

INFORMATION CONCERNING REMUNERATION POLICY FOR IDENTIFIED COLLECTIVE

1. Collective management and personnel control areas

According to Article 32.1 of Law 10/2014 of 26 June, management, supervision and solvency of credit institutions that transposes the directive 2013/36 / EU of 26 June 2013 concerning access to the activity of credit entities and the prudential supervision of credit institutions and investment firms ("LOSS"), should be subject to special scrutiny those professionals of the Entity that can be classified as senior management, employees that assume risks, which exercise control functions and any worker receiving full remuneration that includes them in the same remuneration scale as that of senior management and employees that assume risks, whose professional activities have a material impact on their risk profile.

In this sense, although that legislation does not provide a definition of each of these Collectives, the EBA, in the implementation of Article 94 of Directive CRD IV, published on 21 May 2013, a Guide on criteria to identify categories of employees whose activities have an impact on the risk profile of the entities, criteria that have been collected by the Commission in its Delegated Regulation (EU) No 604/2014 of 4 March, where it complements the Directive 2013/36/EU of the European Parliament and the Board of Director as regards the regulatory technical standards concerning the qualitative criteria and appropriate quantitative criteria to determine staff categories whose professional activities have an important role in the entity's risk profile of an entity.

In application of that Delegated Regulation (EU) No 604/2014 of 4 March, Inversis has developed an internal policy for determining the identified Collective of its Group where it has expressly included the criteria of that legal text.

According to the above, in implementing that policy, Inversis 2019 has identified the following professionals with significant impact on the Entity's risk profile:

- Members of the Board of Directors.
- Chief Executive Officer.
- Deputy Managing Director Business and Institutional Relations.
- Deputy Managing Director of Technology.
- Deputy Managing Director of Organization and Transactions.
- Deputy Managing Director of Markets.
- Chief Financial Officer.
- Head of Risk Department.
- Secretary of the Board of Directors / Head of Legal Department.
- Head of Human Resources and Corporate Services.
- Inversis Gestion, S.A.U., S.G.I.I.C.'s General Manager.
- Manager of Internal Audit.
- Compliance Officer.
- Head of the Fixed Income Trading Board.
- Assistant Manager of the Fixed Income Trading Board.

It is to this group to which the measures contained in the remuneration policy of the identified Inversis Group, which complies with the requirements on remuneration established in the LOSS and that are described below.

2. Remuneration Policy

2.1. General principles of the Policy

The Remuneration Policy of the Inversis Group establishes a system of remuneration compatible with the business strategy, objectives, values and long-term interests of the company, both in absolute and comparative terms with the sector.

The Retribution Policy seeks to establish a remuneration scheme appropriate to the dedication and responsibility assumed by the people to which it is applicable, in order to, on the one hand, attract, retain and motivate the most outstanding professionals, and on the other, contribute that the Entity can fulfil its strategic objectives within the framework in which it carries out its activity, all of this, in accordance with what is established in the current legislation, and avoiding, in particular, that the Policy itself encourages behaviors of excessive assumption of risks that break the solidity of the Entity.

The general principles of the remuneration policy are as follows:

- Multiplicity of elements
- Prudent and effective risk management
- Alignment with long-term interests
- Appropriate ratio between fixed and variable components
- Internal and external equity
- Supervision and effectiveness
- Flexibility and transparency
- Simplicity and individualization

The current remuneration policy was approved by the Board of Directors in June 2019 following a proposal by the Appointments and Remuneration Committee.

2.2. Key components of the Policy

The policy makes a clear distinction between the criteria for setting:

- Fixed base remuneration, which mainly reflects the relevant professional experience and organizational responsibility as stipulated in the job description as part of the working conditions, and
- The variable compensation reflecting sustainable performance and adapted to the risk.

The general variable remuneration system applicable in the Bank is set depending on the degree of achievement of previously set annual targets and communicated to the employee, while it promotes solid and effective risk management that avoids that the creation of incentives to individual excessive risk taking behaviors.

The company, departmental and individual objectives are general, with a weighting between them that varies according to the level of responsibility of the person and the role it occupies.

Thus, in general, members of the identified Inversis Collective shall have in their variable incentive the following assessment:

- a. A reference to the operating margin of the Banca March Subgroup, as happens with all subsidiaries of the Group.
- b. A reference to the results of the entity (ordinary BAI), which links the amount of incentive to the development of the Bank and promotes collaboration between areas.
- c. A number of strategic objectives:
 - For commercial, equipment specific business objectives.
 - For support functions, qualitative objectives by department.
- d. Finally, quality of service is included as a variable.

In any case, there are minimum thresholds of achievement of objectives, below which no variable remuneration is generated.

2.3. Risk-taking preventive measures

The remuneration policy is consistent with sound and effective risk management, not allowing elements that could lead to actions that exceed the level of tolerated risk by the Entity.

In addition, personnel that exercise control functions are remunerated based on the achievement of the objectives linked to their functions, regardless of the business area results they control.

The policy is also consistent with the business strategy, objectives, values and long-term interests of the Entity.

To this end, the remuneration assessment component based on the results has long-term vision and takes into account current and future risks associated with them.

The variable remuneration in relation to the fixed remuneration does not have, as a rule, a significant proportion, to avoid excessive risk taking.

The Extraordinary and Ordinary Universal General Shareholder Meeting of BANCO INVERISIS, S.A., unanimously agreed, at its meeting held on 25th April 2018 to approve a variable remuneration level higher than 100% of the fixed component of the total remuneration, to a limit of 200%, for the Head and the Assistant Manager of the Fixed Income Trading Board, on the basis of the detailed recommendation issued for this purpose by the Board of Directors of BANCO INVERISIS, S.A., at the proposal of the Appointment and Remuneration Committee, on 15th March 2018.

Regarding the criteria used in the determination of the remuneration, certain aspects have been included to take into account not only present but also future risks. The following are briefly the criteria included in the remuneration policy:

- The objectives established for the members of the Identified Collective include aspects to be taken into account, the degree of compliance with regulations and supervision regulations, the Bank's solvency and liquidity levels and risk management. Accordingly, it should be noted that the Board of Directors has established a Statement of risk appetite with the monitoring thresholds relating to the solvency and the different risks faced by Banco Inversis and its Group and that are subject to monitoring by the Steering Committee, by the Joint Commission of Audit and Risk and by the Board of Directors.
- A substantial part of the variable remuneration component will be deferred over a period of three years. Additionally, a substantial part of the variable remuneration component shall be paid in instruments linked to the share value. Both aspects are developed in point 2.3.1 of this document.
- The remuneration policy generally provides all members of the Identified Collective a remuneration reduction Clause ("malus"), whereby the deferred variable remuneration pending payment will be subject to reduction by Inversis and a clawback if, during the period until its consolidation, certain circumstances occur, which are shown later in section 2.3.2.

2.3.1. Deferral and payment instruments

As previously mentioned, a substantial portion of the variable remuneration, namely 40 percent, is deferred over a period of three years, successfully adapting to the nature of the business, its risks and the activities of the identified Collective members. This deferred remuneration will be paid over the three years immediately following the one in which the non-deferred part is received, according to the following timetable: 12 percent in the first year, 14 percent in the second year and 14 percent in the third year.

As established by the regulations in force, Inversis should set and apply the remuneration policy according to its internal organization and in proportion to its size, the nature, scope and complexity of their activities.

In this regard, the principle of proportionality, the provisions in the clause deferring contained in the Remuneration Policy of the Identified Collective of Inversis, shall apply to members of the Identified Collective whose gross annual variable remuneration exceeds 50,000 Euros and, in any case, any staff member that is identified in the Collective as a member of the management body in its management role or as a member of the management body in its supervisory function. These are the members of the Steering Committee and Inversis Directors.

Exceptionally, in the case of elements of variable remuneration of a particularly high amount, 60 percent of the variable remuneration will be deferred 5 years, at a rate of 12 percent per annum. The Board of Directors, following the proposal of the Appointments and Remuneration Committee, defines what level of variable remuneration constitutes a particularly high amount, after taking into account the average remuneration paid in the Entity, the report on the comparison of remunerations by the European Banking Authority, and where appropriate, the results of the comparison of national and other remunerations, as well as the thresholds established by the competent authorities.

As has also been stated above, to the extent that Inversis is not listed on an official organized market, a substantial part of the variable remuneration element will be paid in instruments linked to the share value. The instruments equivalent to the shares will be indexed to the evolution of the Inversis subgroup equity and therefore take into account the evolution of the solvency and the risk profile of the Group.

2.3.2. Ex-post adjustments of remunerations

The variable remuneration, including the deferred portion, is paid or is consolidated only if it is sustainable according to the financial situation of the entity as a whole, and if it is justified on the basis of the results of the Entity, the Business Unit, of the Department and the person concerned.

The remuneration policy generally includes for all members of the Identified Collective a reduction of remuneration clause ("malus"), whereby the deferred variable remuneration that is pending payment will be subject to reduction by Inversis if, during the period of its consolidation, the following circumstances occur: reformulation of annual accounts, fraudulent action by the Employee, the performance of any act or omission that causes

damage to the Entity, that the Employee has caused serious damage to the Entity, regarding fault or negligence, that the Employee has been sanctioned for a serious and intentional breach of any of the internal rules of Inversis, in particular those related to risk management, that the Employee has been sanctioned for a breach of the norms of ordination and discipline referred to in Title IV of Law 10/2014 of June 26, Management, supervision and solvency of credit institutions classified as serious or very serious.

In addition, for those members of the Identified Collective of Inversis who have been identified in said group for the application of any of the qualitative criteria established in the Identified Collective Determination Policy approved for this purpose, the deferred variable remuneration that is pending payment will also be the object of reduction by Inversis if, during the period until its consolidation, one of the following circumstances

occurs as a consequence of a management attributable to the Employee: Failure to comply with the capital and liquidity ratios legally established at any time by current regulations, or that significant changes have occurred in the Bank's risk profile for actions carried out outside the policies and limits approved by the Bank, or when the solvency or liquidity level, or both, is below the tolerance limit set in the Risk Appetite Framework approved by the Investment Management Board, and the remuneration policy approved by the Banca March Group.

3. Quantitative data

The following is a summary of the amounts paid in 2018 and those pending payment to the Identified Collective members:

IDENTIFIED COLLECTIVE AT 2018.12.31	
<i>Number of persons</i>	21
REMUNERATION CONCEPTS	TOTAL IN EUROS
FIXED REMUNERATION RECEIVED IN 2018	
IDENTIFIED COLLECTIVE AT 2018.12.31	2.937.846
IDENTIFIED COLLECTIVE FORMER MEMBERS	98.351
VARIABLE REMUNERATION ACCRUED IN 2018	
IDENTIFIED COLLECTIVE AT 2018.12.31	2.469.403
IDENTIFIED COLLECTIVE FORMER MEMBERS	0
VARIABLE RETRIBUTION RECEIVED (NOT DEFERRED) IN 2018	
IDENTIFIED COLLECTIVE AT 2018.12.31	648.154
IDENTIFIED COLLECTIVE FORMER MEMBERS	0
DEFERRED VARIABLE REMUNERATION OF PREVIOUS FINANCIAL YEARS AND RECEIVED IN 2018	
IDENTIFIED COLLECTIVE AT 2018.12.31	652.588
IDENTIFIED COLLECTIVE FORMER MEMBERS	95.178
DEFERRED VARIABLE REMUNERATION PENDING PAYMENT AT 31.12.2018	
IDENTIFIED COLLECTIVE AT 2018.12.31	2.611.511
IDENTIFIED COLLECTIVE FORMER MEMBERS	254.550

The distribution by area of activity of the remuneration paid to the Identified Collective members is as follows:

	INVESTMENT BANK	COMMERCIAL BANK	ASSET MANAGEMENT AREA	REST
No. PERSONS	4	0	1	16
TOTAL FIXED AND VARIABLE PERCEPTIONS ACCRUED 2018	3.040.748	0	152.262	2.312.591

In 2018, compensation was accrued to members of the identified group for the amount of 805,185.25 Euros. Deferral and payment measures were applied to said amount using instruments contemplated in the Remuneration Policy and in the applicable relevant legislation. No payments or compensation were made for incorporation to members of the identified group.

Finally, in the following table it shows the total remuneration earned by each of the members

of the Board of Directors in 2018, with an individualized breakdown of remuneration items:

NAME	POST	FIXED ANNUAL REMUNERATION	VARIABLE ANNUAL REMUNERATION	TOTAL ANNUAL REMUNERATION
Luis Lada García	Chairman	200.00		200.000
Javier Povedano Mejías	CEO	230.000	147.815	377.815
Federico Flórez Gutierrez	Director	65.000		65.000
Luis Javier Rodriguez Garcia	Director	110.000		110.000
Francisco Manuel de Lemos dos Santos Bessa	Director	68.750		68.750
María Antonia Otero Quintas	Director	67.500		67.500
José María Concejo Díez	Inversis Gestión Director	50.000		50.000
Gilles Trancart	Inversis Gestión Director	12.500		12.500

The remaining members of the Board of Directors do not receive remuneration for their membership.