ASSEMBLEIA GERAL BANCO PRIMUS, S.A.

31 DE MARÇO DE 2021

PROPOSTA RELATIVA AO PONTO QUARTO DA ORDEM DE TRABALHOS

PROCEDER À APRECIAÇÃO E APROVAÇÃO DA POLÍTICA DE REMUNERAÇÃO NOS TERMOS DO ART. 115º C, Nº4 DO DECRETO-LEI Nº. 298/92 DE 31 DE DEZEMBRO NA SUA REDAÇÃO VIGORANTE CONJUGADO COM DOS ARTIGOS 44.º, N.º 1 E 46º. Nº. 1 AMBOS DO AVISO DO BANCO DE PORTUGAL N.º 3/2020

Considerando:

a) Que o aviso 3/2020 do Banco de Portugal veio alterar a regulamentação de diversas matérias a respeito da Política de Remuneração do Banco Primus;

b) Que a Comissão de Nomeações Remunerações e Previdência ("CNRP"), se pronunciou positivamente sobre o teor da presente Política de Seleção e Avaliação;

c) Propõe o Conselho de Administração a alteração da Política de Remuneração nos termos infra indicados

Pelo Conselho de Administração:

Hugo Carvalho da Silva
Vogal do Conselho de Administração

Laurent Lebreton
Vogal do Conselho de Administração

O Conselho de Administração submete aos Senhores Acionistas o seguinte[1]:

[1] Versão aprovada em Reunião do Conselho de Administração de 31 de março de 2021.

Remuneration Policy

March 2021

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1. General guiding principles of remuneration policy

Relevant legislation on this matter sets out, *inter alia*, that Banco Primus is obliged to set out a Remuneration Policy with the following objectives:

- Definition of a simple, clear and transparent policy, aligned with Bank's culture, taking into account the Group to which it belongs;
- Definition of a consistent policy with an effective management and risk control in order to avoid excessive exposure to risk and conflicts of interests, on one hand, and to look for consistency with the goals, values and long-term interests of the Bank and its employees, as well as the interests of its customers and shareholders, on the other hand;
- Definition of a competitive and equitable policy, taking into account the market practices, following a remuneration practice based on uniform, consistent, fair and balanced criteria;
- Alignment of the remuneration policy with the best practices and recent trends and legislation in the financial sector, with the ultimate goal of discouraging excessive risk exposure and of promoting the continuity and sustainability of performance: *i)* establishment of maximum levels for the remuneration components that should be balanced with each other*, ii)* portion of variable compensation deferred in time.

The Remuneration Policy follows the principle of proportionality, considering a combination of all the following criteria: the size, the internal organization and the nature, scope and complexity of the activity.

2. Purpose

The Remuneration Policy is consistent with the objectives of Banco Primus business and risk strategy, corporate culture and values, long-term interests of the institution, and the measures used to avoid conflicts of interest, and do not encourage excessive risk taking.

The Remuneration Policy aims to:

- Allow Banco Primus to permanently attract, motivate and retain top-level people with high potential, in the competitive environment in which the Bank operates;
- Encourage and reward relevant individual contributions and the good collective performance;
- Encourage the achievement of performance goals in line with the interests of its shareholders in the short, medium and long term.

3. Scope of the policy

All staff members are covered under this Remuneration Policy.

In addition to this Policy, Banco Primus has conducted a survey concerning "Document on Specific Functions & Staff Members Identified (DR (EU) No 604/2014)" applicable to Non-Executive Board Members, Executive Board Members, Members of the Supervisory Board, Executive Managers and Senior Managers ("*Diretores*"), Control functions Officers (Internal Audit, Compliance and Risk Officers) and other members of staff whose professional activities have a material impact on the institution's risk profile (identified in accordance with the criteria set forth in Chapter 9 below).

The "Document on Specific Functions & Staff Members Identified (DR (EU) No 604/2014) is the document that sets out under the terms of subparagraph a) of paragraph 1 of article 41 of Aviso 3/2020 of Bank of Portugal ("Aviso 3/2020") the material risk takers on Banco Primus as well as other related information.

4. Governance of Remuneration

- The **Management Body** is responsible for adopting and maintaining the remuneration policy of Banco Primus and overseeing its implementation to ensure it is fully operating as intended.

- The Nominations and **Remunerations Committee (CNRP)** is responsible for: i) providing informed and independent opinion about the remuneration policy and practices; ii) providing to the Board of Directors recommendations about the candidates to the management and supervisory bodies by assessing the respective profile of the candidate in terms of suitability, professional qualification, independence and availability for the job, as established in the "Policy for the Selection and Evaluation of the Members of the Board of Directors, of the Supervisory Board and other Key Roles"; iii) evaluating, at least annually, the structure, dimension, composition and performance of the management and fiscal bodies and issuing recommendations aiming eventual changes; iv) evaluating, at least annually, the knowledge, competences and experience of each member of the management and fiscal bodies and communicating them the conclusions; v) preparing an assessment or reassessment report about the people for elective positions, with the purposes of providing to the General Assembly in the scope of the preliminary information; vi) monitoring, annually, the management, remuneration policies, issuing for the purposes an annual declaration about the Remuneration Policy or any other legal report/declaration; vii) verifying the compliance of the remuneration policies and procedures adopted by the competent body; viii) providing to the competent bodies the supporting documents to the decision processes related to the remuneration of the management and fiscal bodies, as well as to the decisions with impact in terms of risk and risk management of the bank; in general terms; ix) carrying out all the competences attributed by the RGICSF and by any other national or European applicable legislation; x) preparing and updating the set of qualifications, knowledge and professional experience required for the performance of the duties assigned to the members of the Board of Directors, the Supervisory Board and the key functions. In addition whenever applicable in the immediate quarter upon appointing, issuing an opinion on the appointment of persons who have been designated as equivalent or holding key functions in the previous quarter.

- The **Human Resources** participates in and informs on the drawing up and the evaluation of the remuneration policy for the institution, including the remuneration structure, remuneration levels and incentive schemes, in a way that would not only attract and retain the staff the institution needs but also assure that the remuneration policy is aligned with the institution's risk profile.

- The **Risk Management** function assists and informs on the definition of suitable risk-adjusted performance measures (including *ex post* adjustments). The Risk Management function should assess the adequacy of the variable remuneration structure to the risk profile and culture of Banco Primus and to the level of internal capital, assuring that it does not compromise the Bank's capacity of meeting its capital requirements and of reinforcing its own funds.

- The **Compliance** function analyses how the remuneration policy affects the institution's compliance with legislation, regulations, internal policies and risk culture and reports all identified compliance risks and issues of non-compliance to the management body, both in its management and supervisory functions;

- The **Internal Audit** function carries out an independent review of the design, implementation and effects of the institution's remuneration policies on its risk profile.

5. Performance objectives for the institution, business areas and staff

The performance objectives for the Institution, business areas and staff are approved by the Board and set out in the budget.

6. Fixed Remuneration

The fixed remuneration is based on predetermined criteria; it reflects the level of professional experience and seniority of staff; it is transparent with respect to the individual amount awarded to the individual staff member; it is permanent, i.e. maintained over a period tied to the specific role and organisational responsibilities; it is non-revocable; it cannot be reduced, suspended or cancelled by the institution; it does not provide incentives for risk assumption; and it does not depend on performance.

7. Variable Remuneration

Eligible employees of Banco Primus can increase their remuneration through a monthly, quarterly or annual variable remuneration related to the accomplishment of objectives or to respective performance evaluation.

7.1. Monthly and quarterly variable remuneration:

More detailed information on monthly and quarterly incentives can be found in the applicable internal manuals.

7.2. Annual variable remuneration:

The performance of the employees (assessed by the performance evaluation system) contributes to determine the possible allocation of annual variable remuneration (variable remuneration), as long as the results, the core capital of the company, the Group's policy and the decisions of the shareholders, allow.

Payment of the annual variable remuneration will always depend on the approval of the Board of Directors, with prior recommendation of the CNRP whenever applicable, and the assignment rules set out in this document. Therefore, payment of annual variable remuneration is not an entitlement of employees nor the fact that it is paid in a given year requires or implies its future continuity.

Employees of that perform independent control functions such as Compliance, Internal Audit and Risks are subjected to CNRP appraisal, along with participation of the Supervisory Board, and their assessment for the application of variable remuneration.

The annual variable remuneration is a component to reward outstanding employee performance, and simultaneously motivating the perennial of outstanding performance.

7.3. Performance Evaluation System

The Performance Evaluation System is part of the Integrated Management System of Banco Primus.

Within this system, Banco Primus intends to identify and recognize the professional performance and productivity of its employees, as well as diagnose their strengths and development needs, in order to promote the sustainable growth of individuals, teams and of the entire organization.

Similarly, it is intended that each employee of Banco Primus is involved in setting their performance goals and becomes an actor in the development of their professional and personal skills. By ensuring that each employee clearly knows what is expected from them and how the results will be monitored, each employee are enabled to manage their actions to achieve their goals.

7.3.1. Scope of application

The Performance Evaluation System is applicable to all employees of Banco Primus, who have been active for a minimum period of 3 months in the year to which respects the evaluation (applicable to employees hired before 30th September). Employees hired during the 4th quarter of the year do not

have to be evaluated but, as a good practice, the Manager may carry out the performance evaluation of such employees.

7.3.2. Evaluation Dimensions

Within the Performance Evaluation System two main dimensions of evaluation are contemplated: Objectives and Competencies.

7.3.3. Steps, Procedures and Calendar

The following table describes the prospective Performance Evaluation Cycle:

Evaluation Cycle

DATES	PROCEDURES	*OWNER*
December	Performance Evaluation Process: Validation of the schedule	**HR**
January/ February	Kick off of the Performance Evaluation	**HR**
	Self-evaluation of objectives and competencies	**Employees**
	Evaluation of the objectives and skills of employees	***Managers***
	Implementation of the corrective factor – Managerial Assessment (if applicable)	***CNRP***
	Establishment of development plans	**Supervisory**
	Setting objectives for the upcoming year	**Board**[2]
March	Analysis and presentation of the outcome of performance evaluation to the Board.	**HR**
	Homogenization of evaluations by group (if applicable).	
	Analysis and validation of the evaluations	**Board**
July	Kick off of the Mid-Year Performance Evaluation	**HR**
	Intermediate Performance Evaluation (objectives)	***Managers***
	Progress report on development plans	

7.4. Annual variable remuneration[3]

The result of the performance evaluation influences the amount of the annual variable remuneration to be awarded to each employee.

Therefore, the Performance Evaluation System allows to assign each employee to a final assessment expressed as a percentage, which is a weighted result of professional behaviour displayed (skills) and objectives previously set. This global result may be converted into an annual variable remuneration, as

[2] In accordance with paragraph 7 of article 14 of Regulation 3/2020 of Banco de Portugal
[3] Variable Remuneration is not applicable to Supervisory Board Members and to Non-Executive Board Members.

long as the results and the core capital of the company, the group's policy and decisions of the shareholders allow. The payment of the annual variable remuneration will always depend on the approval by the Board of Directors and the assignment rules set out in this document. Therefore, annual payment of variable remuneration is not an entitlement of employees nor the fact that it is made in a given year requires or implies its future continuity.

Variable remuneration can be subjected to *malus* and clawback rules for specific roles in accordance with applicable rules and regulations.

8. Other Remuneration Components

8.1. Allowances:

All the allowances paid are considered fixed remuneration.
The allowances meet the criteria set out in paragraph 117 (EBA/GL/2015/22) taking into account all of the following particularities:

- The allowance is tied to a role or organisational responsibility and awarded as long as no material changes happen regarding the responsibilities and authorities of the role so that in fact the staff would have a different role or organisational responsibility;
- The amount does not depend on any factors other than fulfilling a certain role or having a certain organisational responsibility;
- Any other staff member in a comparable situation, i.e., fulfilling the same role or having the same organisational responsibility would be entitled to a comparable allowance.

8.2. Retention Plans:

Currently, the remunerations policy of Banco primus does not foresee the payment of retention Plans. In case of change in this policy, the retention Plan must comply with the requirements applicable to variable remuneration, including *the ex post risk alignment*, payment in instruments, deferral, retention, *malus* and clawback. Retention Plans are based not on performance, but on other conditions (i.e. the circumstance that the staff member stays in the institutions for a predetermined period of time or until a specific event), hence *ex ante risk* adjustments are not necessary.

8.3. Severance Payments:

The Severance payments are determined by law. In case of agreement, this must be validated by the Remuneration Committee. Severance Payments Agreements must not compromise the Bank's solvency levels or the pursuit of the medium- and long-term objectives.

9. Remuneration of Specific Functions & Identified Staff Members

The Document on Specific Functions & Identified Staff Members (Commission Delegated Regulation (EU) No 604/2014) presents, in detail, the rules and the components of the remuneration of the following staff members:

- Non-Executive Board Members;
- Executive Board Members;
- Members of the Supervisory Board;
- Executive Managers and Senior Managers ("*Diretores*");
- Control functions Officers (Internal Audit, Compliance and Risk);
- Other Members of staff whose professional activities have a material impact on the Institution's risk profile ("identified staff").

Annually, a self-assessment process of identification of all staff whose professional activity has or may have a material impact on Banco Primus risk is undertaken by Internal Audit, Compliance and Risk Officers and Human Resources Manager and approved by the Executive Board Members.

The Nominations and Remunerations Committee (CNRP) should review the identification process in line with its responsibilities for the preparation of decisions regarding remuneration.

The self-assessment is based on the qualitative and quantitative criteria laid out in the applicable legal requirements, *inter alia* in Commission Delegated Regulation (EU) No 604/2014 and includes additional criteria set forth by Banco Primus that reflect the risk levels of different activities within the Bank and the significant impact of staff members on the risk profile.

The qualitative criteria established in Commission Delegated Regulation (EU) No 604/2014 are evaluated based on the proportionality principle, taking into account the dimension and organizational structure of Banco Primus.

Qualitative criteria potentially applicable to Banco Primus

1. The staff member is a member of the management body in its management function;
2. The staff member is a member of the management body in its supervisory function;
3. The staff member is a member of the senior management;
4. The staff member is responsible and accountable to the management body for the activities of the independent risk, compliance or internal audit functions;
5. The staff member heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology, or economic analysis;
6. The staff member is responsible for, or is a member of, a committee responsible for the management of a risk category provided for in Articles 79 to 87 of Directive 2013/36/EU other than credit risk and market risk[4];
7. With regard to decisions to approve or veto the introduction of new products, the staff member: (a) has the authority to take such decisions; or (b) is a member of a committee which has authority to take such decisions[5].

   Additional qualitative criteria set by Banco Primus

   Taking into account the dimension of Banco Primus and the nature of its core activities (cars financing and personal loans), as well as the average amount per transactions, the qualitative criteria below will be applied (corresponding to article 3, numbers 12 and 13 of the Commission Delegated Regulation (EU) No 604/2014), disregarding the threshold of EUR 5 million.

8. With regards to credit risk exposures of a nominal amount per transaction which represents 0.5 % of the institution's Common Equity Tier 1 capital and is at least EUR 5 million, the staff member: (a) is responsible for initiating credit proposals, or structuring credit products, which can result in such credit risk exposures; or (b) has authority to take, approve or veto a decision on such credit risk exposures; or (c) is a member of a committee which has authority to take the decisions referred to in point (a) or (b).

9. The staff member has managerial responsibility for a group of staff members who have individual authority to commit the institution to transactions and either of the following conditions is met: (a) the sum of those authorities equals or exceeds a threshold set out in the previous point 8(a), point 8(b).

Quantitative criteria

A. The staff member has been awarded total remuneration (fixed and variable) of EUR 500 000 or more in the preceding financial year;

4 Operational Risk, Liquidity Risk, Interest Rate Risk, Counterparty Risk, Securitization Risk, Concentration Risk.
5 Regarding this specific criteria, although Banco Primus has formally constituted a New Products Committee, its members are not empowered to approve or veto the introduction of a new product.

B. The staff member is within the 0.3 % of the number of staff, after rounding up, who has been awarded the highest total remuneration within the organization in the preceding financial year;

C. The staff member was in the preceding financial year awarded total remuneration that is equal to or greater than the lowest total remuneration awarded in that financial year to a member of senior management or meets any of the criteria in paragraphs (1), (3), (5), (6), (8), (11), (12), (13) or (14) of Article 3 (Commission Delegated Regulation –EU- Nº 604/2014 of 4 March 2014).

Exclusions

The quantitative criteria set out on A, B and C above shall not be deemed to be achieved where the institution determines that the professional activities of the staff member do not have a material impact on the institution's risk profile because the staff member, or the category of staff to which the staff member belongs: (a) only carries out professional activities and has authorities in a business unit which is not a material business unit; or (b) has no material impact on the risk profile of a material business unit through the professional activities carried out.

The self-assessment performed regarding the identification of staff is duly documented on an annual basis, including the following information:

- Rationale underlying the self-assessment and the scope of its application;
- Approach used to assess the risks emerging from the institution's business strategy and activities, including in different geographical locations;
- How employees working in the subsidiaries/branches are assessed;
- The role and responsibilities of the different corporate bodies and internal functions involved in the design, oversight, review and application of the self-assessment process;
- Exclusions, if applicable; and
- A list with the identification outcome, including:
  i. Number of identified staff including the number of staff identified for the first time;
  ii. The job responsibilities and activities;
  iii. Names or another unique identifier ("employee number");
  iv. Business area ("*Direção*" or "*Departamento*");
  v. Identification of the criteria (quantitative / qualitative); and
  vi. A comparison with the results of the previous year's self-assessment.

10. Glossary

- **Remuneration:** all forms of fixed and variable remuneration and includes payments and benefits, monetary or non-monetary, awarded directly to staff by or on behalf of Banco Primus in exchange for professional services rendered by staff, carried interest payments within the meaning of Article 4(1)(d) of Directive 2011/61/EU[5], and any other payments made via methods or corporate structures which, if they were not considered as remuneration, would lead to a circumvention[6] of the remuneration requirements of Directive 2013/36/EU.
- **Fixed remuneration:** payments or benefits for staff which comply with the conditions for its award set out in section 7 of EBA/GL/2015/22
- **Variable remuneration:** the part of the remuneration that is not fixed.

- **Staff:** all employees of an institution and its subsidiaries or branches, including subsidiaries not subject to the CRD and all members of their respective management bodies.
- **Identified staff:** staff whose professional activities have a material impact on the institution's risk profile in accordance with the criteria set out in the Commission Delegated Regulation (EU) 604/2014 and where appropriate in addition based on institutions' criteria. This staff is identified on the "Document on Specific Functions & Staff Members Identified (DR (EU) No 604/2014)".
- **Deferral period:** the period of time between the award and the vesting of the variable remuneration during which staff is not the legal owner of the remuneration awarded.
- **Retention period:** a period of time after the vesting of instruments which have been awarded as variable remuneration during which they cannot be sold or accessed.
- **Malus:** an arrangement that permits the institution to reduce the value of all or part of deferred variable remuneration based on ex post risk adjustments before it has vested.
- **Clawback:** arrangement under which the staff member has to return ownership of an amount of variable remuneration paid in the past or which has already vested to the institution under certain conditions.
- **Management Body:** Members of the management body have the ultimate responsibility for the institution, its strategy and activities and therefore are always able to have a material impact on the institution's risk profile. This applies both to the members of the management body in its management function who take decisions and to members of the supervisory function who oversee the decision making process and challenge decisions made.
- **Senior Management**: The senior management and senior staff responsible for material business units, for management of specific risk categories such as liquidity, operational or interest rate risk, and for control functions within an institution are responsible for the day-to-day management of the business, its risks, or its control functions. This includes the responsibility for making strategic or other fundamental decisions on the business's activities or the control framework applied. The risks taken by the business and the way they are managed are the most important factors for the institution's risk profile[6].
- **Identified Staff:** staff whose professional activities have a material impact on the Institution's risk profile.

[6] Definition in accordance with "Whereas 6" of Commission Delegated Regulation (EU) No 604/2014