Banco PR1MUS

Remuneration policy

Global assessment report

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1. Introduction

Institutions should adopt sound and prudent remuneration practices that promote sound and effective risk management and discourage excessive risk-taking. These practices should be aligned with the long-term interests of the institution, without ever compromising on its financial stability and sustainability.

Institutions should have a remuneration policy covering all their employees, considering the mandatory legal rules laid down for the following categories:

(i) Members of the management and supervisory bodies;
(ii) Senior management;
(iii) Those responsible for risk-taking;
(iv) Those responsible for control functions;
(v) Employees whose total remuneration places them in the same remuneration bracket as that provided for the above categories, provided that their professional activities have a material impact on the institution's risk profile ("identified employees").

The regulatory publications on this matter are summarized in the table below:

Regulation	Application	Content
Decree Law no. 157/2014 (24th November 2014)	Issued in 24th Nov, 2014	Transposition of the European directive 2013/36/EU Implements into national law Articles 412(5), 413(3), 458(1) and 493(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 Amends the sanctioning regime provided for in the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92, of December 31, and introduces several across-the-board improvements to the same diploma. Possibility of detailed regulation to be determined by the Bank of Portugal regarding remuneration practices
BoP Regulation - Notice 3/2020, on the 16th July 2020, reviewed by Notice 2/2025	Issued in 16th July, 2020 and 20th march, 2025	Guidelines for the remuneration policy principles Requirements for the existence of a remuneration committee Rules for board members remuneration and employees Assessment of the remuneration policies and report to BoP about the deficiencies detected Disclosure requirements (qualitative and quantitative)
Law no. 50/2020 (25/08 August 2020)		Disclosure requirements about individual remuneration of the Board members Statement about the remuneration policy to be approved by General Assembly and published.
Decree Law 157/2014 (November, 24th 2014)	Issued on October 24th, 2014	This Decree, inter alia, defines: Responsibilities of the Remuneration Committee; Remuneration Policy guidelines; Rules for Board members remuneration and employees (for instance, principles and guidelines for the deferment of payments regarding variable remuneration, "Clawback" and "Malus" mechanisms)
Commission Delegated Regulation (EU) no. 923/2021	Issued on March 25th, 2021	This Regulation establishes regulatory technical standards with respect to qualitative and appropriate quantitative to identify categories of staff whose professional activities have impact on an institution's risk profile.
EBA Guidelines on sound remuneration policy (EBA/GL/2021/04)	Issued on July 2nd, 2021	These guidelines set out requirements regarding remuneration policies applicable to all stall of institutions and specific requirements that institutions have to apply to the remuneration policies and variable elements of remuneration of identified staff.
Commission Delegated Regulation (EU) no. 923/2021	Issued on March 25th, 2021	This Regulation establishes regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive.

2. Scope

According to the legislation in force[1] , the remuneration policy must be subject to a central and independent internal analysis, with a minimum annual periodicity, with the ultimate purpose of assessing compliance with the policies and procedures adopted.

The EBA Guidelines on *sound remuneration policies* (EBA/GL/2021/04) were issued by Bank of Portugal by means of a circular letter with the following guidelines:

Assunto: Revisão das Orientações da EBA sobre políticas de remuneração sãs (EBA/GL/2021/04)

A Autoridade Bancária Europeia (na sigla inglesa, EBA – European Banking Authority) publicou, no dia 2 de julho de 2021, o documento denominado "Guidelines on sound remuneration policies under Directive 2013/36/EU" (EBA/GL/2021/04), dirigido às autoridades competentes, às instituições de crédito e às empresas de investimento sistémicas, que entrará em vigor no próximo dia 31 de dezembro de 2021 e que revogará as Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013", publicadas em 21 de dezembro de 2015 (EBA/GL/2015/22). Estas Orientações podem ser consultadas a partir do respetivo sítio institucional da EBA [1], assim como a versão em língua portuguesa, publicada em 29 de outubro de 2021 [2].

O referido documento resultou da revisão conduzida pela EBA às atuais orientações nesta matéria decorrentes das alterações legislativas introduzidas na Diretiva (UE) 2013/36 de 26 de junho de 2013 com a publicação da Diretiva (UE) 2019/878 de 20 de maio de 2019. Foram ainda clarificadas algumas das disposições constantes das Orientações relativas a pagamentos decorrentes da cessação antecipada de funções e a prémios de permanência com vista a reforçar o enquadramento específico aplicável a estes tipos de remuneração.

As instituições incluídas no âmbito de aplicação destas Orientações deverão, desde já, adotar as medidas necessárias à implementação dos novos requisitos ao nível das suas políticas e práticas remuneratórias com vista a darem cumprimento às mesmas a partir do dia 31 de dezembro de 2021.

O Banco de Portugal sublinha a importância de as instituições darem adequado cumprimento às linhas de orientação constantes no documento em apreço, as quais devem ser seguidas e aplicadas no contexto da legislação e regulamentação em vigor e, em particular, funcionar, sempre que legalmente possível, como complemento às disposições constantes no Regime Geral das Instituições de Crédito e Sociedades Financeiras relativamente a esta matéria.

In addition, Notice no. 3/2020 of the Bank of Portugal established *"rules complementary to those contained in the General Framework of Credit Institutions and Financial Companies, considered relevant for its practical implementation by supervised entities*". Some of these rules were contained in Notice no. 10/2011, which was repealed by this new notice.

This report aims to respond to Chapter 2.5 "Review of Remuneration Policy" of the EBA Guidelines, which requires an independent and centralized review of the compliance of the institution's overall remuneration processes, policies and practices, with the Remuneration Committee being responsible for "*ensuring that the remuneration policy and practices of the investigation are subject to this review, at least once a year*[2]*"*.

[1] Decree-Law nr. 157/2014, which transposed CRD IV into the Portuguese legal system and amended the RGICSF.
2 Paragraphs 57 and 58

The results of the internal review carried out, as well as any deficiencies detected, must be documented through written reports, and presented "*to the General Assembly of the Institution, to the Supervisory Body and to the Management Body, which must ensure the implementation of these measures by the responsible bodies or other structural* units", in order to comply with article 44 of Notice no. 3/2020, now revised by the most recent Notice no. 2/2025, both issued by the Bank of Portugal.

The analysis carried out had the year 2025 as its reference period, with its focus on topics related to:

1. Policy Governance;
2. Interpretation and clarification of the Policy;
3. Analyze the fixed and variable compensation present in the Policy and the homogenization of remuneration between different genders;
4. Analyze the criteria and evaluation of *individual and collective* performance;
5. Executive compensation;
6. Self-assessment process to assess the "Identified Collaborators";
7. Impact of variable remuneration on maintaining a solid capital base;
8. Reporting of information to the Bank of Portugal; and
9. Disclosure of information and internal transparency.

3. Analysis of the remuneration policy

3.1 Remuneration Policy at Banco Primus

The Bank has two (2) documents relating to remuneration rules and policies:

a) ***Global Remuneration Policy*** – This policy is applicable to all members of the institution's staff, except for members of the Management Body, Supervisory Board and employees with a material impact on the Institution's risk profile ("identified employees"). This document is periodically reviewed and approved by the Management Body.

b) ***Remuneration Policy for specific functions & Staff Members Identified*** – This policy defines specific requirements to be applied to the remuneration and variable remuneration component of the identified employees and is applied to all categories defined in chapter 3 of this document. Regarding the approval of the remuneration policy of the Management and Supervisory Bodies, the General Meeting is responsible for approving it, in accordance with article 115 - C of the RGISCF.

The remuneration policy followed by the Bank is summarized in the table below:

Entity	Type of remuneration
Shareholders' General Meeting President	Paid a fixed value per Shareholders' General Meeting
Remuneration Committee	Not paid
Board Members	Executive: fixed and variable (*) Non-Executive: Not paid
Supervision Board	Fixed

Entity	Type of remuneration
ROC	Annual fees approved by the Risks and Audit Committee and ratified in Shareholder´s General Meeting
Employees	Fixed and variable (based on individual performance assessment)

(*) For Executive Board Members that accumulate functions in other companies of the Group, including major shareholder companies, Non- Executive Board Members shall apply.

There are no share allocation plans or stock options, nor discretionary pension benefits granted by the Bank to its employees.

3.2 Compensation Structure

There are two categories of remuneration: fixed or variable. The fixed component of the remuneration shall reflect the relevant professional experience and organizational responsibility of each employee's duties, while the variable part shall be based on the entity's sustainable and risk-adapted performance, as well as on the achievement of the objectives set annually.

The variable remuneration of the Executive Members of the Board of Directors is defined considering collective objectives - related to shareholder performance, which correspond to a limit of 20% of variable remuneration - and individual objectives, essentially related to the Bank's performance.

Regarding the **other employees**, different objectives are considered, such as:

a) Individual, in line with the *Bank's Business Plan*, its risk profile and the objectives defined by the CRP for the Executive Members of the Board of Directors; and

b) Company, which evaluates production, EBITDA and results before tax. The variable remuneration of those responsible for the control functions, namely *Compliance, Internal Audit and Risk Officers,* is only related to individual objectives associated with their functions, being independent of the performance of the controlled structural units.

Banco Primus, in compliance with Decree-Law no. 157/2014 and the EBA guidelines on remuneration policies (EBA/GL/2021/04), has defined the following limits and rules:

Entity	Fixed	Variable	Limits	Variable Remuneration Payment Deferral
Non-Executive Board Members	-	-	-	-
Executive Board Members	x	x	The Variable Remuneration must not exceed 80% (CEO) or 50% (not-CEO) of the Fixed Remuneration	The variable remuneration payment is composed of two parts defined by the following formula: - If the amount of the **variable remuneration** of a year **is < 50 K€,** 60% is paid in the year of award after the financial statements approval for the relevant year and 40% is deferred proportionally over a period of 3 (three) years. - If the amount of the **variable remuneration** of a year is **equal or> 50 K€, 50%** is paid in the year of award after the financial statements approval for the relevant year and the remaining amount is deferred during a period of 5 (five) years for the Executive Board Membersin accordance with the following rules (18% N+1, 8% N+2/N+3/N+4/N+5).
Senior Managers (Diretores)	x	x	The variable component must not exceed 40% of the Total Annual Remuneration.	
Control functions Officers (that are not Senior Manager)	x	x	The variable component must not exceed 30% of the Total Annual Remuneration.	

It is important to mention that no evidence was delivered regarding an analysis of the homogenization of remuneration between genders, as required on the EBA GL 04/2021, chapter 2.5, particularly on paragraphs 63 to 65.

4. Conclusions

The remuneration practices applied at Banco Primus are consistent and consistent with solid and effective risk management and the maintenance of a solid capital base. It should be noted that the *Business Plan* incorporates into the Bank's cost structure the amount of variable compensation that is estimated to be paid in accordance with the Remuneration Policy in force. This document also presents the results of the items and ratios referring to equity for the year 2025, which show the absence of the need to reinforce own funds, which allows us to assess that the Bank's current Remuneration Policy does not compromise its solvency.

In addition, evidence was collected that allows us to conclude that the process associated with the Bank's Remuneration Policy is effective:

(i) Self-assessment process for the assessment of "Identified Employees": the *Self-Assessment - Specify Remuneration Policy document* for 2025 was received, observing its execution and respecting the applicable legislation. It was also possible to assess its proper reporting to the Bank of Portugal (through *BPNet*) together with the Internal Control Report (evidence of submission collected);

(ii) Policy Governance: the Bank's Remuneration Policy is monitored by the Talent & Means Department, and the three control functions (Risk, Compliance and Internal Audit) are responsible for verifying its adequacy and compliance with the entity's risk profile. After its completion, it goes through a process of mandatory approval by the Supervisory Board, Board of Directors, CNRP and General Assembly;

(iii) Disclosure of information and internal transparency: the Bank's Remuneration Policy is published on the Intranet and can be accessed by all employees, who also receive an e-mail from the Organization's Department, informing them of the publication of the two documents (global policy and policy for specific functions) that make up the Policy. It is also possible to access the Bank's Global Remuneration Policy, in its own section, on the Bank's institutional website. At the same time, institutional information on the subject under analysis is presented in the Annual Report and Accounts.

Based on the topics analyzed, we can conclude that the Bank's Policy is in line with the regulations on this matter. The policy in force is accurate and effective, although a low-risk recommendation for improvement - related to the analysis of the homogenization of remuneration between different genders, as required on the EBA GL 04/2021, chapter 2.5, particularly on paragraphs 63 to 65 – was identified in this year's evaluation. This matter will be addressed, expectably, in the next 12 months. The main initial (draft) conclusions arising from the audit report "BPRIM-2026-001-Remuneration Policy – Material Risk Takers" are set out under Appendix I.

Appendix I - Recommendations under implementation

Subject	Description	Mitigation Plan
Gender neutrality in the Remuneration Policy	The Bank's remuneration framework is generally aligned with the requirements of EBA/GL/2021/04. However, one improvement area was identified. In particular, the Remuneration Policy and related supporting documentation do not include any explicit reference to an assessment of gender neutrality, as required under paragraphs 63, 64 and 65 of Chapter 2.5 of the Guidelines.	To close this recommendation, the Bank should provide: • An updated version of the Remuneration Policy and/or supporting documentation explicitly addressing gender neutrality objective and the process for its annual assessment. • Evidence of an annual documented assessment performed by the Bank on the gender-neutral regarding the remuneration and sharing with the Remuneration Committee; and • For the first assessment, evidence of acknowledgment from the Board of directors