

Remuneration System

Barclays Bank México, S.A.,
Institución de Banca Múltiple,
Grupo Financiero Barclays México

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In compliance with the provisions of Article 168 Bis 3 of the General provisions applicable to Credit Institutions (*Disposiciones de carácter general aplicables a las Instituciones de Crédito, "CUB"*), the information about the Remuneration System of Barclays Bank México, S.A., Institución de Banca Múltiple, Grupo Financiero Barclays México (Barclays Bank) is set out below.

I. Qualitative Information

a) Remuneration policies and procedures by role profile of employee or individuals subject to the Remuneration System

Barclays Group remuneration philosophy defines the global Remuneration strategy in line with business objectives.

Barclays' remuneration strategy and philosophy is approved by the Group (Barclays PLC) Remuneration Committee based on the following principles:

1. Attract and retain the talent that Barclays needs to execute its strategy;
2. Align remuneration with investor interests;
3. Reward sustainable performance;
4. Support Barclays' Values and Culture;
5. Align remuneration with risk appetite, risk exposure and expected conduct.
6. Be as clear, transparent and simple as possible.

Adherence to Barclays' remuneration philosophy means that remuneration decisions for all employees across Barclays are aligned with achieving Barclays' strategy.

Rewarding sustainable performance is a key principle of Barclays' remuneration philosophy. This is achieved by linking remuneration to broad performance assessments. Individual performance is measured against objectives, and how these are accomplished in line with Barclays' Values, considering every employee's individual behavior. This ensures our Values are firmly embedded in the way we manage performance with remuneration.

Linking performance assessments and remuneration decisions to our Values, as well as our individual and business objectives, fosters sustainable development on both an individual and business level, and establishes a clear alignment between remuneration and Barclays' strategy.

Barclays operates a Total Remuneration approach. All employee pay is made up of two components, Fixed and Variable Remuneration. The combination of the two constitutes the employee's Total Remuneration.

Decisions on Fixed Remuneration are based on the role's market rate; fixed pay reflects and is tied to the employee's seniority, responsibilities, skills and experience. Decisions on variable remuneration acknowledge the overall performance of Barclays and the employee.

The Remuneration Policy and Barclays' remuneration philosophy apply globally to all Barclays employees (Eligible Personnel). This includes employees of different management, control and business units, as well as Material Risk Takers (MRTs – see section 1b and 4).

b) Information about the Remuneration Committee, including at least:

1. Remuneration Committee Composition and Functions:

Members of the Remuneration Committee:

- (i). An independent regular member of the Board of Directors, who shall chair the Committee.
- (ii). A regular member of the Board of Directors.
- (iii). The head of the Integrated Risk Management Unit.
- (iv). A representative of the Human Resource area, who shall act as secretary.
- (v). A representative of the Finance and Management area.
- (vi). The internal auditor, who shall be entitled to speak but not vote.

Barclays Bank México has set up a local Remuneration Committee capable of exercising independent judgment in remuneration decisions. Recommendations include assessing the risks assumed by the Bank.

The Mexico Remuneration Committee must:

- Submit to the Board of Directors for approval: all remuneration policies and procedures (as well as their amendments), the roles subject to the Remuneration System and the special cases in which an individual may be exempt from authorized remuneration policies.
- Implement and maintain the Remuneration System, considering the differences between the different management, control and business units, as well as the risks inherent to the activities performed by individuals in the respective business units. To comply with the above, the reports issued by the Integrated Risk Management Unit that consider such risks in remuneration policies and procedures must be received and considered.
- Review compliance of specific remuneration schemes for Eligible Personnel and Material Risk Takers (MRTs), considering the risks inherent to their activities in the future.

- Continuously review the Bank's remuneration policies and procedures and recommend any necessary adjustments when the risks that Barclays assumes, or their materialization, are greater than expected and consequently represent a threat to the liquidity, solvency, stability or reputation of Barclays Bank.
- Inform all relevant personnel of remuneration policies and procedures, ensuring that all parties involved understand, at all times, the methods used to determine, strengthen and pay remuneration, the applicable risk adjustments, deferral of their special remuneration and any other mechanism applicable to their remuneration.
- When considered necessary, arrange external consultants to help avoid any conflict of interest, to make recommendations on remuneration and risk management plans and to assist in the design of the Remuneration System. The results shall be adopted by the Remuneration Committee.
- Report to the Board of Directors on the performance of the Remuneration System at least twice a year and at any time when the risk exposure assumed by the institution, as well as the management, control and business units or individuals subject to the Remuneration System, might lead to an adjustment to this System.
- Meet quarterly, with the attendance of at least the majority of its members and the Chairperson, who must be present at every meeting. Meetings and agreements shall be recorded in minutes duly signed by all attendees.

2. External consultants that acted as advisors to the Committee, the corporate entity that engaged them and the areas of the remuneration process they formed part of

N/A

3. Description of the scope of Barclays Bank's Remuneration policy, either by regions or business lines, including the extent to which this applies to its affiliates and subsidiaries

The Barclays PLC Remuneration Committee has delegated the authority of the Barclays PLC Board of Directors to set, recommend and supervise the objectives, principles and parameters of the Global Remuneration Policy in Barclays Group, to ensure a coherent approach to remuneration has been taken that respects all employees. The policy must, among other things, assess the impact of pay agreements on culture and all risk management components.

Barclays Bank PLC, a subsidiary of Barclays PLC, has its own Remuneration Committee Board, which adopts Group policy. Barclays Bank México, a subsidiary of Barclays Bank PLC, is also subject to the Barclays Group Remuneration Policy.

Payround is an annual global process undertaken by Barclays aimed at reviewing Total Remuneration of every employee and plays a vital role in ensuring that we attract, reward and retain the

talent we need around the world. Barclays Bank México is aligned with these principles and processes.

4. Description of the types of employees considered as Risk Takers and their directors, including the number of employees in each group

According to the European Banking Authority, UK Prudential Regulation Authority (PRA) and its Rulebook, Barclays shall identify Material Risk Takers (MRTs) annually. Risk Takers are defined as individuals who have or may have a material impact on Barclays' risk profile. This requirement applies globally to Barclays.

The Rulebook also establishes that, once identified, the remuneration of Risk Takers be structured in a way consistent with its requirements.

Employees will be viewed as Risk Takers if it is considered that the decisions they make will have a material impact on the risk profile of the Group or any of its subsidiaries, including Barclays Bank PLC (BBPLC).

Risk Takers are identified according to Group policy and their risk profile. The Risk Taker identification methodology used has been approved by the Barclays Bank PLC Global Remuneration Committee. The global list of Risk Takers has been compiled following this standard.

Based on this methodology, Barclays Bank México, S.A., Institución de Banca Múltiple, has identified four employees as Risk Takers for the 2020 operating year.

c) Information about the remuneration process structure, which should include:

1. Overview of the remuneration policy's main characteristics and objectives

Section 1 a) of this document describes the objectives and main characteristics of Barclays' remuneration philosophy, which is derived from its parent company. Barclays' remuneration policy centers around an analysis of total remuneration, which considers the following components: fixed remuneration and variable remuneration.

Managers in charge of making remuneration recommendations must determine the level of fixed remuneration and the amount of the annual incentive (variable remuneration) based on performance during the year. These recommendations are determined based on a number of factors, including payment capacity, competitive market position and reasonable risk-taking that does not compromise the liquidity, solvency, stability or reputation of Barclays Bank, as well as individual performance.

All recommendations are approved by the Barclays PLC Remuneration Committee to ensure consistency and fairness.

In addition, to ensure employees are remunerated in accordance with Barclays' remuneration philosophy, performance assessments, conducted under a regulatory and corporate governance framework, are key to ensuring that remuneration decisions remain objective.

2. Last remuneration policy review conducted by the Remuneration Committee and a general description of the changes made to said policy during the last year.

Barclays Bank México defined its remuneration policy in 2011 in compliance with the remuneration provisions set by the National Banking and Securities Commission in 2010. The Barclays Bank México remuneration policy is aligned with the Global Remuneration Policy, established and reviewed annually by corporate. Barclays Bank México reviews and updates the current policy every year. The current policy has been updated and was presented to the Mexico Remuneration Committee during its February 2021 meeting.

3. Explanation of how the full-service banking institution ensures that remuneration of employees in the risk management, control and audit areas is determined independently from the areas they supervise.

The risk management, control and audit areas are independent from the Business areas; the special remuneration pools belong to the Group's control areas and are determined according to performance, not by the results of the Business.

Performance assessments and remuneration decisions of the control areas are independent from the results of the Business. The performance assessment is measured by compliance with objectives and that these are achieved according to the culture and values that Barclays promotes. The risk management, control and audit areas set their own objectives according to their function in line with the Group's strategy and not the results of the Business.

Based on the above, Barclays Bank is in a position to ensure that remuneration for management, control and audit areas is determined independently.

d) Description of the ways current and future risks in remuneration processes are linked, considering the following:

- 1. Overview of the main risks considered by the full-service banking institution when applying remuneration measures.**
- 2. Overview of the nature and type of measures to consider the risks listed in the point above, as well as those not considered.**
- 3. Analysis of the ways these measures affect remuneration.**
- 4. Analysis of the nature and ways these measures have changed over the last year and their rationale, as well as the impact of these changes on remuneration.**

In fulfillment of its responsibility of setting Group-wide remuneration policies, the Barclays PLC Remuneration Committee assesses the impact of the Culture and Risk Management, among other things, to determine remuneration amounts.

The Committee approves the incentive pools (variable remuneration) for the Group, Barclays International, Barclays UK, Operations and Functions. The Committee operates in conjunction with the Risk Committee, Reputation Committee, Audit Committee and the Remuneration review group to define adequate remuneration management. The aim of this joint effort is to define the performance assessment measures to determine incentives, payment of long-term incentives and determine risk adjustments to incentives, unearned deferred incentives (malus) and recovery of incentives (clawback). Similar principles and procedures apply at the level of Barclays PLC and its Remuneration Committee.

Barclays operates a robust remuneration process aligned to risk in order to determine the annual incentive of Risk Takers, in line with standards set by Regulators. The decision on Risk Takers' annual incentives take into account feedback from the Risk team; this may include, without limitation, an evaluation of the relevant risk indicators and reports (for example, daily P&L reports, regulatory VAR reports, capital use, position liquidity and valuation methodologies), an analysis of the trader risk limits and that these are within risk levels accepted by the Institution, analysis of any other risk that might affect the Barclays Group risk profile and an assessment of any conduct-related occurrence, including events reported by the Compliance area or any other control area. Events that might pose a risk to the Institution due to policy breaches, acting inappropriately or failing to comply with regulations are referred to as 'Review Data' and must be considered when assessing performance and determining remuneration. Managers must consider conduct and performance, as well as appropriate risk-taking when making variable remuneration recommendations.

The methodology for determining variable remuneration includes 'ex-ante' and 'ex-post' risk adjustments. Ex-ante adjustments consider future and potential risks. Ex-post adjustments consider adjustments to variable remuneration to account for specific risks or conduct-related events.

When individual performance and conduct fall below expected standards, the impact of such performance or conduct on variable remuneration decisions should be considered. Individual ex-post adjustments will be made for employees involved in risk and conduct-related events and may include adjustments to the current year's annual bonus, reducing unearned deferred incentive awards (malus) or, as would be the case only with the most serious incidents and for Risk Takers only, clawback of awarded remuneration.

e) Correlation between full-service banking institution performance and remuneration levels over the period, which should include:

- 1. Overview of the full-service banking institution's main performance parameters, business lines and individual performance.**
- 2. Analysis of the correlation between individual remuneration and the institution's performance and individual performance.**

3. Analysis of the measures put in place to adapt remuneration should performance measures indicate weaknesses.

A comprehensive perspective for funding incentives links final determination of the incentive pool to how the Group's business performs. The initial pool is based on earnings before tax. Another key step in determining the pool is a general adjustment, which is made by the Barclays PLC Remuneration Committee. This adjustment considers, among others, different key financial measures, including CET1, return on tangible earnings and the expense-to-income ratio. Non-financial performance is also considered as a step within the performance consideration framework. Performance is assessed against the categories defined in the strategic non-financial performance assessment framework. These assessments are made for the Group and its subsidiaries. When assigning granular business unit incentive pools, financial performance is measured at the appropriate sub-business levels.

Negative performance will have an immediate impact at the start of the incentive calculation formula, based on earnings before taxes. Negative performance will flow into the financial metrics (e.g., taxable earnings, CET1 -Common Equity Tier 1- Ratio) considered by the Remuneration Committee.

Barclays' remuneration philosophy coordinates its remuneration approach in line with business objectives. Employees should be fairly rewarded according to their role, seniority, responsibilities, skills and experience, as well as other factors that may strictly affect remuneration (including market levels, geographic differences, knowledge and experience, skills development, as well as other business needs).

Linking individual performance assessment and remuneration decisions to our Values (the 'how'), as well as to our individual businesses and objectives (the 'what'), fosters sustainable individual and business performance, and establishes a clear alignment between Barclays' remuneration philosophy and strategy. Unsatisfactory individual conduct is reflected in remuneration results, including 'Review Data' events for remuneration adjustments mentioned above.

f) Description of how remuneration is adjusted in the full-service banking institution, considering its long-term returns, including:

- 1. Analysis of the full-service banking institution's policy for transferring accrued variable remuneration and how the transfer of the variable portion of remuneration differs between different employees or groups of employees. Description of the factors that comprise the variable portion of remuneration and their relative importance.**
- 2. Analysis of the full-service banking institution's policy and criteria for adjusting remuneration transferred prior to and after accrual through reintegration agreements.**

Barclays operates a robust remuneration process aligned to risk in order to determine the annual incentive for Risk Takers. A significant part of their annual remuneration is paid as deferred compensation, and in the form of Barclays PLC shares, which mature, are enforceable and must be paid no later than the year in which they were awarded.

For Risk Takers, 40% of any incentive above £400,000 and 60% of incentives between £400,000 and £1,000,000 are deferred for between 3 and 5 years. For incentives above £1,000,000, the first £400,000 will be paid immediately and the rest will be deferred. All deferred incentives are awarded 50% in cash (under the Cash Value Plan) and 50% in Barclays shares (Deferred Share Value Plan). Equivalents in currencies other than the pound sterling are calculated at the time the incentives are granted.

For personnel who are not Risk Takers, 0% for the first £65,000 are deferred; 35% of amounts between £65,000 and £250,000 are deferred; and 50% of any amount above £250,000 is deferred.

Any Deferred Compensation is subject to malus or clawback provisions.

Deferred Compensation for all Risk Takers must be paid over periods of between three and five years, annually in equal installments, either in:

- (i) Cash, the Cash Incentive Award;
- (ii) Shares, according to the Share Incentive Award;
- (iii) Cash or shares deferred according to the Barclays Bank Plan, as per the Deferred Cash Value Plan and Deferred Share Value Plan (DSVP).

g) Description of the different variable remuneration used by the full-service banking institution and rationale for their use, including:

- 1. Overview of variable remuneration (cash, shares, share-linked instruments and other forms).**
- 2. Analysis of the use of different forms of variable remuneration and whether the mix is different among employees or groups of employees, as well as an analysis of the factors that determine the mix and their relative importance.**

According to Corporate Guidelines, Barclays Bank's policy for awarding Special Remuneration is consistent with Barclays Bank's philosophy of sustainable performance and at Barclays Bank's absolute discretion. The policy focuses on recognizing employee performance against their objectives, and whether these are achieved in accordance with Barclays' culture and values, their conduct and continued employment with the Company. Incentives are also influenced by external factors, such as market context, industry challenges, global and local regulation, as well as business performance.

Types of Special Remuneration at Barclays Bank:

(i). Cash Value Plan (CVP)

Incentives are awarded on the recommendation of the business and normally vest over equal periods of three to five years.

A CVP incentive is a conditional right to receive cash, usually in local currency. The normal CVP vesting schedule is three to five equal parts over periods of three to five years, subject to continued employment with Barclays Bank México, S.A., Institución de Banca Múltiple, Grupo Financiero Barclays Mexico and CVP rules (the 'Rules').

CVP incentives are normally awarded in March, immediately after the performance year such awards relate to.

(ii). Deferred Share Value Plan (DSVP)

Incentives are awarded based on a recommendation from the business area and generally vest in three to five equal parts over a period of three to five years.

A Deferred Share Value Plan (DSVP) incentive is a conditional right to receive shares of Barclays PLC ('Shares'). The normal DSVP incentive schedule vests in equal parts over periods of three to five years, subject to continued employment with Barclays Bank México and DSVP rules (the 'Rules'). Incentives are awarded at the discretion of the Barclays Group Share Scheme Committee (the 'Committee').

Shares awarded to Risk Takers are additionally subject to a six to twelve month withholding period (the 'Withholding Period'), during which the participant is the beneficial owner of the shares; however, the participant is not permitted to sell, transfer, collect, pledge, mortgage or otherwise encumber such shares. Barclays will not pay dividends on deferred incentives accrued during the DSVP vesting period. The share price used to calculate the number of shares to be granted will be the market price of Barclays PLC shares adjusted to reflect the absence of dividends during the vesting period. This means that a greater number of shares will vest than if the unadjusted market price were used.

DSVP incentives are generally awarded in March, immediately after the performance year such awards relate to.

(iii). Share Incentive Award (SIA)

Fifty percent (50%) of the annual non-deferred Risk Takers' non-deferred incentive will be awarded in the form of shares in Barclays PLC ('Shares'), known as the Share Incentive Award (SIA HP). Under the SIA HP scheme shares are expected to be placed into a nominee account in your name for a period of twelve months (the 'Withholding Period'). During the Withholding Period, the participant is the beneficial owner of the Shares; however, the participant is not permitted to sell, transfer, collect, pledge, mortgage or otherwise encumber such shares.



SIA incentives are normally awarded in March, immediately after the performance year such incentives relate to and vest immediately on the award date subject to the Withholding Period.

All incentives are subject to potential forfeiture in certain departure scenarios, clawback applies to any participant identified as a Risk Taker for the year in question if, at any time over a 7-year period from the date said deferred incentive is awarded, Barclays determines any of the following:

- (i). Your actions or omissions have amounted to misconduct or material error.
- (ii). Barclays or the relevant business unit has suffered a material Risk Management failure.

II. Qualitative Information
2020

	Number	Percentage
<i>a) Number of Remuneration Committee meetings each year</i>	4	100%
<i>b) Number of employees who received special remuneration</i>		
1) Total amount and number of guaranteed bonuses	1	1.02%
2) Amount and number of awards granted	72	34.87%
3) Total amount and number of indemnities or settlements	7	14.25%
	Cash	Shares
4) Amount of special Remuneration pending award, itemized by cash, shares and linked instruments and other forms	4.92%	4.92%
5) Total amount of remuneration awarded and paid in the year	\$333,849,168	86.24%
<i>c) Amount of Remuneration itemized by:</i>	Percentage	
	Fixed	Variable
1) Fixed and variable Remuneration	62.23%	34.87%
	Transferred	Not transferred
2) Transferred and not transferred	9.83%	24.02%
	Pecuniary	Shares
3) Special Remuneration divided into pecuniary benefits, shares and linked instruments, and other types	25.76%	8.09%
<i>d) Employee exposure to implicit adjustments (value of shares or stakes) and explicit adjustments (unsuccessful recoveries or similar reimbursements or downward adjustment of awards)</i>		
1. Total amount of pending and retained transferred remunerations exposed to subsequent explicit or implicit adjustments	13.01%	
2. Total amount of reductions due to explicit ex post adjustments	N/A	

2019

	Number	Percentage
<i>a) Number of Remuneration Committee meetings each year</i>	4	100%
<i>b) Number of employees who received special remuneration</i>		
1) Total amount and number of guaranteed bonuses	0	0.00%
2) Amount and number of awards granted	68	30.64%
3) Total amount and number of indemnities or settlements	10	1.02%
	Cash	Shares
4) Amount of special remuneration pending award, itemized by cash, shares and linked instruments, and other forms	4.56%	4.56%
5) Total amount of remuneration awarded and paid in the year	\$ 301,801,881.14	84.09%
<i>c) Amount of Remuneration itemized by:</i>	Percentage	
	Fixed	Variable
1) Fixed and variable remuneration	62.57%	30.64%
	Transferred	Not transferred
2) Transferred and not transferred	9.11%	21.52%
	Pecuniary	Shares
3) Special remuneration divided into pecuniary benefits, shares and linked instruments, and other types	23.20%	7.43%
<i>d) Employee exposure to implicit adjustments (value of shares or stakes) and explicit adjustments (unsuccessful recoveries or similar reimbursements or downward adjustment of awards)</i>		
1. Total amount of pending and retained transferred remuneration exposed to subsequent explicit or implicit adjustments		11.99%
2. Total amount of reductions due to explicit ex post adjustments		N/A

2018

	Number	Percentage
<i>a) Number of Remuneration Committee meetings each year</i>	4	100%
<i>b) Number of employees who received special remuneration</i>		
1) Total amount and number of guaranteed bonuses	1	0.32%
2) Amount and number of awards granted	74	37.40%
3) Total amount and number of indemnities or settlements	10	7.42%
	Cash	Shares
4) Amount of special Remuneration awaiting award, itemized by cash, shares and linked instruments and other forms	6.72%	6.72%
5) Total amount of remuneration awarded and paid in the year	\$ 315,104,333.66	74.24%
<i>c) Amount of Remuneration itemized by:</i>	Percentage	
	Fixed	Variable
1) Fixed and variable Remuneration	50.28%	37.40%
	Transferred	Not transferred
2) Transferred and not transferred	13.44%	23.96%
	Pecuniary	Shares
3) Special remuneration divided into pecuniary benefits, shares and linked instruments, and other types	27.40%	9.99%
<i>d) Employee exposure to implicit adjustments (value of shares or stakes) and explicit adjustments (unsuccessful recoveries or similar reimbursements or downward adjustment of awards)</i>		
1. Total amount of pending and retained transferred remuneration exposed to subsequent explicit or implicit adjustments	16.71%	
2. Total amount of reductions due to explicit ex post adjustments	N/A	