



ALLFUNDS BANK S.A.U. REMUNERATION POLICY

1. BACKGROUND

Allfunds Bank, S.A.U., (hereinafter "ALLFUNDS", the "Bank" or the "Company", indistinctly) emerged as a start-up under the combined umbrella of its former shareholders and ALLFUNDS itself. As the company evolved, it built its own identity, comprising its own character and culture, and developing its personal policies and procedures.

Allfunds Bank, S.A.U., is the parent company of a group of affiliated financial institutions (including subsidiaries, branches and representative offices) which, together with the Company, constitute the Allfunds Group. At the same time, Allfunds Bank, S.A.U., is the core entity within the Allfunds Group both from an operational and business perspective and serves as its headquarters. Most of the group's key global activities are run from here, including amongst others corporate management, IT, operations, finance, legal, sales and compliance. Sales activities related to Iberia and Latin America are also run from the Group's headquarters.

At present, ALLFUNDS is a unique company in constant growth and evolution at all levels, and with a high degree of competitiveness in the market. This means that our policies must constantly adapt to align human resources to the company's ambitious long-term goals.

2. ALLFUNDS REMUNERATION POLICY

This policy has been drafted considering the international corporate structure of ALLFUNDS, via its management team, which aspires to create a culture of high performance focusing on ongoing improvement, goals' achievement and client services, where the employees are rewarded and recognised for their achievements, efforts, performance, engagement and commitment, measured through competencies (knowledge, abilities and attitudes) and setting goals, that enable it to capture, manage and retain talented professionals.

ALLFUNDS' Remuneration Policy (hereinafter, the "Remuneration Policy" or "Policy", indistinctly), as a tool, must reflect and be in keeping with the Company's culture and constitutes one of the pivotal elements for the recognition of achievements, efforts, performance, engagement and commitment, so its design is aimed at reflecting and fostering the aforementioned culture and aligning the human resources with ALLFUNDS' long-term goals.

Furthermore, the Company has paid particular attention ensuring that the Policy complies at all times with regulations and supervisory bodies Guidelines concerning remuneration applicable to credit institutions, and that its constituent elements foster the adequate and efficient management of risks, and in any case prevent conflicts of interest from being generated; to help guarantee this, the regulatory compliance area assesses the Policy's adequacy in this regard. To this extend, the guidelines on sound remuneration policies published by the European Banking Authority (hereinafter, "EBA") and effective from the January 1st, 2017 have been included within the regulatory framework.

Therefore, as a procedure, in order to comply with the obligation to carry out (at least once a year) an internal and independent assessment of the Remuneration Policy of the credit entities provided by article 33.2 of Law 10/2014, the Company will run the appropriate diagnostic analysis of the Remuneration Policy and the Identified Staff list, both of them in yearly basis, in order to make sure that the Company is in compliance with the regulatory requirements in force and the Company will take the necessary actions established by the regulation, including the preparation of the necessary documentation and placing it at the disposal of the competent authorities when required, following what it has been established in the Norm 38 of the Circular 2/2016 of the Bank of Spain.

The results of this analysis, the necessary changes and/or proposals, together with the Policy will be presented to the Shareholders meeting.

3. CORPORATE GOVERNANCE

3.1 Board of Directors

The Board of Directors has set up an Appointments and Remuneration Board Committee made up of a minimum of three and a maximum of five members of the Board of Directors who do not perform executive duties within the Company.

Responsibilities of the Board, in the frame of remuneration, includes the following elements:

- Ensure the proper elaboration and periodical review of the general principles of the remuneration policy.
- Responsible in the determination and oversight of the remuneration of the Management functions' members.
- Ensure that the Remuneration Policy and practices are appropriately implemented and aligned with the institution's overall corporate governance framework, corporate culture, risk appetite and related governance processes.
- Approve the Remuneration Policy of the company and the "Identified Staff" List.

The remuneration of the Board will always be established by the Articles of Association of the entity and through a specific remuneration policy approved by the General Meeting.

3.2 Appointments and Remuneration Board Committee

ALLFUNDS' Appointments and Remuneration Board Committee is composed, according current regulations, by the Chair and other members as non-executive roles and with all, or at least most of them, being considered independent.

The Appointments and Remuneration Board Committee generally meets no less than twice per year and one of them matches with the end of the salary review and bonus process for its approval. Its main duties with regards to remuneration are the following:

- Propose to the Board of Directors decisions regarding remuneration, including those that have repercussions on the risk and risk management of the Company. In particular, it shall report on the general remuneration policy for members of the Board of Directors, senior executive vice-presidents or similar positions and other members of the identified group (as this term is defined in applicable legal provisions), as well as individual remuneration and the other contractual terms of the members of the Board of Directors with executive duties, ensuring the observance thereof.
- Members of the board of directors responsible for remuneration policy and members of the remuneration committees and staff members who are involved in the design and implementation of the remuneration policy shall have relevant expertise and functional independence from the business units they control and thus be capable of forming an independent judgment on the suitability of the remuneration policy, in order to comply with the compliance requirements established by Pillar III in terms of recruitment policies.
- Periodically, and at least once per year, evaluate the remuneration policies in order to verify that remuneration standards and procedures approved by the Board of Directors are complied with.
- According to those established in Law 10/2014 and Real Decreto 84/2015, in order to assess the suitability of Directors, General Directors or similar, those responsible for Internal Control functions and other key positions, as well as a mechanism to comply with the rules on incompatibilities, issue a report on the suitability of the candidate at the time of the proposal.

For the issuance of the report, among others, a honourability questionnaire filled out by the interested party and their detailed and updated professional history will be considered, which contain the necessary information for the correct evaluation of the commercial and professional honourability requirements and the adequate knowledge and experience of the candidate. The suitability assessment report will contain the proposed evaluation of the corresponding candidate and must be approved by the board of directors or the executive committee.

3.3 Audit and Risk Board Committee

The Audit and Risk Board Committee is the body responsible for the risk management, audit and compliance functions of the entity. On remuneration issues, its main duties are the following:

- Cooperation with the Appointments and Remuneration Board Committee in the establishment of the Remuneration Policy.
- To examine if the policy of incentives provided for in the remuneration policy takes into consideration risk, capital, liquidity and the likelihood and opportunity benefits.
- Ensure that established policies comply with the applicable regulatory framework.

3.4 Control functions

3.4.1 Common Functions

It corresponds to the control functions to assist the Appointments and Remuneration Board Committee, when required, in determining the overall strategy of the Company applicable to remuneration, considering the promotion of effective risk management.

3.4.2 Specific Functions

The control units and management will assume the following specific functions:

a) Human Resources:

- Propose to the Appointments and Remuneration Board Committee the Remuneration Policy and its subsequent amendments;
- Coordinate and oversee, as a complement of the Board of Directors, the monitoring of the implementation of the Policy and evaluate its performance;
- To safeguard employment contracts;
- Prepare the annual remuneration report;
- Disclosure of the List of the "Identified Staff" to the Bank of Spain.

b) Risk Management: assess how the variable remuneration policy affects the risk profile of the entity and entity's culture.

c) Compliance: Analyse how the remuneration policy affects to regulatory compliance and internal policies by the Company.

d) Internal Audit: the review of the Remuneration policy is part of the internal audit plan and subject to a yearly review. The internal audit report is communicated to the Management and to the Board of Directors. Additionally, provides the Commission of Risks and Audit and Senior Management with a reliable finding about the effectiveness of controls aimed at mitigating significant risks that affect the business, both current and foreseeable in the future. Its primary objective is to ensure, independently, reliably and in a timely manner, the proper functioning of good governance, risk management and the controls implemented to mitigate current and incipient risks, considering the current and expected control environment in the future.

The degree of adequacy of this Policy in respect of the various requirements concerning remuneration at financial institutions was analysed by Garrigues (July 3rd, 2019), as it was done the previous year, and the conclusion was that ALLFUNDS' Remuneration Policy sufficiently complies with legislation in force at December 31st, 2018.

4. PRINCIPLES OF THE REMUNERATION POLICY

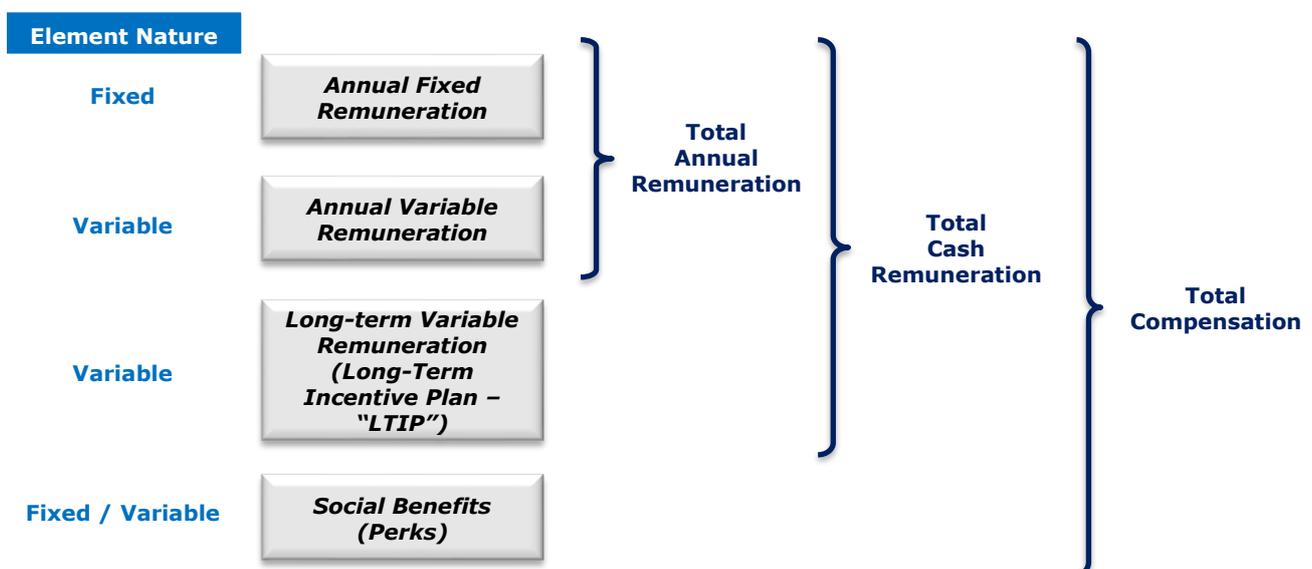
ALLFUNDS considers the proper remuneration of its professionals to be a fundamental factor for achieving its goals and, accordingly, for unlocking value for shareholders. In this regard, for ALLFUNDS it is vital to have a Remuneration Policy that, via the various elements of compensation, enables it to properly remunerate each position within the organisation, based on the position's level of responsibility and contribution, and to adequately reward exceptional results and performances, thus, as we have mentioned, allowing the Company to attract, manage and retain talented professionals.

In general, ALLFUNDS' Remuneration Policy is governed by the following principles:

- Remuneration must foster the adequate and efficient management of risks, and must be aligned with the interests of shareholders, fostering the creation of value in the long term and avoiding conduct aimed at the short term, reducing and curbing excessive risks actions.
- The global remuneration package and its structure should be competitive, making it easier to capture, retain and adequately remunerate employees and directors.
- The remuneration practices derived from this Policy should be in keeping with an effective management of conflicts of interest. In this sense, in line with ESMA and EBA Guidelines, ALLFUNDS' Remuneration Policy considers the rights and interests of clients. In particular, the Remuneration Policy does not introduce incentives whereby employees favour their own interests, or the institution's interests, to the detriment of clients, as long as:
 - Variable remuneration includes qualitative criteria to ensure that the rights and interests of clients are adequately considered.
 - There is no direct link between the remuneration and the sale to consumers of certain financial instruments or specific product categories.
 - The Remuneration Policy is flexible so that its application allows for the possibility of not paying variable remuneration.
- Remuneration should be in accordance with a base sound and solid capital of the entity.
- Fixed remuneration should represent a significant portion of total compensation.
- Variable remuneration should reward performance, based, among other factors, on achieving the Group's goals, thereby modulating its payment, to avoid overpayment in the event of insufficient performance at ALLFUNDS.
- ALLFUNDS' Remuneration Policy should be highly respectful of the principle of non-discrimination for reasons of gender, age, culture, religion and race.
- The Policy should promote internal fairness between similar levels of responsibility and performance.
- The Company keeps the right to pay, or not, a variable remuneration to the employees.
- The allocation of the variable remuneration components within the Entity shall also consider all types of current and future risks.

5. ELEMENTS OF THE REMUNERATION POLICY

General elements of compensation:



Determining the various elements of remuneration of which the Policy is comprised implies being coherent with the degree of responsibility, experience and know-how inherent to each position, and providing incentives for the achievement of the best results at the Company, with the utmost respect for the principles governing it. Furthermore, the remuneration policy is consistent with the principles relating to the protection of clients and investors in the course of services provided.

Accordingly, when it comes to determining the remuneration of a specific position at ALLFUNDS, the following factors are taken into account:

- Internal Balance: comparison with the remuneration of an employee whom the Company is paying for a position with a comparable profile (knowledge, abilities, attitudes, responsibility, experience and contribution).
- External Balance: comparison with the remuneration of an employee whom the market is paying for a position with a comparable profile (knowledge, abilities, attitudes, responsibility, experience and contribution).

To gauge the Policy's External Balance, the following aspects must be considered:

- Specificity of the business / niche: ALLFUNDS' business is practically unique in the market.

ALLFUNDS is based on the business of providing integrated solutions in the distribution of funds. In this connection, ALLFUNDS' business is not exactly replicated by any other company in Spain, and barely so in the rest of the world.
- Commercial profile / Client-oriented approach: it is necessary to consider that almost all the profiles (including some that in principle do not belong to the "front office") must underpin the sale process with their knowledge. They must therefore be highly client-oriented profiles, with considerable capacity to develop commercial relationships and intervene in the various phases of what is usually a long negotiation process until a deal is closed.
- Corporate / Institutional Client: on the other hand, ALLFUNDS' clients are financial institutions (institutional clients). Likewise, within these institutions the level of interlocution of the professionals and directors of ALLFUNDS is typically close to that of the directors of specialist areas and the Management Committee of these institutions. Therefore, commercial positions or positions that support institutional sales must be taken as a reference.
- International Component: ALLFUNDS' final clients may be located anywhere in the world and, accordingly, it is necessary to assess this component of willingness to travel and, potentially, close deals anywhere in the world.

In addition to these aspects, for the purposes of taking market remuneration references, the following aspects are considered:

- Impact of the position on the business
- Relationship with clients
- Complexity of the position
- Importance in the Company's expansion process
- Team management
- Retention of Key Employees

In accordance with the above, the increasingly international scale of ALLFUNDS' operations make it necessary to continually monitor the practices and tendencies of the various markets where the Entity operates, in order to guarantee that the Remuneration Policy is adequately competitive externally.

5.1 Fixed Remuneration

Fixed Remuneration is the annual gross fixed cash compensation received by each employee, for which purpose the Company uses as a reference in the various markets where it operates (Spain, Italy, United Kingdom, Luxembourg, Switzerland, LATAM, SGP, UAE...), the principles of both External and Internal Fairness.

Fixed Remuneration fundamentally achieves two goals:

- To remunerate the level of responsibility and complexity of the functions assigned to each job position. In relation to this objective the Internal Fairness of remuneration is especially important, establishing and maintaining a fair remuneration structure that is coherent with the relative importance of each post, so that the greater the responsibility and/or complexity the higher the benchmark level of Fixed Remuneration.
- To guarantee enough remuneration so that there is a fair and efficient ratio between the fixed and variable components of total remuneration, enabling variable remuneration to be modulated to the extent that it is even possible to completely remove it in the event of a deficient performance, critical operational risk fault or because of a proven behaviour of not looking for clients' best interests according ESMA regulations.

Additionally, for the Company to be able to attract, retain and motivate talented professionals, Fixed Remuneration, considered in combination with the remaining elements of remuneration, must make a competitive package to allow ALLFUNDS to attract and retain the best professionals in the financial sector, and to be an attractive employer in the market where talented employees want to develop their professional career.

As a result, the Company's intention is that, generally-speaking, fixed remuneration should be in market average ranges for a position with a comparable profile (knowledge, abilities, attitudes, responsibility, experience and contribution).

Since Fixed Remuneration is established in terms of agreed annual amounts, any increase by law, covenant or agreement will be duly absorbed. The Fixed Remuneration may include benefits, as regulated here-after, under the paragraph 5.4.

5.1.1 Salary Review Policy:

Salary reviews, at ALLFUNDS, are conducted annually at the beginning of the year, taking retroactive effect as of January 1st.

During this process, the potential increase in employees' Fixed Remuneration is decided, and so is the previous year's bonus to be paid in the first few months of the year in which the salary review, in the event, would take effect.

The aim of the reviews is that the employees' Fixed Remuneration is externally adequately aligned with the market and, internally with their profile, meaning level of knowledge, abilities, attitudes, responsibility, experience and contribution.

5.1.2 Intervention Policy:

Interventions, in other words, substantial changes in fixed remuneration, will be implemented in those cases in which the fixed remuneration of an employee considered a "Top Performer" is significantly unaligned (>20% lower) with average market benchmarks or the Company's own internal salary structure, in accordance with their profile.

These cases may arise due to promotions, increases in responsibility or outstanding development by the employee.

Changes in fixed remuneration may comprise also roles or function-based allowance defined in line with the following principles:

- are based on predetermined criteria;
- reflect the professional experience and seniority, cannot be reduced, suspended or cancelled and are maintained over a period tied to the specific role or function responsibilities;
- are transparent;
- do not provide incentives for risk assumption and do not depend on performance.

With a general extent, these changes will be implemented to coincide with salary reviews, although they might be implemented at any time if would be considered to exist a risk of talent drain from the Company.

5.2 Short-Term Variable Remuneration

Regarding Short-Term Variable Remuneration (target bonus), as we have said, ALLFUNDS aims to create a culture of high performance focusing on ongoing improvement, achievement of predefined goals and client services' needs, where the employees are rewarded and recognised for their achievements and competencies (efforts, performance, engagement and commitment, etc.).

Hence, a reasonable part of the remuneration of ALLFUNDS' employees is variable and is aimed primarily at achieving the following goals:

- Providing an incentive to create value for the Company in the short, medium and long term;
- Rewarding distinguished performance and achievements;
- Motivating people to improve their performance;
- Retaining talented professionals in the short, medium and long term.

ALLFUNDS' Variable Remuneration system was designed to align employees' performance with the shareholders' interests, prudent risk management and the generation of value for the Company in the long term. The pivotal aspects of this system are as follow:

5.2.1 Setting the Target bonus

All ALLFUNDS employees are eligible to take part in the bonus system. Remuneration under this scheme is neither able to be consolidated nor must it necessarily be repeated over time.

Generally, the ranges of target bonus vary and are established for each employee in accordance with their responsibility, so that the economic proposal for the employee must be competitive considering the fixed and variable components of remuneration jointly. Notwithstanding the above, in any event, the established target bonus must always uphold a fair and efficient ratio between the fixed and variable components of the total remuneration.

The benchmark Target bonus for each employee is set during the hiring process, and this will be the maximum Bonus that the employee may achieve within the established scheme.

As a rule, this Target bonus is maintained over time although it is subject to changes, as Fixed Remuneration, during the annual salary review to adapt it to a given profile (i.e. knowledge, abilities, attitudes, responsibility, experience and contribution) or in accordance with interventions (promotions, increases in responsibility or outstanding development by the employee).

Guaranteed variable remuneration is exceptional and must be expressly approved by the Company's General Manager. In any case shall be confined to the first year of employment and should be performed only when the entity has a base sound and solid capital.

The amount each employee will definitively receive under the short-term variable remuneration scheme will be linked, as established below, to a proper balance between the employee's individual performance, the corresponding business unit performance and that of the Company.

5.2.2. Assessments:

ALLFUNDS' assessment system shapes the variable remuneration effectively received (Bonus payable) by the employees as a significant input. The Company conducts assessments every year, covering capabilities classified into three blocks of content, measuring the employee's individual performance and their contribution to their department and the company.

1) Job Performance:

- Responsibility
- Accuracy, attention to detail and quality of work

- Compliance with estimated and agreed deadlines
- Productivity in terms of amount and volume of work
- Order and clarity of work
- Planning of work
- Documentation produced
- Reporting of progress in tasks
- Work capacity
- Compliance with existing processes
- Degree of technical knowledge

2) Human Factor:

- Attitude towards the Company
- Attitude towards the boss or the bosses
- Attitude towards peers
- Attitude towards clients
- Team work
- Capacity to accept feedback
- Capacity to generate constructive suggestions
- Respect for general rules
- Commitment, adaptability, flexibility and willingness
- Punctuality

3) Skills:

- Initiative and proactivity
- Creativity
- Understanding of situations
- Common sense
- Response under pressure
- Capacity to multitask
- Capacity to delegate tasks
- Coordination, development of subordinates and leadership
- Potential and learning ability
- Charisma
- Conflict management
- Handling of group management
- Decision-making

The capabilities are measured using an internal questionnaire. This questionnaire has been slightly adapted and used during the last few years in the company, the employees are used to it and it provides useful information to reinforce the possible areas of improvement for each employee and they understand its implications.

5.2.3 Setting the Bonus pay-out

The Bonus payable to employees is set in accordance with their individual performance, their contribution to the relevant area and the results of the Company. ALLFUNDS' Human Resources department coordinates all the process (launching the assessment process, appraisals' collection and review and providing final assessment guidance in order to be performed by local management) centrally.

Regarding the employees' performance and their contribution to their area, this is determined in accordance with the results of the top-down annual assessment, taking into special consideration the individual areas for improvement established in the previous year's assessment, where applicable.

Depending on performance (top-down approach) and, in the event, evolution during the year under assessment, mainly in competencies necessary for adequately discharging their duties and on the effort and commitment shown, the person responsible (the manager) will submit a proposal of the amount payable to the employee.

Nevertheless, the Bonus payable will always be modulated by the corresponding business unit as well as by the Company's financial results, and will generally be reduced, proportionately, and may even be cancelled, in the event of a deficient performance by ALLFUNDS. Additionally, if the

Capital Ratio does not exceed the minimum established by the regulator, the Bonus payable will be revised so that the Company does not aggravate the regulatory breach.

In exceptional cases, subject to the approval of the General Manager, an extra-bonus may be paid (higher than the established Target bonus) to those employees considered to deserve a reward for their extraordinary effort or contribution, always respecting the Principles of the Policy. In case of members of identified staff and/or significant amount, the extra-bonus should be approved by the Board of Directors.

In no case shall obtaining Variable Remuneration be linked solely to incentives connected with sales and no incentives linked solely to sales of a specific type of financial asset are established, thereby preventing potential conflicts of interest and improper conduct.

Facing 2020 and upcoming years, ALLFUNDS will implement a new Bonus pay-out system in order to objectivize, align it with market practices and link it directly with business strategy, goals and results. Based on this, new bonus scheme is anchored in 3 key dimensions, with different weighting between them based on employees' category segment according to level, responsibility and company results influence. Those 3 key dimensions are:

- Company Performance (levelled on EBITDA and a defined performance pay-out curve).
- Individual objectives (aligned with business goals and measured by pertinent and clearly defined KPIs, including operational KPIs tied to Entity's operational risk management).
- Competencies and Values. Aligned with ALLFUNDS' Core Values, will measure employees' behaviours through a competency model, as it is done with the current yearly assessment, being compliant with internal code of conduct and EBA and ESMA Guidelines.

5.2.4 Bonus applicable in relation to retention plans

In exceptional cases, a retention plan may be launched in order to retain the key employees and to secure the value of the Company in exceptional circumstances. Remuneration under this scheme is neither able to be consolidated nor must it necessarily be repeated over time. The Retention Plan comply with the requirements set by the EBA on sound Remuneration Policy and will be subject to the provisions on variable remuneration as described in this policy. The Award will be based on the circumstances that the beneficiaries stay in the Company for a predetermined time until and after the change of control or during the year 2017. The activation of the plan and, in case of identified staff, the individual eligibility and award, is subject to the Board of Directors approval.

5.2.5 Bonus applicable in relation to new hires

The Bonus of reference to newly-hired employees may be modulated, as well as by the generally applicable criteria, by the date the employee joined the Company. The Target Bonus will be prorated accordingly by the hiring date according the following specifications:

- If the employee joins the Company throughout January, the employee has the right to qualify for all his/her bonus of reference.
- If the employee joins the Company between February and September: the bonus of reference, when determining the base remuneration to which the employee can opt, will be the ratio between the worked months and the 12 months corresponding to the target annual bonus.
- If the employee joins the Company as of October 1st, the employee has no right to receive any Bonus for that current year, being fully eligible for the following year.

Only in the case of new hiring might receipt of annual variable remuneration be guaranteed, and in any case limited to the first natural year of employment and subject to approval by the General Manager and subject to consultation with the Remuneration Board Committee in case of Identified Staff members and considering the Company's capital base for this purpose.

5.2.6 Prerequisite for payment

To receive any variable remuneration, employees must remain at the Company at the time of payment, the employee must not be in his notice period on that date, and the amount received will, in all cases, be proportionate to the part of the year worked.

5.2.7 Payment date

Generally, the Bonus is paid in a single instalment in the first few months of the year immediately following its accrual, although it is expressly approved that the Variable Remuneration is subject to deferral if the Company deems it fit at any given time.

The above should be understood without prejudice to the principles applicable to the categories of personnel whose activities significantly impact on ALLFUNDS' risk profile in accordance with Section 6 below.

5.3 Long-Term Variable Remuneration

The Company does not have any long-term incentive plan in place. Nevertheless, ALLFUNDS considers this kind of incentive to be an important element of its remuneration structure and identifies such plans as an adequate measure to link the interests of its employees and directors with those of the Company in the long term, so it does not rule out implementing an incentive of this kind in the future.

Accordingly, in no case do the variable components of remuneration account for more than 100% (or 200% when applicable) of the fixed component of the total remuneration of each employee.

Depending on long-term incentive plan complexity, nature and design, and the employee's pertinence to the Identified Staff Collective, it could be subject to deferral, payment in instruments, reductions, and reimbursements applicable for Identified Staff members attending to the provisions detailed in the Appendix II of this Policy.

5.4 Benefits

When it comes to establishing benefits, as in regard to other items, ALLFUNDS refers to Company policy and market practices. Generally speaking, the most common benefits are:

	Remuneration Nature
Subsidised meals	Fixed
Life insurance	Fixed
Medical insurance	Fixed

Some of the Company's senior executives, in terms of both responsibility and business, are also given a corporate vehicle (Fixed Remuneration) in accordance with the applicable Group's policy.

5.5 Confidentiality

The individual remuneration conditions of each employee are STRICTLY CONFIDENTIAL and must not be divulged under any circumstances to other employees or directors, except for direct supervisors or the Human Resources department.

6. APPLICATION OF THE REMUNERATION POLICY TO IDENTIFIED STAFF

Current legislation imposes certain requirements on financial institutions regarding remuneration, in respect of the categories of personnel whose activities significantly impact on the institution's risk profile so can be considered as material risk-takers ("Identified Staff"). There follows a list of Identified Staff at ALLFUNDS, and the specifics of application of the Remuneration Policy to members of the Identified Staff based on the requirements pursuant to regulations on remuneration.

6.1 Members of the Identified Staff:

To determine the members of its Identified Staff, ALLFUNDS has taken into account both (i) qualitative and (ii) quantitative criteria, established under Commission Delegated Regulation (EU) No. 604/2014, supplementing Directive 2013/36/EU of the European Parliament and the Council, with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (the "Regulation").

According to the Identified Staff auto-evaluation process run by ALLFUNDS, with an independent expert collaboration, the following positions were identified in accordance with the qualitative criteria established pursuant to the Regulation:

1. Members of the Board of Directors.
2. The General Manager.
3. The overall Senior Management.
4. Persons in charge of risk control, compliance and internal auditing, reporting directly to the "Management Body".
5. Directors of material Business Units.
9. Employees responsible for the duties of Legal Counsel, Human Resources, Information Technology, Finance, etc.

According the same auto-evaluation process report, no other personnel to be included in Identified Staff has been identified, in accordance with the quantitative criteria established in the Regulation, in addition to those already included pursuant to the qualitative criteria.

Each person providing service to and belonging to the so-called Identified Staff will be understood to be an "Identified Person".

Appendix I of this Policy includes details of each of the identified positions in accordance with each of the aforementioned criteria.

6.2 Remuneration principles applicable to Control Functions

- a) The method for determining the remuneration of the relevant persons of the management and control functions must not compromise their objectivity and independence or create conflicts of interest in its advisory role to the Appointments and Remuneration Board Committee.
- b) The ratio between fixed and variable remuneration of the control functions staff must be weighted in favour of the fixed remuneration.
- c) Their variable remuneration should be based on specific objectives of the unit and should not be determined based on individual financial performance of the business area subject to control or supervision.
- d) Staff engaged in control functions are independent from the business units they oversee, in order to have the appropriate authority.
- e) The remuneration of managers of the control function units will be overseen by the Appointments and Remuneration Board Committee.

6.3 Variable Remuneration

Overall, the Variable Remuneration Scheme applicable to Identified Staff is governed by the same criteria and principles applicable to ALLFUNDS employees in general.

Nevertheless, all the elements of the Variable Remuneration (according to the legislation in force) will not exceed, in any case, 200% of the fixed components of the member of the Identified Staff Collective. This ratio, increased from 100% to 200% for all members of the Identified Staff Collective, has been approved by the Shareholders Meeting, following the legal procedure established by law (according to paragraph 42 of the EBA Guidelines). The above-mentioned limit will not apply for the rest of ALLFUNDS employees not included in the Identified Staff Collective.

To be noted that variable remuneration is not paid through vehicles or methods that facilitate the non-compliance with this Law or Regulation (EU) No 575/2013 and their implementing measures.

Notwithstanding the above, in order to comply with the new requirements concerning remuneration, and in order to achieve a better alignment between remuneration and the shareholders' long-term interests and business cycle, the generation of value for the Company in the medium and long term and the prudent the risk management befitting ALLFUNDS, the Group has agreed to establish measures for deferral, payment in instruments, reduction ("malus conditions") and reimbursement ("clawback conditions") in respect of the Variable Remuneration of Identified Staff.

Appendix I and II of this Policy contain details of the measures applicable to Identified Staff considering the regulatory requirements as stated by the EBA guidelines and the Bank of Spain.

Furthermore, the failure by any member of the Identified Staff to explicitly accept and adhere to the deferral, payment in instruments, reduction ("malus conditions") and, reimbursement measures ("clawback conditions") in respect of the Variable Remuneration, that are applicable to that member based on the Company's criteria for ensuring prudent risk management pursuant to the applicable regulation at any given time, will imply the loss of their right as an Identified Person to receive any Variable Remuneration.

For this purpose, "Variable Remuneration" shall be understood to refer to all the variable components of remuneration, including: Short-Term Variable Remuneration and Long-Term Variable Remuneration, in the event, regardless of the form and periods established for the payment thereof.

6.4 Early termination of contracts of Identified Staff

The amounts of severance compensation pursuant to the contracts of the members of the Identified Staff are those established by law and applicable in each specific case. Furthermore, payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

Amounts of severance payments are considered variable remuneration and therefore their settlement will be subject to the requirements established in the legislation in force and EBA Guidelines.

6.5 Pension commitments

In no case shall the Company undertake pension commitments on behalf of its employees that are not compatible with the Company's business strategy, goals, values and long-term interests.

7. DISCLOSURE

The remuneration policy is updated periodically after each modification and validation by the board and available through the public website of the company.

Appendix I

QUALITATIVE CRITERIA		POSITION	Malus	Clawback
1	Members of the "Management Body" regarding their management duties	General Manager	✓	✓
2	Members of the "Management Body" regarding their supervisory duties	Members of the Board of Directors	✓	✓
3	Senior Management	General Manager (*)	✓	✓
		Chief Commercial Officer & Deputy General Manager	✓	✓
		Global Head of Fund Groups	✓	✓
		Chief Financial Officer	✓	✓
		Global Head of Digital	✓	✓
4	Persons in charge of risk control, compliance and internal auditing, reporting directly to the "Management Body"	Global Head of Products and Strategic Alliances	✓	✓
		Global Head of Risk Management	✓	✓
		Global Head of Compliance & AML	✓	✓
5	Directors of material Business Units	Global Head of Internal Audit	✓	✓
		Regional Manager UK and Ireland & Country Head UK	✓	✓
		Regional Manager Southern Europe & Country Head ITA	✓	✓
		Joint General Manager Allfunds Bank International (Luxembourg)	✓	✓
		Regional Manager Iberia and LATAM	✓	✓
9	Employees responsible for the duties of legal counsel, human resources, information technology, finance, etc.	Joint General Manager Allfunds International (Switzerland)	✓	✓
		Global Head of Legal	✓	✓
		Chief People Officer	✓	✓
		Global Head of IT Systems	✓	✓
		Global Head of Investment	✓	✓
		Chief Financial Officer (*)	✓	✓

(*) Position identified pursuant to another qualitative criteria.

The application of other qualitative and quantitative criteria confirms the above perimeter, as it is reflected in the Identified Staff Collective auto evaluation analysis report for 2019.

The Variable Remuneration of the Identified Staff, paid in cash, is subject to a 3 years deferral of the 40% of awarded remuneration if the awarded variable compensation exceeds €75,000.00. No payment in instruments it is in place, despite the Company is evaluating its application while expecting CRD V transposition potential effects.

The [Appendix II](#) contains details of how principal's remuneration requirements are incorporated to ALLFUNDS' Remuneration Policy in application of proportionality principle.

Appendix II

When designing the Remuneration Policy, ALLFUNDS has considered the proportionality principle explained in the recital (4) of the Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies Text with European Economic Area ("EEA") relevance and reviewed within the EBA guidelines on sound remuneration and practice effective from 2017. In particular, the EBA guidelines state that the obligation to have sound and effective remuneration policies and practices applies to all institutions and with respect to all staff, regardless of the institutions' different characteristics.

When implementing specific remuneration policies for different categories of identified staff the application of proportionality should consider the impact on the institution's risk profile of that category of identified staff.

Although the neutralization of more stringent requirements is no more applicable, to ensure that institutions comply with the remuneration requirements in a manner that provides for an equivalent level of conditions for competition between the same categories of institutions, more stringent requirements, namely the use of financial instruments, can be applied as stated by the same guidelines (small and less complex institutions and groups may implement simpler remuneration policies and approaches).

DEFERRAL POLICY

The settlement and payment of Annual Variable Remuneration to which, in the event, any member of the Identified Staff to whom the deferral and reduction measures of Variable Remuneration ("Deferral Policy") are applicable, is entitled, must be in keeping with the following schedule:

- **60%** of Variable Remuneration, during the first quarter of the year following the year to which the annual variable remuneration relates ("First Payment Date") or, in case of the 2017 Retention Plan, in the sixty days immediately following the "Closing Date" ("First Payment Date").
- The remaining **40%** of variable remuneration ("Deferred Variable Remuneration"), to be received, if applicable, in deferred payments in accordance with the following schedule:
 - **one-third (1/3)**, in the thirty days immediately following the first anniversary of the First Payment Date;
 - **one-third (1/3)**, in the thirty days immediately following the second anniversary of the First Payment Date;
 - **one-third (1/3)**, in the thirty days immediately following the third anniversary of the First Payment Date;
- The measures of future performance, to which the deferred element is linked, shall be risk adjusted as set out in point 5.2.

Currently, ALLFUNDS defers Variable Remuneration of all Identified Staff in case of variable remuneration exceeding **€ 75,000**.

Any Long-Term Variable Remuneration that might be established, and which any member of Identified Staff affected by these measures might be entitled to receive, will be subject to this Deferral Policy, in accordance with a deferral schedule like that of Short-Term Variable Remuneration in relation to the significant accrual dates and first payment date established in connection thereto.

PAYMENT IN INSTRUMENTS POLICY

As supervisory bodies Guidelines and rest of Laws applicable have not yet clarified the adequate instruments for a non-listed company, in the frame of the application of the Proportionality principle the Company decided to neutralize the requirements in terms of payments in instruments to any member of

the Identified Staff. The section below defines the applicable requirements for ALLFUNDS that will be applied in the coming years, and that have already been analysed by the Company in order to evaluate its potential implementation, on stand-by subject to the latest publication of the new Capital Requirements Directive V and its potential effects (through its local transpositions) to the Company's regulatory consideration.

Despite the abovementioned, the settlement and payment of Annual Variable Remuneration to which, in the event, any member of the Identified Staff to whom payment in instruments measures of Variable Remuneration ("Payment in instruments policy") are applicable, must be in keeping with the following scheme:

- At least 50% of total variable remuneration shall consist of a balance of the capital instruments, as required by EBA guidelines. Considering the exceptional circumstances for ALLFUNDS for the 2017 and the possibility foreseen by EBA guidelines to implement simpler remuneration policy and approach in case of small and less complex institutions, for the current year the awarded variable remuneration will be paid all in cash, both for the up-front component and the deferred components.

REMUNERATION REDUCTION / CANCELLATION POLICY

ALLFUNDS has designed different remuneration clauses described below in accordance with regulatory requirements. These remuneration arrangement clauses will be applicable for any member of the Identified Staff.

Deferred Variable Remuneration pending payment, or any Variable Remuneration payment will not be payable ("**Malus**") or may be reduced to any Identified Person in the event of any of the following circumstances:

- a) A restatement of the annual financial statements of ALLFUNDS, when so considered by external auditors, and provided that, in accordance with said restatement, a lesser amount of Variable Remuneration was to be payable than that initially determined or no Variable Remuneration should be paid in accordance with the Variable Remuneration Scheme of ALLFUNDS
- b) The Identified Person has been sanctioned for serious and negligent breach of any of the internal rules of ALLFUNDS that, in the event, are applicable, and in particular for any action that might affect the Company's risk profile.
- c) Significant variations in the economic capital or risk profile of the Group that make the payment of Deferred Variable Remuneration unadvisable.
- d) A fraudulent action by the Identified Person.
- e) The Identified Person has caused, by action or omission, serious damage to ALLFUNDS, involving culpability or negligence.
- f) Due to termination of the relationship linking the Identified Person with the Company, except in the event of retirement, death or any degree of incapacity. In these cases, the right to receive payment will be maintained in the same terms as if the employee continued to be linked to ALLFUNDS

The terms and conditions of the Remuneration Reduction/Cancellation Policy will apply to all payments of Variable Remuneration to Senior Management members from 2015 onwards and other Identified Staff Members from 2017 onwards and will remain in force for a period of five (5) years from the date of payment of each instalment of Variable Remuneration.

The Identified Persons subject to the Deferral Policy in accordance with what the Company establishes at any given time must express their acceptance of the content of this Deferral Policy by completing and signing the form attached thereto. By signing the form, the Identified Person acknowledge that they have received, read, understood and accepted all the terms, conditions and restrictions included in the Deferral Policy and the procedure for its application.

Failure by any member of Identified Staff to explicitly accept and adhere to the deferral and reduction (“malus conditions”) and, if applicable, reimbursement, measures in respect of the Variable Remuneration, as established by the Company at any given time, will imply the loss of the Identified Person's right to receive any Variable Remuneration.

Procedure to determine the amount of remuneration to be reduced

The Appointments and Remuneration Board Committee will oversee the setting of circumstances that might result in the application of measures to reduce Deferred Variable Remuneration or any Variable Remuneration payment and will make a judgement in this respect. For this purpose, the Board Committee will count on with such internal or external means as it deems necessary.

In case it is necessary, the Appointments and Remuneration Board Committee's will submit a report to the Board of Directors of the Company (hereinafter, the Board) for ratification.

Considering the Appointments and Remuneration Board Committee's report, where appropriate, the Board will notify the Identified Persons affected, giving them no less than five (5) calendar days' notice to appear before the Board, in order to explain any issues considered relevant in the assessment of whether the circumstances at play derive directly from their management.

After the hearing, the Board will conclude whether any of the circumstances should dictate the non-payment of the Deferred Variable Remuneration pursuant to the Deferral Policy or any Variable Remuneration, and which Identified Persons are affected by said circumstances.

For this purpose, the Chairman of the Board will have a casting vote and those Board directors who might have a conflict of interest must abstain.

If any of the scenarios that determine the reduction of Deferred Variable Remuneration or any Variable Remuneration payment should occur, the Board will agree the amount of Variable Remuneration that must be reduced, calculated as the difference between the following amounts:

- Amount of Variable Remuneration initially established in relation to the Identified Person/s affected in the year in which the event that triggered application of the measures contained in this Policy takes place.
- Amount of Variable Remuneration resulting from the new calculation as a result of the occurrence of the event that triggered application of the measures contained in the Deferral Policy.
- If any of the events listed in points b) to f) above should occur, no Deferred Variable remuneration pending payment will be paid.

REMUNERATION REIMBURSEMENT POLICY

In accordance with regulatory requirements, ALLFUNDS has designed some reimbursement (“**clawback**”) arrangement clauses in its Remuneration Policy applicable to all Identified Staff.

Any member of Identified Staff must repay to the Company part or all of the variable remuneration received in the following circumstances:

- If ALLFUNDS restates its annual financial statements, provided that, in accordance with said restatement, a lesser amount of Variable Remuneration was to be payable than that actually paid or no Variable Remuneration should have been paid in accordance with the Variable Remuneration Scheme of ALLFUNDS
- If Variable Remuneration is paid in relation to a period of accrual in which it is subsequently shown that the following took place:
 - a) A serious and negligent breach of any of the internal rules of ALLFUNDS that, in the event, are applicable, and for any action that might affect the Company's risk profile.

- b) A fraudulent action by the Identified Staff member.
- c) The Identified Staff member has caused, by action or omission, serious damage to ALLFUNDS, involving culpability or negligence.
- d) Should circumstances occur that determine the disciplinary dismissal of the Identified Staff members in accordance with applicable labour legislation or, in the case of a Board director, should circumstances occur that lead to that person's termination as an administrator due to breach of duty, or to any action or omission causing damage to ALLFUNDS, or should circumstances occur that entitle the Company to take action against that person;

The terms and conditions of the Remuneration Reimbursement Policy will apply to all payments of Variable Remuneration to Senior Management members from 2015 onwards, and other Identified Staff Members from 2017 onwards, and will remain in force for a period of five (5) years from the date of payment of each instalment of Variable Remuneration.

The Identified Staff members subject to the Remuneration Reimbursement Policy in accordance with what the Company establishes at any given time must express their acceptance of the content of said Remuneration Reimbursement Policy by completing and signing the form attached thereto. By signing the form, the Identified Person acknowledge that they have received, read, understood and accepted all the terms, conditions and restrictions included in the Remuneration Reimbursement Policy and the procedure for its application.

Failure by any member of Identified Staff to explicitly accept and adhere to the reimbursement measures in respect of the Variable Remuneration, as established by the Company at any given time, will imply the loss of the Identified Person's right to receive any Variable Remuneration.

Procedure to determine the amount of remuneration to be reduced or reimbursed

Annually, ALLFUNDS 's Appointments and Remuneration Board Committee will perform an analysis of the set of circumstances that might result in the application of measures under the Variable Remuneration Reimbursement Policy and will issue a report in this connection. For this purpose, the aforementioned Board Committee will be provided with such internal or external means as it deems necessary.

The Appointments and Remuneration Board Committee's report will be submitted to the Board of Directors of the Company (hereinafter, the Board) for ratification.

In light of the Appointments and Remuneration Board Committee's report, where appropriate, the Board will notify the Identified Staff member affected, giving them no less than five (5) calendar days' notice to appear before the Board, in order to explain any issues considered relevant in order to assess whether the circumstances at play derive directly from their management.

After the hearing, the Board will conclude whether any of the circumstances exist that determine reimbursement of the Variable Remuneration received pursuant to the Remuneration Reimbursement Policy, and which Identified Staff members are affected by said circumstances.

For this purpose, the Chairman of the Board will have a casting vote and those Board members who might have a conflict of interest must abstain.

If any of the scenarios that determine the reimbursement of Variable Remuneration received should occur, the Board will agree the amount of Variable Remuneration that must be reimbursed, calculated as the difference between the following amounts:

- Amount of Variable Remuneration effectively received in relation to the Identified Staff member affected in the year in which the event that triggered application of the measures contained in this Policy takes place.
- Amount of Variable Remuneration resulting from the new calculation as a result of the occurrence of the event that triggered application of the measures contained in the Remuneration Reimbursement Policy.
- If any of the events listed in points a) to d) above should occur, in no case may the percentage of Variable Remuneration corresponding to the year/s in which the circumstances that trigger the reimbursement prevail, be less than 75%.

The above agreement having been adopted, the Board will notify the Identified Staff member in writing to inform him/her of the gross amount¹ of Variable Remuneration which must be reimbursed and the reimbursement procedure applicable in his/her specific case, in accordance with the following scheme:

- Firstly, the Variable Remuneration that must be reimbursed will be offset against any item of variable cash remuneration accrued by the Identified Person and pending payment.
- If there are no items of Variable Remuneration pending payment, or if such items are insufficient, the amount to be reimbursed will be offset against any other non-variable items of remuneration, net of taxes and Social Security contributions, pending payment to the Identified Staff member (i.e. fixed salary, in the event, final balance and severance payment resulting from the termination of the Person's employment or mercantile relationship with the Company, etc.).
- If the aforementioned compensation is not possible or is insufficient, the Identified Staff member will be obliged to pay the remainder to be reimbursed via bank transfer or payment into the account indicated by ALLFUNDS. Said amount must be delivered within thirty (30) business days from receipt by the Identified Person of the notification of the amount to be reimbursed.

It is up to the Identified Staff member to request the repayment of (i) undue payments resulting from Income Tax or other similar tax withholdings by ALLFUNDS and, in the event, (ii) Social Security Contributions made on their behalf in relation to the remuneration to be reimbursed pursuant to this Policy.

The Group will take such actions as are available to it to claim, either judicially or otherwise, the amount to be reimbursed plus any interest related to arrears that may have been accrued, and all expenses and legal costs that may be incurred will be payable by the Identified Staff member.

¹ For this purpose, gross compensation is understood to be the salary paid by ALLFUNDS to the Identified Staff member without deducting any Income Tax or similar tax withholdings or payments, or Social Security contributions.

**ACKNOWLEDGEMENT AND ACCEPTANCE FORM OF THE
REMUNERATION POLICY OF ALLFUNDS BANK, S.A.U.**

The undersigned hereby states that she/he knows ALLFUNDS' Remuneration Policy and that she/he has read and understood and accepts each and all terms of the Policy, including the "Deferral Policy", the "Remuneration Reduction/Cancellation Policy" and "Reimbursement Policy" of ALLFUNDS

Staff members are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

In turn, the employee acknowledge that she/he has had access to the document in question (ALLFUNDS Remuneration Policy) of which copy has available. In addition, she/he undertakes to be informed of future changes in the policy as a member of the ALLFUNDS Identified Staff.

In _____, on _____ 201__

Signature of the Identified Person, signifying their acceptance:

Name and Surname: _____

Position: _____

Company to which the person belongs: _____