Banco PR1MUS

Document on Remuneration Policy for Specific Functions & Staff Members Identified (DR (EU) No 923/2021) February 2024

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1. General guiding principles of the Remuneration Policy

In accordance with paragraphs 2, 4 and 5 of article 115º-C of the RGISCF, the Remuneration Policy concerning:

i) Board of Directors and Supervisory Board 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, Banco Primus is 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 is not a financial intermediary and does not operate on financial markets or for third parties, it's considered that Volcker rules should not have effective application in Banco Primus.

In case of any activity (treasury, ALM, derivatives, securitizations, primary market and participations in the appropriate markets) or any staff of Banco Primus be concerned, Banco Primus could 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 14).

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.

Pursuant to the Remuneration Policy, in accordance with article 41 of Aviso 3/2020, relevant subjects are required to identify the relevant categories of staff members that bear a significant impact in its risk profile. The scope of this document is, *inter alia*, to:

a) Approve and identify the material risk takers of Banco Primus;
b) Ensure the annual review of the identified material risk takers staff;
c) Ensure the relevant communications in accordance with *Instrução* 18/2020[1].

2. Scope of the document and Remuneration Policy

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

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

In fact, it is understood that these persons represent, in Banco Primus case, the employees whose functions 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 performed annually in a self-assessment process. The self-assessment is based on the qualitative and quantitative criteria set out in articles 3 to 6 of the Commission Delegated Regulation (EU) No 923/2021 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 the 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 Nominations and **Remunerations Committee (CNRP)** is responsible for:

  i) providing informed and independent opinion about the remuneration policy and practices;

  ii) evaluating, at least annually, the structure, dimension, composition and performance of the management and supervisory bodies and issuing recommendations aiming eventual changes;

[1] At this date this aspect is still to be regulated by the Bank of Portugal

iii) evaluating, at least annually, the knowledge, competences and experience of each member of the management and fiscal bodies and communicating them the conclusions;

iv) monitoring, annually, the management remuneration policies, issuing for the purposes an annual declaration about the Remuneration Policy or any other legal report/declaration;

v) verifying the compliance of the remuneration policies and procedures adopted by the competent body;

vi) providing to the competent bodies the supporting documents to the decision processes related to the remuneration of the management and supervisory bodies, as well as to the decisions with impact in terms of risk and risk management of the bank; in general terms;

vii) carrying out all the competences attributed by the RGICSF and by any other national or European applicable legislation.

- The **Human Resources** function participates in and informs on the preparation 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 but also assuring 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, by not providing 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: Non Executive Board Members are not remunerated..

Definition: Not applicable.

6. Remuneration of Supervisory Board members

Composition: The remuneration of Supervisory Board Members is exclusively composed of a Fixed component paid out monthly (considering that every started month is owed). It does not include any variable components, in this way being wholly independent from the results of the Bank.

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

7. Remuneration of Executive Board members

Scope: When applicable, remuneration for Executive Board Members that belong to other companies of the BPCE Group is set as set out by the CNRP. Other Executive Board Members remuneration is subject to the following provisions.

Composition: The remuneration of Executive Board Members is composed of Fixed and Variable components.

Definition: The Fixed remuneration is set by the CNRP, taking into account the criteria of the Group and the market references, with different specificities and dimensions.

The variable remuneration is determined each year by the CNRP (after the approval of the annual financial statements), taking into consideration the collective and individual objectives, policies and the benchmark of the financial sector.

Limits:

The Variable Remuneration for the CEO must not exceed 80% of the Fixed Remuneration. For remaining Executive Board Members, the Variable Remuneration cannot exceed 50% of the Fixed Remuneration

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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.

Criteria:

The Performance Appraisal is annual and includes two dimensions

a) Collective goals (related to BPCE Financement performance allowing up to 20% of the variable remuneration);

b) Individual goals (allowing up to 95% of the variable remuneration).

The total of Collective and Individual Goals cannot exceed 100%.

Evaluation:

The evaluation of these indicators is performed by the CNRP. The evaluation can also include a part of Managerial Adjustment determined by the CNPR based on the specific recommendation of BPCE Financement top management (if applicable).

Rules for Variable payment Remuneration due for the financial exercises occurring before 2020:

a) Variable remuneration payment deferral

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 < 100 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, being the deferring period of 5 (five) years for the CEO (*cadre dirigent*).
- If the amount of the variable remuneration of a year is equal or > 100 K€, 40% is paid in the year of award after the financial statements approval for the relevant year, and 60% is deferred proportionally over a period of 3 (three) years, being the deferring period of 5 (five) years for the CEO (*cadre dirigent*).

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.

Rules for variable Remuneration due for financial exercises from 2021 (including) onwards:

a) Variable remuneration payment deferral

The variable remuneration payment is composed of two parts defined by the following formula:

- 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 Members (*cadre dirigents*) in accordance with the following:

Year	Year of payment	Year of Payment + 1	Year of Payment +1 (October)	Year of Payment +2	Year of Payment +3	Year of Payment +4	Year of Payment +5
Percentage	50%	10%	8%	8%	8%	8%	8%
Indexation to BPCE criteria	Not Indexed	Indexed	Indexed	Indexed	Indexed	Indexed	Indexed

b) Prerequisites for payment of deferred amounts

If the total amount of the variable remuneration of a year is equal or more than 50 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" conditions and index applied to payments

- The deferred fractions for remuneration are paid provided the following conditions criteria are respected:
    - Core Equity Tier One of the BPCE Group is above the fixed yearly ratio: 10,77% on the 31st December 2022 and 10,79% on the 31st December 2023;
    - The CNRP allows for the payment of the deferred remuneration for that year.

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 Senior Managers ("*Diretores*")

Composition:

The remuneration of Executive Managers and Senior Managers is composed of a Fixed and a Variable component.

Definition:

The Fixed remuneration of Executive Managers and Senior Managers is determined by the CNRP, taking into account the experience and the market references, with different specificities and dimensions.

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

Limits:

The Variable Remuneration must not exceed 40% of the Fixed Remuneration.

Rules for variable Remuneration:

a) Variable remuneration payment deferral

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 50% is deferred proportionally over a period of 4 (four years) years in accordance with the table below:

Year	Year of payment	Year of Payment + 1	Year of Payment +1 (October)	Year of Payment +2	Year of Payment +3	Year of Payment +4
Percentage	50%	10%	10%	10%	10%	10%
Indexation to BPCE criteria	Not Indexed	Indexed	Indexed	Indexed	Indexed	Indexed

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b) Prerequisites for payment of deferred amounts

If the total amount of the variable remuneration of a year is equal or more than 50 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.

In any case, regardless the amount of the variable remuneration, it would be paid only if the beneficiary is still employed by Banco Primus at the day the deferred amount is planned to be paid, except otherwise decided by the CNRP.

c) "BPCE" conditions and index applied to payments

- The deferred fractions for remuneration are paid provided the following conditions criteria are respected:
    - Core Equity Tier One of the BPCE Group is above the fixed yearly ratio: 10,77% on the 31st December 2022 and 10,79% on the 31st December 2023
    - The CNRP allows for the payment of the deferred remuneration for that year.

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, Compliance and Risk Officers) is composed of a fixed and a variable component, but it is based mainly in the fixed part ensuring Officers objectivity and independence. In case of being a Senior Manager (*Diretor*) it's applicable to the Control Function Officer the limits set in point 8 above.

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 the approval of the annual financial statements), with the

participation of the Supervisory Board, in accordance with individual performance appraisal, taking into consideration the specific objectives and best practices of the financial sector.

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Limits:

The Variable Remuneration must not exceed 30% of the Fixed Remuneration.

Rules for variable Remuneration:

a) Variable remuneration payment deferral

The same as the rules set out in section 8.

b) Prerequisites for payment of deferred amounts

The same as the rules set out in section 8.

c) "BPCE" conditions and index applied to payments

The same as the rules set out in section 8.

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 their respective individual performance evaluations and regardless of Banco Primus annual results.

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

Composition:

The remuneration of the other identified members of staff is composed of a Fixed and a Variable component, but it is based mainly in the Fixed part.

Definition:

The Fixed remuneration is determined taking into account the professional group, level of expertise and skills, experience and seniority, but also the amounts practiced by 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 Variable Remuneration must not exceed 20% of the Fixed Remuneration.

Rules for variable Remuneration:

a) Variable remuneration payment deferral

The same as the rules set out in section 8..

b) Prerequisites for payment of deferred amounts

The same as the rules set out in section 8.

c) "BPCE" conditions and index applied to payments

The same as the rules set out in section 8.

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	✓	✓	✓	✓	✓	✓
Senior Managers (*Diretores*)	✓	✓	✓	✓	✓(**)	✓(**)
Audit Officer	✓	✓	✓	✓	✓	--
Compliance Officer	✓	✓	✓	✓	✓(**)	✓(**)
Risk 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.

(**) Each Senior Manager may have a different limit depending of the respective role´s tasks and related needs.

(***) Depending on employee's role, tasks and related needs.

12. General terms and conditions applicable to variable component

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 115º E of RGICSF.

13. 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 takes into 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 115º 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 appraisal 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 requirements;
- Notwithstanding the above, specific waivers can apply in regard to provisions set out in paragraph 95 et sequitur of EBA/GL/2021/04 on sound remuneration policies.

14. Clawback and *Malus* mechanisms

Payment of variable annual remuneration is not mandatory and it is awarded at the relevant discretion of the CNRP or applicable organs of Banco Primus. All payments made under this Policy[2] are subject to the following limitations:

- Reversion or Clawback as established under section b) of paragraph 12 of Article 115 E of the RGICSF, consisting on the recovery of payments disbursed to the employee;

[2] Applicable from the 24th November 2014 onwards.

- Reduction or Malus as established under section a) of paragraph 12 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 applicable, inter alia, on the following cases:

- The employee took part or was responsible for actions that resulted or may result on significant losses to Banco Primus;
- The employee ceased to comply with suitability and honorability criteria for performing his/her 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.

15. Closing Remarks

As a rule, the CNRP is the entity determining the value of the remunerations for the members of the Board of Directors and of the Supervisory Board. If, for some reason, the CNRP is unable to do so, the Board Members together with the Control Functions and the Human Resources will bear this responsibility.

The award of a variable remuneration cannot at any time 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.

16. Glossary

- **EBA/GL/2021/04**: refers to European Banking Authority Guideline 2021/04 on sound remuneration policies ("**EBA/GL/2021/04**")
- **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 in accordance with section 7 of EBA/GL/2021/04.

- **Fixed remuneration or Fixed component:** means payments or benefits for staff which comply with the conditions for its award set out in section 7 of EBA/GL/2021/04
- **Variable remuneration:** means the part of the remuneration that is not Fixed remuneration.
- **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) 923/2021 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 allows the institution to reduce the value of all or part of deferred variable remuneration based on ex post risk adjustments before it has been vested.
- **Clawback:** means an arrangement under which the staff member must return ownership of an amount of variable remuneration paid in the past or which has already vested to the institution under certain conditions.
- **RGICSF**, refers to Decree nº. 298/92 dated the 31st December in its current version.

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digitalsign
Selo Eletrónico Qualificado criado pela plataforma SigningDesk.
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