

ANNUAL GENERAL MEETING
OF
BANCO COMERCIAL PORTUGUÊS, S.A.

(11/05/2015)

PROPOSAL IN CONNECTION WITH ITEM 4 OF THE AGENDA

STATEMENT ON THE REMUNERATION POLICY OF MEMBERS OF MANAGEMENT AND SUPERVISION BODIES

CONTEXT

In accordance with the provisos of articles 1 and 2 (1) of the Law 28/2009 of 19 June, the management body or the remuneration board, must present *“every year, to the approval of the general meeting a statement on the remuneration policy of the members of the respective management and supervision bodies.”*

The same is stated in Article 5 (1) of the Notice of Banco de Portugal 10/2011, of 29 November as well as the Corporate Governance Code of Comissão do Mercado de Valores Mobiliários, which is adopted by Banco Comercial Português, S.A. (hereinafter referred to as “BCP” or “Bank”).

In accordance with article 14 (c) of the Articles of Association of Banco Comercial Português, S.A., it pertains to the Remuneration and Welfare Board to approve that remuneration statement and submit it to the General Meeting.

Without damaging the fact that some clarifications were introduced, the recent changes to the law relating to the remuneration of the governing bodies of the so called “entities of public interest”, as are the credit institutions, maintain this legal mechanism of approval and disclosure of the statement on the remuneration policy of the members of the management and supervision bodies, now regulating that issue in particular in the Legal Framework for Credit Institutions and Financial Companies, (as per article 2 (4) of the Law nr. 28/2009, introduced by article 9 of DL 157/2014, dated of 24 October and articles 115-C and following of the Legal Framework for Credit Institutions and Financial Companies, also introduced by DL nr. 157/2014 mentioned above).

Concerning Banco Comercial Português, S.A. one must bear in mind that it made a recapitalisation operation by resorting to state aid, which is under way since June 2012, and therefore, concerning the remuneration policy of the members of the management and supervision bodies, take into consideration the domestic and EU legal requirements on this respect, namely the provisos of article 15-A of the Law nr. 63-A/2008, dated 24 November, in its current wording (as per Law 23-A/2015, of 26 March).

The Ordinance 150-A/2012 of 17 May defines the procedures necessary for the execution of the Law 63-A/2008, of 24 November, as successively altered, according to which limitations were introduced to the remunerations of the members of the corporate bodies of credit institutions benefiting from recapitalisation operations through state aid. These limitations shall be in force as long as the state aid is in force.

By means of the Article 14 (2) of Law 63-A/2008 in the wording of Law nr. 4/2012 of 11 January and nr. 11 of Decision 8840-B/2012, the Portuguese State, through the Decision 15463-A/2 published on 4 December 2012, appointed two non-executive members to the Board of Directors of BCP, being their remuneration defined therein.

The Remuneration and Welfare Board, together with the Commission for Nominations and Evaluations appraised, approved and submitted to the 2014 General Meeting the terms of the policy for the remunerations of the members of the management and supervision bodies, hereinafter transcribed.

That remuneration policy resulted from the analysis of studies made on that year and the one before by the Human Resources Division and Mercer Portugal - Recursos Humanos, Lda., a leading company in the advising services in the areas of talent and performance of human resources. The Remuneration and Welfare Board considered that the implementation of that Remuneration Policy, namely the Remuneration Plans therein foreseen, complies with the provisos of the recapitalisation plan through state aid of the Bank, namely with the provisos of article 12 of the Ordinance 150-A/2012.

The Remuneration and Welfare Board does not issue an opinion on the adequacy of the remuneration earned by the members of management and supervision bodies since this one is mandatorily established by the legal requirements mentioned above concerning credit institutions benefiting from recapitalisation operations through state aid.

Taking into account the framework described above and in accordance with the competences granted by article 399 of the Companies Code and of articles 9/3, 13 and 14 of the Bank's Articles of Association and within the terms and for the purposes of Law 28/2009 of 19 June and articles 115-C and following of the Legal Framework for Credit Institutions and Financial Companies, also introduced by DL nr. 157/2014 mentioned, and republished by Law nr. 23-A/2015 of 26 March and also the provisos of the Notice of Banco de Portugal nr. 10/2011 of 29 December, the Remuneration and Welfare Board submits to the appraisal of the Shareholders this statement on the remuneration policy of the members of the management and supervision bodies of Banco Comercial Português S.A..

I. Process for the definition and approval of the remuneration policy

In accordance with Article 14 of the articles of association it pertains to the Remuneration and Welfare Board to *a)* establish the remunerations of the members of the corporate bodies, *b)* determine the terms of the complements due for retirement, old age and disability of the directors and *c)* submit to the annual General Meeting of Shareholders a statement on the remuneration policy of the corporate bodies of BCP, in accordance with the rules and taking into account all applicable recommendations.

On 28 February 2012 the General Meeting elected the Remuneration and Welfare Board for the 2012/2014 term-of-office. Pursuant to the election made at the General Meeting held on 20 May 2013 of a State representative, Bernardo de Sá Braamcamp Sobral Sottomayor and the renunciation to the position presented by Baptista Muhongo Sumbe on 6 September 2013, this Board now has the following composition:

Chairman: José Manuel Archer Galvão Teles

Members: Manuel Soares Pinto Barbosa

José Luciano Vaz Marcos

Bernardo de Sá Braamcamp Sobral Sottomayor

II. Remuneration

a) The Board of Directors

In accordance with article 15 of the Articles of Association of BCP, the amount of the remuneration of the directors shall be set for each director individually, taking into account, notably, the medium and long-term interests of the Bank and the aim of not encouraging excessive risk-taking.

Taking into account the provisos of article 9 of Notice 10/2011 of Banco de Portugal and article 15 (1) of the Articles of BCP's Association, the non-executive members of the Board of Directors of BCP earn a fixed remuneration paid 12 times per year, the amount of which is currently determined taking into account the provisos of article 12 (2) of the Ordinance 150-A/2012. The remuneration of the non-executive members appointed by the Portuguese State was defined by the Decision 15463-A/2012, mentioned above.

The remuneration of the members of the Executive Committee may consist of a fixed and of a variable component, in accordance with article nr. 8 of the Notice 10/2011 of Banco de Portugal and with article 15 (1) of BCP's Articles of Association, considering the limitations set forth by the domestic and EU legislation¹:

i. Annual Fixed Remuneration

The fixed component of the remuneration of the executive members of the Board of Directors is:

- Paid 14 times a year
- Determined in view of the criterion established in article 12 (2) of Ordinance 150-A/2012.

ii. Variable Remuneration

¹ we took under particular consideration the legal framework resulting from the alterations introduced in the Legal Framework for Credit Institutions and Financial Companies, namely the provisos of articles 115-C to 115-H introduced by DL 157/2014 above mentioned and the transitory ruling of article 26/4 and 7 of this Decree-Law as well as the alterations and republication of that Legal Framework made by Law 23-A/2015 of 26 March. The requirements of the Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 and the Directive 2013/36/EU of the European Parliament and of the Council of the same date were also taken into consideration.

In accordance with article 15 (2) of the Company's Articles of Association, the sum of the variable parts of the remuneration of all the directors shall not exceed an amount corresponding to 2% of the distributable net income for the financial year.

In view of the provisos of article 12 of the Ordinance 150-A/2012, the Bank maintained its decision not to pay any variable remuneration during the period of time the Bank is under a capitalisation program through state aid, that is due to end on 30 June 2017.

iii. Benefits

The existing benefits in terms of health insurance, credit card and mobile phones remain in effect, being the Executive Committee responsible for authorizing them.

The limits to the value of company vehicles, an issue that does not fall under the competence of the Remuneration and Welfare Board, shall be determined by the Executive Committee, taking into account the practice followed by other credit institutions of an equivalent size.

The members of the Executive Committee shall not receive cash benefits that are not foreseen in this statement.

b) Supervision bodies

As mentioned above and taking into consideration the provisos of article 9 of the Notice nr. 10/2011 of Banco de Portugal, the members of the Audit Committee receive a fixed remuneration, paid 12 times per year, the amount of which is currently determined pursuant to article 12 (2) of Ordinance 150-A/2012.

III. Defining the Remuneration

The allocation of the amount resulting from the application of the provisos of article 12 (2) of the Ordinance 150-A/2012 amongst each one of the management and supervision bodies as well as among each one of their members was made by the Remuneration and Welfare Board taking into account, particularly, the nature of the functions performed by each one of the members of those bodies as well as the functions of the Bank's Commission for Nominations and Remunerations.

IV. Social Security and complements

In accordance with article 17 of the Articles of Association of BCP, approved at the General Meeting of Shareholders held on 28 February 2012:

“1. The directors shall benefit from the social security regime applicable in each case.

2. The directors are also entitled to a supplement to the retirement or disability pensions and the Bank may enter into insurance contracts in favour of such directors.

3. *At the beginning of each term of office and by agreement with each director, the insurance policy may be replaced by contributions to a pension fund of defined contributions.*

4. *The amount of the contributions of the Bank, within the scope of the two previous paragraphs, shall be established on a yearly basis by the Remuneration and Welfare Board.*

5. *The Bank shall not bear any additional expenses with the retirement and disability pensions after the termination of each director's functions.*

6. *The right to the supplement shall only become effective if the beneficiary retires due to old age or disability, under the terms of the applicable social security regime.*

7. *At the time of the retirement, the beneficiary may choose to redeem the capital.*

8. *In case of death before retirement, the right to receive the accrued capital shall remain effective pursuant to the applicable provisions established by the contract or by law."*

The right to the retirement complement is granted in accordance with the Retirement Regulation of the Executive Directors of Banco Comercial Português, whose nr. 2 of article six was altered by resolution adopted at the Bank's General Meeting of Shareholders held on 30 May 20014 by approval of a proposal submitted by this Board.

Notwithstanding the fact that the Remuneration and Welfare Board considers that the above mentioned alteration, in terms of entering into force, already covers the term of office of the executive directors that began in June 2012, the eventual occurrence of eventual interpretation questions makes it advisable to clarify in the proposal now submitted by this Board to the General Meeting of Shareholders of Banco Comercial Português.

V. Other aspects

Apart from the ones herein described, the members of the Executive Committee do not receive any additional compensations.

Hence, given that the remuneration of the Members of the Executive Committee is aimed at the direct compensation of the activities they carry out at the Bank directly or in companies related with it (namely companies in a control or group relation with BCP) or in corporate bodies to which they have been appointed by indication or in representation of the Bank, the net value of the remunerations received annually for such duties by each Member of the Executive Committee will be deducted from their respective Annual Fixed Remuneration. It is the obligation and responsibility of each Executive Member of the Board of Directors to inform the Bank of any additional compensations they may have received, for the purposes of the procedure established above.

The members of the Executive Committee will not enter into any hedging or risk-transfer agreements regarding any deferred remuneration components that may minimise the effects of the risk underlying the remuneration system.

No compensations and indemnities were paid or are due to members of the management body due to the end of their functions during the financial year.

Lisbon, 06 April 2015

THE REMUNERATION AND WELFARE BOARD

José Manuel Archer Galvão Teles
(Chairman)