with 2013.

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**PROXY SUMMARY**

Selling, general and administrative expenses increased \$2.5 million or 6% compared with 2013. The increase was due mainly to non-recurring expenses included in 2014 of \$7.9 million associated to the CEO succession and acceleration of vesting of certain stock options, and \$1.1 million in professional expenses related to the debt offering that was withdrawn. This increase was partially offset by a \$3.1 million non-cash charge taken in connection with the vesting of all Tranche B and C stock options and a \$2.7 million one-time expense related to the secondary offerings completed in 2013.

Income from operations increased \$11.6 million or 14% compared with 2013.

Detailed financial information for the Company and its subsidiaries for the fiscal year ended December 31, 2014 is included in the Annual Report that is being provided to the Company's stockholders together with this Proxy Statement. The Annual Report and this Proxy Statement are also available at [www.proxyvote.com](http://www.proxyvote.com).

**Leadership Transition**

Throughout 2014 and up until as recently as April 1, 2015, the Company has undergone significant changes within its leadership composition.

Since our last annual meeting, the Nominating and Corporate Governance Committee has coordinated with a professional search firm to successfully identify candidates with the qualifications and characteristics suitable to fill the vacancies on our Board, focusing on director candidates with expertise in the payments industry and Latin American markets. Highlights of these changes include:

In September 2014, Olga Botero joined the Board. Ms. Botero is a native of Colombia and has more than 20 years of experience in leadership roles in financial services, telecommunications and technology sectors in Colombia and throughout Latin America.

Thomas W. Swidarski, a seasoned senior executive with deep knowledge in the financial services and payments industries, joined the Board in December 2014.

In February 2015, Brian J. Smith joined our Board. Mr. Smith resides in Mexico and has substantial managerial experience in Latin America.

Jorge Junquera, a member of our Board since April 2012, retired from Popular, Inc. at the end of February 2015, and has since then continued to provide the Board with valuable insight and experience as an independent director. In addition to the changes to the composition of our Board of Directors, the following changes occurred within the Company's senior management:

In February 2014, Arturo Díaz-Abramo joined the Company as its General Counsel, Corporate Secretary and Senior Vice President in charge of the Company's Legal and Compliance Division. Mr. Díaz-Abramo is a corporate and securities law attorney with close to 20 years of experience in corporate governance, mergers and acquisitions, public and private securities issuances and litigation matters.

In October 2014, Alan I. Cohen joined the Company as Executive Vice President of Communications and Marketing and Head of Investor Relations. Mr. Cohen has more than 25 years of experience in sales, marketing, investor relations and public relations and is currently in charge of managing the Company's Enterprise Risk Management Program.

In the fourth quarter of 2014, Morgan M. Schuessler, Jr. was appointed President and Chief Executive Officer of the Company and its wholly owned subsidiary, EVERTEC Group, LLC, effective April 1, 2015. Mr. Schuessler brings to the Company over 20 years of payment industry leadership experience and currently serves as the Company's Management Director on our Board.

Effective December 31, 2014, Peter Harrington resigned from the position of President and Chief Executive Officer, as well as Management Director of the Company's Board of Directors.

Frank G. D'Angelo, Chairman of the Board since February 2014, and a director since September 2013, was appointed the Company's Interim Chief Executive Officer from January 1, 2015 to March 31, 2015.

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**PROXY SUMMARY**

During Mr. D'Angelo's tenure as Interim Chief Executive Officer, the Board appointed Alan H. Schumacher, a member of the Board since April 2013, as Interim Lead Independent Director to preside over executive sessions of our independent directors.

Although changes in any company's leadership often present challenges and uncertainties, both management and the Board agree that this transition period was met with positive attitudes and a deep desire by all to establish the right mix of individuals that, as a group, will provide the Company with the experience and industry knowledge necessary to continue meeting its business objectives.

**Executive Compensation**

In 2014, EVERTEC's Compensation Committee, in consultation with an independent compensation consulting firm, reviewed the Company's entire executive compensation program to better align it with the programs found at other publicly traded peers.

The objectives of the review were to:

Link the compensation programs to the long-term objectives of the Company

Provide clear and direct goals for the Company's management team

Ensure that compensation levels are (1) competitive for the executives, (2) reasonable with respect to stockholder dilution and (3) affordable to the Company

Working with the independent compensation consultant, the Compensation Committee:

- Developed a peer group of companies for compensation and plan practice comparisons comprised of similar businesses in the U.S., and also reviewed publicly traded businesses in Puerto Rico as an additional reference

- Established total compensation targets for the NEOs and other top executives

- Restructured the annual cash bonus plan to establish new goals, payment schedules and the mix of individual and Company goals for different levels of the Company's management

- Revised the mix of 2015 long-term incentive awards; the mix includes both the award of time-based restricted stock units (RSUs) for retention and performance-based RSUs to link top executives to critical future



growth goals

Formalized the Company's stock ownership guidelines

Through the adoption and implementation of these changes, the Compensation Committee believes that the Company's executive compensation program fully supports the Company's business plan for the future.

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**EVERTEC, INC.**

**Road 176, Km. 1.3**

**San Juan, Puerto Rico 00926**

**PROXY STATEMENT FOR THE 2015**

**ANNUAL MEETING OF STOCKHOLDERS**

**General**

The enclosed proxy, which was first mailed to stockholders on or about April 16, 2015, is solicited on behalf of the Board of Directors (the Board or Board of Directors ) of EVERTEC, Inc., a Commonwealth of Puerto Rico corporation ( we, us, our, EVERTEC and the Company ), for use at the 2015 Annual Meeting of Stockholders to be held on May 29, 2015 (the Annual Meeting ), and any adjournments or postponements thereof. The Annual Meeting will be held at 9:00 a.m. Puerto Rico Time, at the Condado Vanderbilt Hotel Luchetti Meeting Room located at 1055 Ashford Avenue, San Juan, Puerto Rico 00907.

**Record Date and Shares Outstanding**

The close of business on March 31, 2015 has been fixed as the record date (the Record Date ) for determining the stockholders of record entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, there were outstanding and entitled to vote 77,443,004 shares of our common stock, \$0.01 par value per share (the Common Stock ).

**Quorum**

In order for the Company to conduct the Annual Meeting, the holders of a majority of the outstanding shares of Common Stock eligible to vote at the meeting must be represented in person or by proxy at the Annual Meeting. This is referred to as a quorum. Votes cast in person or by proxy at the Annual Meeting will be received and tabulated by a representative of The Carideo Group, the Inspector of Elections appointed for the meeting. The Inspector of Elections will determine whether or not a quorum is present. Abstentions and broker non-votes will be counted for purposes of establishing a quorum. A broker non-vote occurs when a brokerage firm returns a signed proxy card but does not vote shares on a particular proposal because the proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares. For further discussion of broker non-votes, see Required Votes / Effect of Abstentions and Broker Non-Votes.

### **Voting of Proxies**

If any stockholder is unable to attend the Annual Meeting, such stockholder may vote by proxy. Shares of Common Stock represented by properly executed proxies, duly returned and not revoked, will be voted in accordance with the instructions contained therein. Except as discussed below with regard to shares held in street name by a bank or broker, if no instruction is indicated on the proxy, the shares of Common Stock represented thereby will be voted as follows:

1. **FOR** the director nominees for election of directors of the Company listed herein (Proposal 1);

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**PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

2. **FOR** the ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for 2015 (Proposal 2);
3. **FOR** the approval through an advisory vote of the compensation paid to the Company's named executive officers (Proposal 3);
4. **FOR** the approval through an advisory vote of an annual frequency of future advisory votes on executive compensation (Proposal 4); and
5. at the discretion of the person or persons voting the proxy, with respect to any other matter that may properly be brought before the Annual Meeting.

The execution of a proxy will in no way affect a stockholder's right to attend the Annual Meeting and vote in person.

**Voting of Shares**

Each share of Common Stock entitles the holder thereof to one vote upon any proposal submitted for a vote at the Annual Meeting. All shares entitled to vote and represented in person or by valid proxies received by telephone, Internet or mail will be voted at the Annual Meeting in accordance with the instructions indicated in those proxies.

**Required Votes / Effect of Abstentions and Broker Non-Votes**

The vote required for approval of each matter to be voted on is as set forth in the table below. Also, under certain circumstances, banks, brokers or other nominees are prohibited from exercising discretionary authority for beneficial

owners who have not provided voting instructions to the bank, broker or other nominee (a broker non-vote ). In these cases, and in cases where the stockholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included as votes cast with respect to those matters. Whether a bank, broker or other nominee has authority to vote its shares on uninstructed matters is determined by the New York Stock Exchange ( NYSE ) rules. The following sets forth the effect of abstentions and broker non-votes on each matter to be voted on:

| Proposal  | Vote Required   | Voting Options                          | Effect of Abstentions                  | Broker Discretionary Voting Allowed? | Effect of Broker Non-Votes |
|---|---|---|--|--------------------------------------|----------------------------|
| Election of Directors   | Plurality of votes cast   | FOR or WITHHOLD for any or all nominees | No effect                              | No                                   | No effect                  |
| Ratification of Appointment of Independent Registered Accounting Firm | Majority of shares present in person or represented by proxy and entitled to vote | FOR, AGAINST or ABSTAIN                 | Treated as a vote AGAINST the proposal | Yes                                  | Not applicable             |
| Advisory Vote on Executive Compensation Matters (Say on Pay)          | Majority of shares present in person or represented by proxy and entitled to vote | FOR, AGAINST or ABSTAIN                 | Treated as a vote AGAINST the proposal | No                                   | No effect                  |
| Advisory Vote on the Frequency of Say on Pay Votes                    | Majority of shares present in person or represented by proxy and entitled to vote | 1 YEAR, 2 YEARS, 3 YEARS or ABSTAIN     | Treated as not expressing a preference | No                                   | No effect                  |

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**PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**How You Can Vote**

*Vote in Person*

If you hold shares in your own name, you may vote by proxy or in person at the Annual Meeting. If you wish to vote your shares in person at our Annual Meeting, you may either bring your proxy card or Notice of Internet Availability to the meeting or request a ballot at the meeting. Remember to bring a government-issued photo ID.

If your shares of Common Stock are held in the name of a bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee that you must follow in order for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares evidencing that you were a holder of shares as of the Record Date and present that proxy and proof of identification at the Annual Meeting. To vote by proxy, you may select one of the following options:

*Vote by Internet*

You can vote your shares on the Internet until 11:59 p.m. (AST) on May 28, 2015. The website for Internet voting ([www.proxyvote.com](http://www.proxyvote.com)) is shown on your proxy card or Notice of Internet Availability, as applicable. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. If you vote on the Internet, you do NOT need to return your proxy card if you received one. You can also vote your shares on the Internet by scanning the QR code shown on your proxy card or Notice of Internet Availability, as applicable, with your mobile device.

*Vote by Telephone*

You can vote your shares by telephone until 11:59 p.m. (AST) on May 28, 2015 by calling the toll-free telephone number (at no cost to you) shown on your proxy card or Notice of Internet Availability, as applicable. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the stockholders by using individual control numbers. If you vote by telephone, you do NOT need to return your proxy card if you received one.

### *Vote by Mail*

If you received your proxy materials by mail, simply mark your proxy card, date and sign it, and return it using the postage-paid envelope provided. In order for your votes to be included in the final tallies, your proxy card must be received by the date and time of the Annual Meeting.

### **Revocation of Proxies**

If a proxy is properly executed and returned to the Company in time to be voted at the Annual Meeting, it will be voted as specified in the proxy, unless it is properly revoked prior thereto. If you hold shares of Common Stock in your own name and vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by: (1) signing another proxy card with a later date or a notice of revocation and returning it to us prior to the Annual Meeting (Attention: Secretary, Road 176, Km. 1.3, San Juan, Puerto Rico 00926); (2) voting again by telephone or on the Internet before 11:59 p.m. (AST) on May 28, 2015; or (3) attending the Annual Meeting in person and casting a ballot.

If your shares of Common Stock are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

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**PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**Voting Results**

The preliminary voting results will be announced at the Annual Meeting and published within four business days after they are known in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC").

**Solicitation**

The Company will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "Annual Report"), and any additional solicitation materials furnished to the stockholders. The original solicitation of proxies may be supplemented by a solicitation by mail, in person, by telephone, or by other electronic means by a proxy solicitor contracted by the Company, whose fees will be paid for by the Company, and directors, officers or employees of the Company, who will not receive any additional compensation for such services.

**Householding of Proxy Materials**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," provides extra convenience for stockholders and cost savings for us. The Company and some brokers household proxy



materials, delivering a single Notice of Internet Availability of Proxy Materials or Proxy Statement and Annual Report to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or the Company if you hold Common Stock directly. Requests in writing should be addressed to: EVERTEC, Inc., Road 176, Km. 1.3, San Juan, Puerto Rico 00926, Attention: Secretary. Requests may also be made by calling the Secretary at (787) 759-9999 ext. 4706.

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### **CORPORATE GOVERNANCE**

#### **Overview**

The Company's business affairs are conducted under the direction of the Company's Board of Directors (the Board) in accordance with the Puerto Rico General Corporation Law of 2009, as amended, the Company's Charter, and Amended and Restated By-Laws (the By-Laws). Members of the Board of Directors are informed of the Company's business through discussions with management, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

#### **Board Composition**

Our Board is currently comprised of nine directors. Messrs. Junquera and Rivera and Ms. Loubriel were originally nominated to the Board by Popular, Inc. ( Popular ) under its director nominee rights granted by the Stockholder Agreement, as amended, by and among the Company, Popular and the other stockholders party thereto (the Stockholder Agreement ). Messrs. D Angelo and Schumacher were originally nominated to the Board by Apollo Management, LLP under its director nominee rights granted by the Stockholder Agreement.

In accordance with the Stockholder Agreement, if there are any vacancies on our Board, then a committee consisting of our entire Board (other than any directors who are to be replaced because Popular has lost the right to nominate them) has the right to nominate the individuals to fill such vacancies, which nominees must be reasonably acceptable to Popular for so long as it owns, together with its affiliates, at least 5% of our outstanding Common Stock.

As of the Record Date, the Board was in compliance with the NYSE rules with respect to maintaining the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee comprised entirely of independent directors. The Board has determined that each of Mr. D Angelo, Mr. Schumacher, Mr. Swidarski, Mr. Smith, Mr. Junquera, Ms. Loubriel and Ms. Botero is an independent director, in accordance with the criteria set forth in the NYSE rules.

As described in more detail in the Certain Relationships and Related Transactions section of this Proxy Statement, as of the Record Date, Popular has nominated Mr. Rivera and Ms. Loubriel as members of the Board pursuant to its director nominee rights granted by the Stockholder Agreement. Popular, therefore, has the power to significantly

influence the election of directors at our annual meetings. Except for certain exceptions described in the Stockholder Agreement and subject to applicable law, Popular s designees may only be removed by Popular.