Banco PRIMUS

ASSEMBLEIA GERAL BANCO PRIMUS, S.A.

19 DE SETEMBRO DE 2017

PROPOSTA RELATIVA À APROVAÇÃO DA POLÍTICA DE REMUNERAÇÕES, NOS TERMOS DO ARTIGO 115.º-C DO REGIME GERAL DAS INSTITUIÇÕES DE CRÉDITO E SOCIEDADES FINANCEIRAS (RGICSF)

Considerando:

a) O disposto nas Orientações divulgadas pela *European Banking Authority* ("EBA") em 27 de junho de 2016, relativas a políticas de remuneração sãs, nos termos dos artigos 74.º, n.º 3, e 75.º, n.º 2, da Diretiva 2013/36/UE, e à divulgação de informações, nos termos do artigo 450.º do Regulamento (UE) n.º 575/201;

b) O teor da Carta-Circular com a Refe.ª CC/2016/00000036, emitida pelo Banco de Portugal, a 14/04/2016, na qual esta entidade de supervisão determina que as instituições deverão dar adequado cumprimento às Orientações da EBA *supra* referidas, a partir de 1 de janeiro de 2017;

c) O disposto no artigo 115.º-C do RGICSF, submetendo a Política de Remuneração aplicável aos membros do órgãos de administração à aprovação da Assembleia Geral de Acionistas;

d) A revisão da Política de Remunerações proposta *infra* abrange: i. Os membros dos órgãos de administração e de fiscalização; ii. A direção de topo; iii. Os responsáveis pela assunção de riscos; iv. Os responsáveis pelas funções de controlo; v. Os colaboradores cujas atividades profissionais tenham um impacto material no perfil de risco da Instituição.

O Conselho de Administração submete ao Accionista o seguinte:

Banco PRIMUS

Remuneration Policy for Specific Functions & Staff Members Identified (DR (EU) No 604/2014)

2017

Banco PRIMUS

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2017

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1. General guiding principles of remuneration policy

In accordance with paragraphs 4 and 5 of article 115°-C of the RGISCF, the Remuneration Policy concerning:

i) Board of Directors and Supervisory Committee Members has to be approved on a yearly basis by the General Assembly;

*ii) persons mentioned on paragraph 7, 8, 9 e 10 of this document has to be reviewed and approved periodically by the Board of Directors following suggestion by the Nominations and Remunerations Committee ("**CNRP**").*

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;*
- *Validation of individual variable remuneration considering the Performance Appraisal (quantitatively and qualitatively), according to the worker's duties and level of responsibility;*
- *Determination that remuneration of employees who perform risk management and control functions is supervised directly by the CNRP.*

As a subsidiary of an entity, CFF, belonging to the "Petit Groupe BPCE" (BPCE SA + subsidiaries), Banco Primus should be required to comply with the Volcker rules (§ 619 of the Dodd–Frank Wall Street Reform and Consumer Protection Act) because of Natixis' activities in North America. Nevertheless, since Banco Primus does not operate on financial markets and does not operates for third parties, it is considered that Volker rules should not have effective application in Banco Primus. Nevertheless, should any activity (treasury, ALM, derivatives, securitizations, primary market and participations) and or any staff of Banco Primus be concerned, Banco Primus would turn to be subject to these provisions : i) Staff working in these areas should be guided by appropriate procedures and roadmaps to ensure compliance with limits in terms of authorized products and operations ; ii) this

staff should be informed about this provisions, benefit from training courses enabling them to know and apply them ; iii) specific checks should be carried out to verify compliance. In this respect, the system for malus would also apply to the employees affected by the Volcker Rule (see 12.4).

The Remuneration Policy was drawn up in accordance with 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. Scope of the policy

The following bodies/members are covered under this Remuneration Policy:

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

In fact, it is understood that these people represent, in Banco Primus case, the employees whose function and responsibilities have a material impact on the risk profile of the Bank.

The identification of all staff whose professional activity has or may have a material impact on Banco Primus risk profile is done annually in a self-assessment process. The self-assessment is based on the qualitative and quantitative criteria set out in articles 3 and 4 of the Commission Delegated Regulation (EU) No 604/2014 and includes additional criteria set forth by Banco Primus that reflect the levels of risk of different activities within the institution and the impact of staff members on the risk profile.

3. Governance of Remuneration Policy

- *The* ***Board of Directors*** *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* ***Remuneration Committee (CNRP)*** *is responsible for providing informed and independent opinion about the remuneration policy and practices; Providing to the Board of Directors recommendations about the candidates to the management and fiscal 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 Fiscal Council and of Head of Essential Posts"; evaluating, at least annually, the structure, dimension, composition and performance of the management and fiscal bodies and issuing recommendations aiming eventual changes; evaluating, at least annually, the knowledge, competences and experience of each member of the management and fiscal bodies and communicating them the conclusions; elaborating 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; monitoring, annually, the management, remuneration and welfare policies, issuing for the purposes an annual declaration about the Remuneration Policy or any other legal report/declaration; verifying the compliance of the remuneration policies and procedures adopted by the competent body; 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, carrying out all the competences attributed by the General Regime of the Credit Institutions and Financial Societies (RGICSF) and by any other national or European applicable legislation; Prepare and update 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 fiscal bodies and the key functions. On a quarterly basis, emitting an opinion on the selection of persons who have been designated as equivalent or holding key functions in the previous quarter.*

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

4. Objectives

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;*
- *Ensure that variable remunerations to the persons set out on the Scope do not hinder or compromise the ability of Banco Primus to reinforce its own funds taking into consideration all present and future risks under RGICSF;*
- *Ensure that remunerations are consistent with and promote sound and effective risk management, do not provide incentives for excessive risk taking*
- *Comply with the applicable laws on this issue, namely articles 115º A to 115º I of the RGICSF.*

5. Remuneration of Non-Executive Board members

Composition:	*The remuneration of Non-Executive Board Members is composed exclusively by a fixed component paid out annually and pro rata (considering that every started month is owed), for those Board Members, appointed, revoked or resigning during the year. It will not include any variable component, in this way it doesn't depend on the results of the Bank.*
Definition:	*It is defined at the beginning of each year by the CNRP.*

6. Remuneration of Supervisory Board members

Composition:	*The remuneration of Supervisory Board Members is composed exclusively by a fixed component paid out monthly (considering that every started month is owed). It shall*

not include any variable component, in this way it doesn't depend on the results of the Bank.

Definition: *It is defined at the beginning of each year by the CNRP.*

7. Remuneration of Executive Board members

Scope: *Remuneration for Executive Board Members that belong to other companies of the CFF Group or BPCE Group is defined and paid according to the rules for Non-Executive Board Members detailed in chapter 5. Other Executive Board Members remuneration is subject to the following provisions.*

Composition: *The remuneration of Executive Board Members is made up of fixed and variable components.*

Definition: *The fixed remuneration is determined by the CNRP, taking into account the criteria of the Group and the market references, with different specificities and dimensions*[1].

The variable remuneration is determined each year by the CNRP (after annual financial statements are approved), taking into consideration the collective and individual objectives, policies and the amounts practiced in the financial sector.

Limits: *The fixed component represents at least 2/3 of the Total Annual Gross Remuneration and it is composed by the salary and by other elements such as Exclusivity Allowance, Residence Allowance or Education Allowance, if existing.*

The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.

Criterions: *The Performance Appraisal is annual and includes two dimensions*

a) *Collective goals (related to CFF's performance allowing approximately 20% of the variable remuneration);*

[1] *Cadres dirigeants from CFF are* excluded.

b) *Individual goals (allowing approximately about 80% of the variable remuneration).*

Evaluation: *The evaluation of these indicators is made by CNPR. The evaluation can also include a part of Managerial Adjustment determined by the CNPR based on the specific recommendation of Credit Foncier de France top management.*

Rules for variable Remuneration:

a) *Variable remuneration payment deferral*

The variable remuneration payment is divided in two parts defined by the following formula:

- *If the amount of the variable remuneration of a year is < 100 K€, 60% is paid in the year of concession after the accounts 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 > 100 K€, 40% is paid in the year of concession after the accounts approval for the relevant year, and 60% is deferred proportionally over a period of 3 (three) years.*

b) *Prerequisites for payment of deferred amounts*

If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred remuneration will be paid subject to the following prerequisites:

- *Banco Primus net income according to Bank of Portugal rules is positive in the year the payment is planned. If the net income is negative or equal to zero, the deferred amount which was planned to be paid is definitively lost by the beneficiary.*
- *The beneficiary is still employed by Banco Primus or is employed by a company of BPCE group the day the deferred amount has to be paid, except otherwise decided by the CNRP.*

c) *"BPCE" index applied to payments*

- *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred amounts to be paid can be yearly adjusted by an index based on BPCE consolidated net income performance attributable to equity holders of the parent. The index is communicated by the CNRP and cannot be more than 1 (one).*

- *The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.*

8. Remuneration of Executive Managers and Managers (Diretores)

Composition:

The remuneration of Executive Managers and Managers is made up of a fixed and a variable component.

Definition:

The fixed remuneration of Executive Managers and Manages is determined by the CNRP, taking into account the experience and the market references, with different specificities and dimensions[2].

The variable remuneration is determined each year by the CNRP (after annual financial statements are approved), the policy and best practices of the financial sector, the collective and individual performance appraisal.

Limits:

The fixed component represents at least 70% (in the case of Executive Managers) and 80% (in the case of Managers) of the Total Annual Remuneration and it is composed by the salary and by other elements such as Exclusivity Allowance, Residence Allowance or Education Allowance, if existing.

The variable component must not exceed 30% (in the case of the Executive Managers) and 20% (in the case of the Managers) of the Total Annual Remuneration.

Rules for variable Remuneration:

a) Variable remuneration payment deferral

The variable remuneration payment is divided in two parts defined by the following formula:

- *If the amount of the variable remuneration of a year is < 100 K€, 60% is paid in the year of concession after the accounts 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 > 100 K€, 40% is paid in the year of concession after the accounts approval for*

[2] *Cadres dirigeants from CFF are* excluded.

the relevant year, and 60% is deferred proportionally over a period of 3 (three) years.

b) Prerequisites for payment of deferred amounts

If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred remuneration will be paid subject to the following prerequisite:

- *Banco Primus net income according to Bank of Portugal rules is positive the year the payment is planned. If the net income is negative or equal to zero, the deferred amount which was planned to be paid is definitively lost by the beneficiary.*

Independently of the variable remuneration amount, with would be pay only if the beneficiary is still employed by Banco Primus the day the deferred amount has to be paid, except otherwise decided by the CNRP.

c) "BPCE" index applied to payments

- *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred amounts to be paid can be yearly adjusted by an index based on BPCE consolidated net income performance attributable to equity holders of the parent. The index is communicated by the CNRP and cannot be more than 1 (one).*
- *The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.*

Individual Performance Appraisals: *The Performance Appraisal is annual and includes two dimensions:*

- *Skills assessment (evaluation of 5 soft skills and 1 specific skill related to the employees function);*
- *Evaluation of specifics and individual objectives related to the duties performed by the employees.*

9. Remuneration of the control functions officers (audit, compliance and risk)

Composition:	*The remuneration of the Control Functions (Audit Officer, Compliance Officer and Risk Officer) is made up of a fixed and a variable component, but it is based mainly in the fixed part ensuring Officers objectivity and independence.*
Definition:	*The fixed remuneration of the Control Function officers is determined by the CNRP, taking into account the professional group, experience and seniority, but also the amounts practiced in other similar companies of the financial sector.* *The variable component is determined each year each by the CNRP (after annual financial statements are approved) in accordance with individual performance appraisal, taking into consideration the specific objectives and best practices of the financial sector*
Limits:	*The fixed component represents, on average, at least 80% of the Total Annual Remuneration and it is composed by the salary and by other elements such as Exclusivity Allowance.* *The variable component must not exceed 20% of the Total Annual Remuneration.*
Rules for variable Remuneration:	***a) Variable remuneration payment deferral*** *The variable remuneration payment is divided in two parts defined by the following formula:* - *If the amount of the variable remuneration of a year is < 100 K€, 60% is paid in the year of concession after the accounts 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 > 100 K€, 40% is paid in the year of concession after the accounts approval for the relevant year, and 60% is deferred proportionally over a period of 3 (three) years.* ***b) Prerequisites for payment of deferred amounts*** *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred remuneration will be paid subject to the following prerequisite:* - *Banco Primus net income according to Bank of Portugal rules is positive the year the payment is planned. If the net income is negative or equal to*

zero, the deferred amount which was planned to be paid is definitively lost by the beneficiary.

Independently of the variable remuneration amount, with would be pay only if the beneficiary is still employed by Banco Primus the day the deferred amount has to be paid, except otherwise decided by the CNRP.

c) "BPCE" index applied to payments

- *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred amounts to be paid can be yearly adjusted by an index based on BPCE consolidated net income performance attributable to equity holders of the parent. The index is communicated by the CNRP and cannot be more than 1 (one).*
- *The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.*

Individual Performance Appraisals: *The Performance Appraisal is annual and includes two dimensions:*

- *Skills assessment (evaluation of 5 soft skills and 1 specific skill related to the employees function);*
- *Evaluation of specifics and individual objectives related to the duties performed by the employees.*

The Audit, Compliance and Risk Officers variable component is exclusively the result of the respective individual performance evaluation and is not entitle to be related to the company annual results.

10. Remuneration of other members of Staff (Identified Staff)

Composition: *The remuneration of the other identified members of staff is made up of a fixed and a variable component, but it is based mainly in the fixed part.*

Definition: *The fixed remuneration is determined by the CNRP responsible for these members, taking into account the professional group, level of expertise and skills, experience and seniority, but also the amounts practiced in other similar companies of the financial sector and the remuneration level of geographical location.*

The variable component is determined each year in accordance with individual performance appraisal, taking into consideration the specific objectives.

Limits:

The fixed component represents, on average, at least 80% of the Total Annual Remuneration and it is composed by the salary and by other elements such as Exclusivity Allowance.

The variable component must not exceed 50% of the Total Annual Remuneration.

Rules for variable Remuneration:

a) Variable remuneration payment deferral

The variable remuneration payment is divided in two parts defined by the following formula:

- *If the amount of the variable remuneration of a year is < 100 K€, 60% is paid in the year of concession after the accounts 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 > 100 K€, 40% is paid in the year of concession after the accounts approval for the relevant year, and 60% is deferred proportionally over a period of 3 (three) years.*

b) Prerequisites for payment of deferred amounts

If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred remuneration will be paid subject to the following prerequisite:

- *Banco Primus net income according to Bank of Portugal rules is positive the year the payment is planned. If the net income is negative or equal to zero, the deferred amount which was planned to be paid is definitively lost by the beneficiary.*

Independently of the variable remuneration amount, with would be pay only if the beneficiary is still employed by Banco Primus the day the deferred amount has to be paid, except otherwise decided by the CNRP.

c) "BPCE" index applied to payments

- *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred amounts to be paid can be yearly adjusted by an index based on BPCE consolidated net income performance*

attributable to equity holders of the parent. The index is communicated by the CNRP and cannot be more than 1 (one).

- *The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.*

Individual Performance Appraisals: *The Performance Appraisal is annual and includes two dimensions:*

- *Skills assessment (evaluation of 5 soft skills and 1 specific skill related to the employees function);*
- *Evaluation of specifics and individual objectives related to the duties performed by the employees.*

11. Other benefits and miscellaneous

Function	*Health Insurance*	*Life Insurance*	*Mobile Phone*	*Company Car (*)*	*Fuel*	*Tolls Automatic Payment System (Via Verde)*
Executive Board Member	✓	✓	✓	✓	✓	✓
Executive Manager	✓	✓	✓	✓	✓	✓
Managers (Diretores)	✓	✓	✓	✓	✓(**)	✓(**)
Audit Officer	✓	✓	✓	✓	✓	--
Risk Officer	✓	✓	✓	✓	✓	--
Compliance Officer	✓	✓	✓	✓	✓	--
Other members of Staff (***)	✓	✓				

(*) Each user may have access to a pool of vehicles held by Banco Primus. Vehicles are in no case assigned to an individual user.

(**) Not necessarily applicable to all Managers (Diretores).

(***) The attribution of benefits is dependent on the function.

12. General terms and conditions applicable to variable component

1. Exclusions

This Remuneration Policy is not applicable inter alia on the following situations:

i) In case of an event of State exceptional intervention;

ii) In the event payment of the aforementioned component is made using financial instruments such as stock options, derivatives, or other financial instruments mentioned on sub paragraph a) and b) of paragraph 3 of article 115° E of RGICSF.

13.

1. Guidelines and principles applicable to variable component

The definition of the variable component of the staff remuneration cannot limit in any way the ability of Banco Primus to reinforce its own funds and to ensure that its payment has in consideration present and future risks as mentioned on the RGICSF.

The variable component cannot exceed in any circumstances the value of the fixed component for each staff member.

In accordance with paragraph 2 of article 115° E of RGICSF, the following guidelines must be followed on establishing the Variable Component (when its computation depends on the staff's performance):

- *Total amount of variable component must be established in accordance with the performance of the employee considering financial and non-financial criteria, along with the performance of the Structural Unit/Department and the financial results of Banco Primus;*
- *The performance review must be made in accordance with a multi annual period, ensuring that the evaluation process is made taking into consideration long term performance and inherent risks to Banco Primus;*
- *The performance review results used to compute the variable component must also anticipate adjustments considering the present and future risks to which Banco Primus is exposed, as well as its own funds and liquidity costs.*

2. Deferment of payments and other specific rules for variable remuneration

a) **Variable remuneration payment deferral**

The variable remuneration payment is divided in two parts defined by the following formula:

- *If the amount of the variable remuneration is < 100 K€, 60% is paid in the year of concession after the accounts approval for the relevant year and at least 40% is deferred proportionally over a period of 3 (three) years.*
- *If the amount of the variable remuneration is equal or > 100 K€, 40% is paid in the year of concession after the accounts approval for the relevant year, and at least 60% is deferred proportionally over a period of 3 (three) years.*

b) **Prerequisites for payment of deferred amounts:**

If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred remuneration will be paid subject to the following prerequisites:

- *Banco Primus net income according to Bank of Portugal rules is positive the year the payment is planned. If the net income is negative or equal to zero, the deferred amount which was planned to be paid is definitively lost by the beneficiary.*
- *The beneficiary is still employed by Banco Primus or is employed by a company of BPCE group the day the deferred amount has to be paid, except otherwise decided by the CNRP.*

c) **"BPCE" index applied to payments**

- *If the total amount of the variable remuneration of a year is equal or more than 100 K€, the deferred amounts to be paid can be yearly adjusted by an index based on BPCE consolidated net income performance attributable to equity holders of the parent. The index is communicated by the CNRP and cannot be more than 1 (one).*
- *The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.*

3. Clawback and Malus mechanisms

Payment variable annual remuneration is not mandatory and is awarded at the relevant discretion of the CNRP or applicable organs of Banco Primus. All payments made under this Policy after the 24th November 2014 are subjected to the following limitations:

- *Reversion or Clawback as established under section b) of paragraph 10 of Article 115 E of the RGICSF, consisting on the retention of payments due to the employee;*
- *Reduction or Malus as established under section a) of paragraph 10 of Article 115 E of the RGICSF, consisting on the full or partial reduction of deferred payments due but not yet disbursed.*

The mentioned limitations are to be enacted inter alia on the following cases:

- *The employee took part or was responsible for actions that may have resulted on significant losses to Banco Primus;*
- *The employee ceased to comply with suitability and honorability criteria for performance of its duties (if applicable);*
- *There is evidence of misconduct or serious error by the staff member (e.g. breach of code of conduct and other internal rules, especially concerning risks);*
- *Whether the institution and/or the business unit subsequently suffers a significant downturn in its financial performance (e.g. specific business indicators);*
- *Whether the institution and/or the business unit in which the identified staff member works suffers a significant failure of risk management;*
- *Significant increases in the institution's or business unit's economic or regulatory capital base;*
- *Any regulatory sanctions where the conduct of the identified staff member contributed to the sanction.*

Malus and clawback arrangements should lead to a reduction of the variable remuneration where appropriate. Under no circumstances should an explicit ex post risk adjustment lead to an increase of the initially awarded variable remuneration or, where malus or clawback was already applied in the past, to an increase of the reduced variable remuneration.

It is also the CNRP's recommendation that Banco Primus when paying the variable annual remuneration implements the necessary legal steps to ensure the fulfillment of the conditions under this subsection.

14. Final note

As a rule, the CNRP is the Organ that determines the value of the remunerations for Board of Directors and Supervisory Board. If, for some reason, this Committee is unable to do so, it will be the Board Members together with the Control Functions and the Human Resources that will have this responsibility.

The award of a variable component cannot limit in any way the ability of Banco Primus to assure its own funds legal requirements and must have in consideration all sorts of present and future risks under the RGICSF.

15. Glossary

- **Remuneration:** *means 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 other payments made via methods and vehicles 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:** *means 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:** *means all remuneration which is not fixed.*
- **Staff:** *means all employees of an institution and its subsidiaries, including subsidiaries not subject to the CRD and all members of their respective management bodies.*
- **Identified staff:** *means 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.*
- **Deferral period:** *means 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:** *means 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:** *means 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:** *means an 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.*

Paço de Arcos, 07 de setembro de 2017

O CONSELHO DE ADMINISTRAÇÃO DO BANCO PRIMUS, S.A.

Hugo Carvalho da Silva
Vogal do Conselho de Administração

Gilles Scotto di Suoccio
Vogal do Conselho de Administração