



# Montepio

Valores que crescem consigo.

Corporate  
Government  
Report  
**2016**

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to make  
a difference



# Introductory Part

## 1 ▶ Introduction

Article 245-A of the Securities Market Code, entitled «annual information on corporate governance», imposes that issuers of shares listed for trading on regulated markets disclose information referred to therein on corporate governance structure and practices.

The application to Caixa Económica Montepio Geral (CEMG) of the aforementioned article 245-A and of the Regulation implementing this article is based on a double analogy, which imposes the subjection of this entity to a legal framework designed for corporate type institutions where listed shares are deemed equivalent to the participation units of CEMG's participation fund.

The questionnaire used to assess compliance with these obligations was designed pursuant to an orthodox model of corporate organisation, so there are questions whose reply required adaptation to the nature of CEMG and the units it has issued.

## 2 ▶ Statutory framework of the CEMG Group

### Nature of Caixa Económica Montepio Geral

“Savings banks<sup>2</sup>” are equivalent to banks and, as such, can develop all legally permitted activities, being incorporated in the form of public limited liability companies. CEMG is a savings bank that is currently in process of transformation into a public limited company, with its draft articles of association having been approved on 22 November 2016, at an Extraordinary General Meeting. Under the terms and for the purposes established in Decree-Law 190/2015, of 10 September, Banco de Portugal issued a favourable opinion on the conformity of the Informative Report and Draft Articles of Association of CEMG towards the transformation of this savings bank into a public limited liability company, as proposed by the respective Executive Board of Directors, and authorised the amendments to the aforesaid Draft Memorandum of Association, derived from this transformation, under article 34 of the Legal Framework of Credit Institutions and Financial Companies. Therefore, at the Extraordinary General Meeting held on 4 April 2017, CEMG decided to approve the Informative Report and Draft Articles of Association of CEMG, under the precise terms that received Banco de Portugal's agreement, with the consequent approval of the transformation of CEMG into a public limited liability company. It was

also decided that CEMG's Executive Board of Directors should conduct all the necessary acts for the enforcement of this transformation, without prejudice to the competencies conferred to Montepio Geral - Associação Mutualista. The collaboration of Montepio Geral - Associação Mutualista shall be required for the expedite completion of the ratification of the decision to transform CEMG into a public limited liability company, under the terms and for the purposes of article 6, number 4, subparagraph g) of Decree-Law 190/2015, of 10 September.

During 2016, Montepio Geral - Associação Mutualista (MGAM) continued to be the sole shareholder of CEMG's institutional capital, and was therefore represented at CEMG's general meeting composed of the members of the General Board of this Association, who during the meeting do not intervene as representatives of MGAM, but rather express their own and autonomous will, although they are duty bound not to pursue individual interests but to defend the collective institutional interest of the mutual association, therefore being trustees of a collective interest.

In view of the above, during 2016, the foundational nature continued to be the pillar of CEMG's corporate governance model. This corporate framework of CEMG shall only be altered: (i) with the effective transformation of the company into a public limited liability company, after finalisation of the procedural terms defined in number 4 of article 6 of the Legal System for Savings Banks and in article 36 of CEMG's articles of association; and (ii) as derived from the amendment of the articles of association under the provisions in number 1 of article 34 of the Legal Framework of Credit Institutions and Financial Companies<sup>3</sup>. It should also be noted that the decisions taken at the Extraordinary General Meeting of 4 April 2017, as to CEMG's transformation into a public limited liability company, shall only take effect after its commercial registration. CEMG's share capital shall be entirely represented by ordinary shares.

### Participation fund

The features of CEMG's participation fund are established in article 8 of the Articles of Association, and embody the principles of a contract of association in participation<sup>4</sup>, namely: i) association, without acquiring the status of partner, of a person to an economic activity undertaken by another, with the latter participating in the profits that result from that activity for the former, ii) participation of an associate or of various mutually independent associates, iii) contributions made by the associate to the assets of the associating party shall accrue to them, iv) possibility of the associate being a legal person. The issue of the participation fund enabled creating a source of inflow of capital available for third parties, alongside the institutional capital, but from which MGAM was also not excluded. It should be noted that CEMG's capital could only be funded by contributions from MGAM, founder of CEMG, and by incorporation of CEMG's own reserves.

In opening CEMG's capital to contributions from the general public, some limitations were established to the holding of securities by third parties, namely with the definition of a maximum subscription limit of 10% of total participation units per holder, with the exception of Private Social Solidarity Institutions, for which the established limit was 30%.

Holders of participation units representing CEMG's Participation Fund are attributed a series of economic rights, namely: i) the right to receive an annual remuneration when, conditional to the existence of sufficient net income, the General Meeting so decides under proposal of the Executive Board of Directors; ii) the right to reimbursement of the participation units, in the case of CEMG's dissolution, being eligible to receive some of the final balance of the settlement with MGAM, after the remaining creditors have been paid up, including those who hold other subordinate credit which are entitled to a proportional part of this balance corresponding to the value of the institutional capital, while the participation unit holders are entitled to the remaining part, divided among them in proportion to the participation units held; iii) the right to have their participation in the Participation Fund being increased, so as not to dilute the equity participation of each holder in the event of any future increases of institutional capital, whether by entry of new capital or by incorporation of CEMG's reserves.

Following the process underway of transformation into a public limited liability company, decided at the Extraordinary General Meeting held on 4 April 2017, CEMG's capital shall be entirely represented by ordinary shares, after commercial registration of the new Articles of Association.

# PART I Information on Shareholder Structure, Organization and Corporate Governance

## A ▶ Shareholder structure

### 1. CAPITAL STRUCTURE

**Capital structure (share capital, number of shares, distribution of the capital among the shareholders, etc.), including indication of the non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents (Article 245-A, number 1, subparagraph a))**

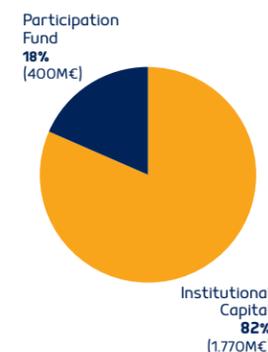
CEMG's capital is divided between Institutional Capital, of the value of 1,770,000,000 euros, as at 31 December 2016, fully paid-up by and allocated to Montepio Geral - Associação Mutualista, and the Participation Fund, of the value of 400,000,000 euros, represented by 400,000,000 Participation Units, with a nominal value of 1 euro each, which are listed for trading on Lisbon Euronext (ISIN Code: PTCMHUIM0015).

Pursuant to article 6 of CEMG's Articles of Association, the institutional capital and the Participation Fund are capital items and funds of CEMG. However, as detailed in the introduction (point 2. Statutory Framework of the CEMG Group), the Participation Units do not entitle their holders to any voting rights.

**Restrictions on the transferability of shares, such as clauses of consent for divestment or limits to the holding of shares (article 245-A, number 1, subparagraph b))**

The Public Subscription Offer for the Participation Fund resulted in the opening of the capital of CEMG to public investment, such that the Participation Units

CEMG Capital



have been listed for trading on a regulated market (NYSE Euronext Lisbon) since 17 December 2014. This complex financial instrument is an (atypical) equity security, for the purposes of article 1, subparagraph g), of the Securities Code (Cód. CVM).

Transfers of Participation Units, between accounts integrated in the Central Securities Depository (CVM), are undertaken in conformity with the procedures for this purpose in force at Interbolsa. The initial and subsequent records entered in individual registration accounts are based on the written request from the transferor or through documents sufficient to prove the fact to be registered.

When the applicant of the transfer record does not deliver any written document and this is not required to validate or to prove the transfer, the Financial Intermediary affiliated to Interbolsa, responsible for the registration, should provide a written note to justify the registration.

**Number of treasury shares, percentage of corresponding share capital and percentage of voting rights to which the treasury shares would correspond (article 245-A, number 1, subparagraph a))**

As at 31 December 2016, CEMG held, through the subsidiary Montepio Investimento S.A., a total of 80,918 Participation Units of CEMG's Participation Fund, corresponding to 0.02 % this Fund.

It is important to point out that the Participation Units do not entitle their holders to any voting rights, as outlined in article 8 of the Articles of Association of CEMG and explained in the introductory part (point 2. Statutory Framework of the CEMG Group).

**Significant agreements of which the company is a party and which enter into force, are altered or cease in the event of a change of control of the company following a public take-over bid, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, unless the company is specifically obliged to disclose this information due to other legal requirements (article 245-A, number 1, subparagraph j))**

Montepio Geral Associação Mutualista is the only entity holding CEMG's institutional capital.

Consequently, and as explained in the introduction of this Report (point 2. Statutory Framework of the CEMG Group), such agreements are not permitted under the CEMG Group's Statutory Framework.

**System which is subject to renewal or repeal of defensive measures, particularly those which limit the number of votes which can be held or the exercising by a sole shareholder in an individual manner or jointly with other shareholders**

Montepio Geral Associação Mutualista is the only entity holding CEMG's institutional capital.

Consequently, and as explained in the introduction of this Report (point 2. Statutory Framework of the CEMG Group), the existence of such defensive measures is not permitted under the CEMG Group's Statutory Framework.

**Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights (article 245-A, number 1, subparagraph g))**

There are no shareholder agreements which CEMG is aware of.

## 2. EQUITY STAKES AND BONDS HELD

**Identification of natural or legal persons which, directly or indirectly, own qualifying holdings (article 245-A, number 1, subparagraphs c) and d), and article 16), detailing the percentage of capital and votes attributed and the source and causes of imputation**

CEMG's institutional capital is characterised as a capital endowment fund regarding which only Montepio Geral - Associação Mutualista has economic interests, as explained in the introduction (point 2. Statutory Framework of the CEMG Group) of this Report.

However, following the public offer and admission to trading on a regulated market of the Participation Units representing the Participation Fund of CEMG, it became subject to a specific legal framework and is now identified as a "publicly traded company".

In this context, the list of holders of qualifying holdings, relative to the participation units (PUs) representing the Participation Fund of CEMG, with reference to 31 December 2016, is as follows:

Ownership	PUs	% of total amount of issued PUs
Montepio Geral Associação Mutualista	284.113.190	71,03

Note: Positions holding Participation Units representing more than 2% of CEMG's Participation Fund registered at the Central Securities Depository (CVM).

It is important to point out that the Participation Units do not entitle their holders to any voting rights, as established in article 8 of the Articles of Association of CEMG and explained in the introductory part (point 2. Statutory Framework of the CEMG Group).

### Information on the number of shares and bonds held by members of the management and supervisory bodies

Held on 31 December 2016	Quantity of PUs
<b>Executive Board of Directors</b>	
Luís Gabriel Moreira Maia Almeida	45.190
<b>General and Supervisory Board</b>	
Francisco José Fonseca da Silva	45.190
Vítor Manuel do Carmo Martins	4.563
António Fernando Menezes Rodrigues	4.563
Rui Pedro Brás de Matos Heitor	500

**Special powers of the management body with regard to resolutions on share capital increases (article 245-A, number 1, subparagraph i), indicating, with respect to these powers, the date on which they were attributed, period until which this competence may be exercised, maximum quantitative limit of the share capital increase, amount already issued under the attribution of powers and method of accomplishment of the attributed powers**

In accordance with the Articles of Association of CEMG, the competence for deliberating on the increase of the institutional capital of an amount in excess of 1,500 million euros lies with the General Meeting, on a proposal from the Executive Board of Directors and based on a previous opinion from the General and Supervisory Board.

In accordance with the articles of association, deliberation on the issue of participation units representing the Participation Fund up to the amount equivalent to the institutional capital comes under the competence of the Executive Board of Directors, upon advice from the General Meeting.

### Information on any significant business relationships between the holders of qualified holdings and the company

The credit granted to holders of qualifying holdings is monitored under article 109 of the Legal Framework of Credit Institutions and Financial Companies (RGICSF).

As at 31 December 2016, the credit granted to holders of qualifying, via funding to the Group Montepio Geral - Associação Mutualista, stood at 42 million euros and the balance relative to "Other payables" stood at 37 million euros.

## Governing bodies and commissions

### B ► 1. GENERAL MEETING

#### Composition of the Board of the General Meeting

#### Details and position of the members of the Board of the General Meeting and respective term of office

The composition of the General Meeting for the term of office which ends on 31 December 2018 is as follows:

#### Board of the General Meeting

Chairman	Manuel Duarte Cardoso Martins
First Secretary	Cassiano Cunha Calvão

In order to perform his duties, the Chairman of the Board of the General Meeting is provided with the necessary human and logistic resources, as well as the support of the Institution's Secretary and respective services.

#### Exercising the right to vote

**Any restrictions on the right to vote, such as limitations on voting rights depending on ownership of a certain number or percentage of shares, deadlines for exercising voting rights or systems highlighting ownership rights (article 245-A, number 1, subparagraph f)**

Pursuant to article 6 of CEMG's Articles of Association, the institutional capital and the Participation Fund are capital items and funds of CEMG.

According to the Prospectus of the Public Offering for Subscription and Admission to Trading made available, at the time of the initial offer, to the potential subscribers of the participation units of the Participation Fund of CEMG, "The Participation Units do not entitle their holders to intervene in the CEMG bodies". As a result, Montepio Geral Associação Mutualista, as the sole shareholder of the institutional capital of CEMG, holds the exclusive right to intervene in the aforesaid institutional bodies of CEMG.

In the General Meeting of CEMG, voting rights are exercised in person, with each member having one vote, on the resolutions that deal exclusively with the issues included in the call notice and are adopted by simple majority, except in cases of resolutions on the reform of or alteration to the articles of association, merger, demerger, transformation, dissolution and other special cases provided for in article 15 of the Articles of Association.

#### Indication of the maximum percentage voting rights that may be exercised by a single shareholder or by shareholders engaged in any of the relations listed in number 1 of article 20

Montepio Geral Associação Mutualista is the only entity holding CEMG's institutional capital.

Consequently, and as explained in the introduction of this Report (point 2. Statutory Framework of the CEMG Group), the existence of further shareholders is not permitted under the CEMG Group's Statutory Framework.

**Details of the shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities**

Pursuant to article 15, number 2 of CEMG's Articles of Association, decisions adopted at extraordinary meetings which imply increased costs or decreased revenues or that refer to the reform or amendment of the Articles of Association, merger, demerger, dissolution and incorporation of or in Caixa Económica, or that authorise it to make demands to the members of the corporate bodies, are only valid if approved by two thirds of the votes of those present and their enforcement depends on ratification by the General Meeting of Montepio Geral. The same applies in relation to the transformation pursuant to article 33 which operates via article 32.

**2. MANAGEMENT AND SUPERVISION**

**Composition**

**Details of the corporate governance model adopted**

The CEMG Group is composed of the following companies, which have a group and/or controlling relationship with CEMG:



CEMG's governance model, being a two-tier model, is composed of the following bodies:

- ▶ a) The General Meeting;
- ▶ b) The General and Supervisory Board;
- ▶ c) The Executive Board of Directors;
- ▶ d) The Remuneration Committee;
- ▶ e) The Assessment Committee;
- ▶ f) The Risk Committee;
- ▶ g) The Statutory Auditor.

CEMG's governance model may be presented schematically as follows:



**Articles of association rules on the procedural requirements and issues governing the appointment and replacement of members of the Executive Board of Directors and of the General and Supervisory Board**

The General Meeting held on 30 April 2015, continued on 27 May 2015, approved the partial amendment of CEMG's articles of association, with the articles of association having been ratified at the General Meeting of Montepio Geral - Associação Mutualista held on 25 June 2015, in conformity with article 36, number 8.

One of the key changes introduced to the articles of association refers to the way in which the members of the bodies are elected. According to the new version of the articles of association, all the members of the governing bodies are elected at CEMG's General Meeting, i.e. all the members of the General and Supervisory Board are no longer appointed ex-officio.

The Executive Board of Directors and the General and Supervisory Board were elected on 5 August 2015 for the term of office that ends on 31 December 2018.

Pursuant to the Articles of Association, the Executive Board of Directors functions as a body, being able to deliberate provided the majority of its members are present. The decisions of the Executive Board of Directors are taken by the majority of the votes of the members present, with the Chairman having the casting vote. It may also establish proxies to represent CEMG in any acts and contracts, defining the extent of their powers.

Prior to taking up office, the members of the Executive Board of Directors must become associates of Associação Mutualista (if they are not yet) and the number of members of the Executive Board of Directors can be altered by a qualifying majority of two thirds of the General Meeting. It is also important to note that the candidates to membership of this body who, in addition to having to comply with some prior requirements defined in the Articles of Association and in the Legal Framework of Credit Institutions and Financial Companies (RGICSF), are subject to prior assessment by Banco de Portugal, must declare, in the application for membership, that they will terminate any positions considered incompatible with the performance of their duties.

The members of the General and Supervisory Board are elected at CEMG's General Meeting, which also appoints the Chairman.

**Composition of the General and Supervisory Board (GSB) and the Executive Board of Directors (EBD), specifying the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association**

The General and Supervisory Board is composed of 11 members elected at the General Meeting of CEMG, which also appoints the Chairman.

CEMG's Executive Board of Directors is composed of a Chairman and up to six members, with the Chairman being appointed by the General Meeting.

The members of the bodies of CEMG perform their duties for three-year periods, and may be elected for successive three-year terms, without prejudice to the legal limitations.

The table below presents the members of the General and Supervisory Board and Executive Board of Directors with the statutory duration of the term of office, date of first appointment and term of office end date:

Name	Position	Date of first appointment	Term of office end date
Álvaro João Duarte Pinto Correia	Chairman	2015-10-01	2018-12-31
António Fernando Menezes Rodrigues	Member	2015-10-01	2018-12-31
José António Arez Romão	Member	2015-10-01	2018-12-31
Vítor Manuel do Carmo Martins	Member	2015-10-01	2018-12-31
Francisco José Fonseca da Silva	Member	2015-10-01	2018-12-31
Acácio Jaime Liberado Mota Piloto	Member	2015-10-01	2018-12-31
Luís Eduardo Henriques Guimarães	Member	2015-10-01	2018-12-31
Rui Pedro Brás de Matos Heitor	Member	2015-10-01	2018-12-31
Eugénio Óscar Garcia Rosa	Member	2015-10-01	2018-12-31

At the Extraordinary General Meeting held on 5 August 2015, the members of the Executive Board of Directors and of the General and Supervisory Board were elected for the term of office that ends on 31 December 2018, and took up duties on 7 August:

Name	Position	Date of first appointment	Term of office end date
José Manuel Félix Morgado	Chairman	2015-08-07	2018-12-31
João Carlos Martins da Cunha Neves	Member	2014-12-10	2018-12-31
Luís Gabriel Moreira Maia Almeida	Member	2015-08-07	2018-12-31
Fernando Ferreira Santo	Member	2015-08-07	2018-12-31
João Belard da Fonseca Lopes Raimundo	Member	2015-08-07	2018-12-31
Jorge Manuel Viana de Azevedo Pinto Bravo	Member	2015-08-07	2018-12-31
Luís Miguel Resende de Jesus	Member	2015-08-07	2018-12-31

**Distinction between executive and non-executive members of the Board of Directors and, for the latter, identification of members who can be considered independent or, when applicable, identification of independent members of the General and Supervisory Board**

All the members of CEMG's Executive Board of Directors are executive members, none of whom are independent.

The independent members of the General and Supervisory Board are as follows:

Vítor Manuel do Carmo Martins

Francisco José Fonseca da Silva

Acácio Jaime Liberado Mota Piloto

Luís Eduardo H. Guimarães

Eugénio Óscar Garcia Rosa

**Professional qualifications and other relevant curricular information of each member of the General and Supervisory Board and Executive Board of Directors**

The curricula of each of the members referred to is presented in Annex I of this Report.

**Regular and significant family, professional or business relationships of members of the General and Supervisory Board and Executive Board of Directors with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights**

The existence of family, professional or business relationships with shareholders with qualifying holdings greater than 2% of the voting rights is not permitted under the CEMG Group's statutory framework, due to the foundational nature of the institutional capital, as specified in the introductory part of this report (point 2. Statutory Framework of the CEMG Group).

There are no regular and significant family, professional or business relations between members of the General and Supervisory Board and Executive Board of Directors with shareholders holding qualifying stakes in the Participation Fund, identified in point 7.

**Organisational charts or flowcharts concerning the allocation of powers between the various corporate bodies, committees and/or departments within the company, including information on the delegation of powers, particularly with regard to the delegation of the day-to-day management of the company**

The General and Supervisory Board is responsible for:

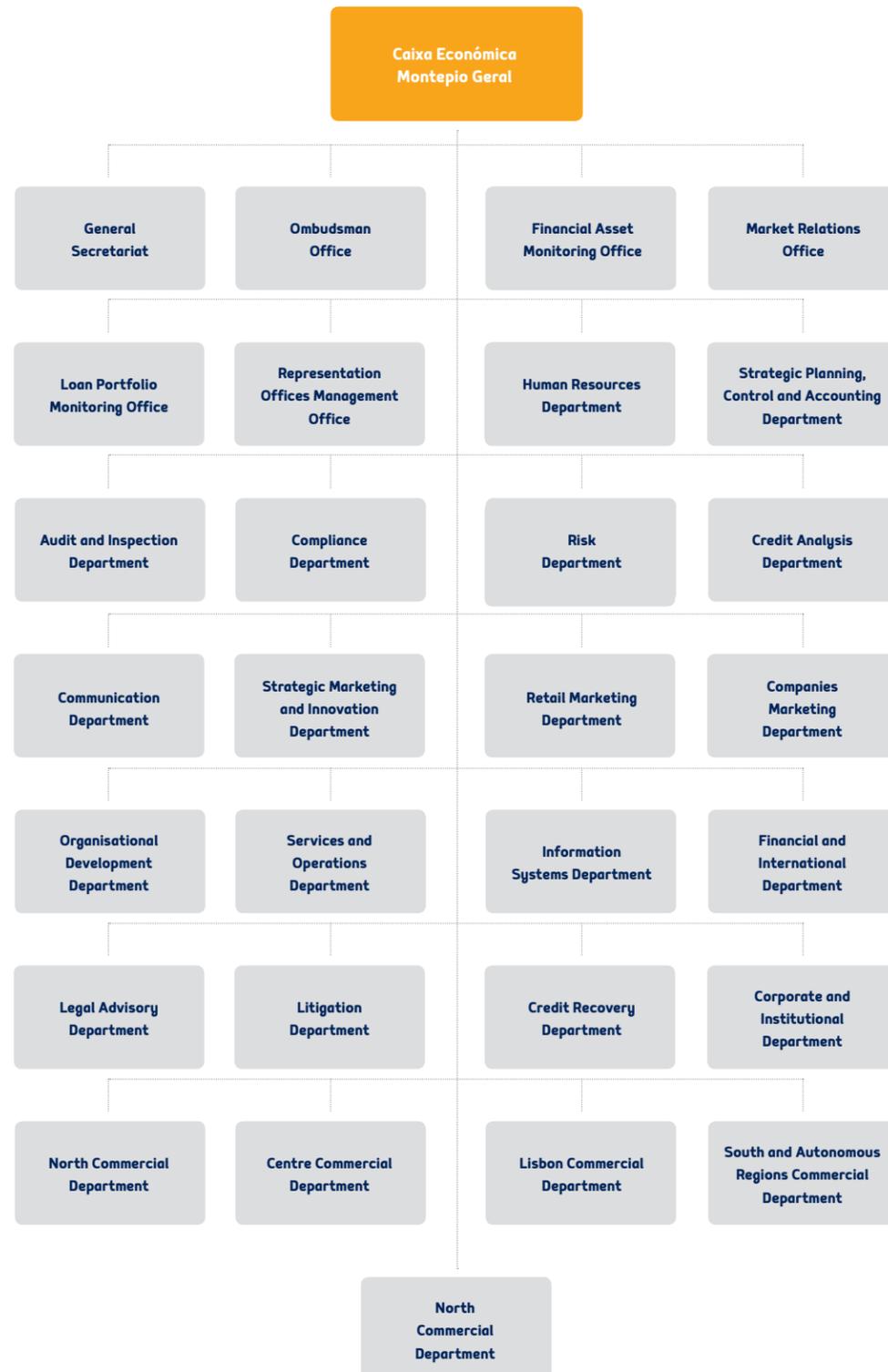
- ▶ a) Performing an advisory role and ensuring the continuous assessment of the Institution;
- ▶ b) Analysing the financial reporting documents and the minutes of the meetings of the Executive Board of Directors;
- ▶ c) Supervising the risk and financial reporting policies;
- ▶ d) Monitoring the financial performance and budget implementation;
- ▶ e) Analysing and discussing the reports of the external auditors;
- ▶ f) Controlling and ensuring the effectiveness of the internal audit function;
- ▶ g) Issuing an opinion on the Report and Accounts for the financial year to be submitted for deliberation at the General Meeting;
- ▶ h) Presenting the proposal of the Statutory Auditor for deliberation at the General Meeting;
- ▶ i) Providing an opinion on the action plan and budget;
- ▶ j) Controlling any non-compliance with the legal rules, Articles of Association and established policies.

The Chairman of the General and Supervisory Board represents this body, namely in the relations with other institutional bodies, such as with the statutory auditor and the external auditor, in addition to convening and presiding over the meetings and ensuring the correct execution of its decisions.

The Executive Board of Directors is the body responsible for CEMG's management, in particular for:

- ▶ Annually preparing the report and accounts for the financial year and the proposed distribution of net income;
- ▶ Preparing the proposed three-year Strategic Guidelines and their reviews to be submitted to the General Meeting, as well as the action plan and the annual budget;
- ▶ Deciding on the increase of institutional share capital and on the issue of securities representing units of the participation fund, within the statutorily permitted limits;
- ▶ Deciding on the opening and closing of branches and of any other form of representation;
- ▶ Deciding on the acquisition, disposals and encumbrance of immovable property;
- ▶ Setting, in general terms, the interest rates, commissions and prices for banking operations and provision of services.

The organisational model and the allocation of functions and duties between the different organic units is the responsibility of the Executive Board of Directors, which defines the organisational structure model and the allocation of functions between the various organic units. In turn, the organic units form first-line bodies, Divisions, Departments and Offices that report directly to the Executive Board of Directors. Whenever necessary, adjustments are made to the organic structure, with the adaptations and improvements deemed essential. CEMG's organic structure is presented below:



The responsibilities of the organic units of CEMG and of subsidiary companies, where the members of the Executive Board of Directors of CEMG exercise supervision or perform duties as members of the respective management bodies, are distributed as follows:

**José Morgado (Alternate Member: João Neves)**

- ▶ Human Resources Department;
- ▶ Communication Department;
- ▶ Audit and Inspection Department;
- ▶ Compliance Department;
- ▶ Strategic Marketing and Innovation Department;
- ▶ Ombudsman Office;
- ▶ General Secretariat.

Subsidiary companies:

- ▶ Finibanco Angola, SA;
- ▶ BTM - Banco Terra, SA.

**João Neves (Alternate Member: João Lopes Raimundo)**

- ▶ Financial and International Department;
- ▶ Strategic Planning, Control and Accounting Department;
- ▶ Market Relations Office.

Subsidiary companies:

- ▶ Banco MG Cabo Verde, Soc. Unipessoal, SA;
- ▶ Montepio Holding SGPS, SA.

**Luís Almeida (Alternate Member: João Lopes Raimundo)**

- ▶ North Commercial Department;
- ▶ Centre Commercial Department;
- ▶ Lisbon Commercial Department;
- ▶ South and Autonomous Regions Commercial Department;
- ▶ Retail Marketing Department;
- ▶ Representation Offices Management Office;
- ▶ Loan Portfolio Monitoring Office.

Subsidiary companies:

- ▶ Montepio Crédito, Instituição Financeira de Crédito, SA.

**João Lopes Raimundo (Alternate Member: Luís Almeida)**

- ▶ Corporate and Institutional Department;
- ▶ Social Economy and Public Sector Department;
- ▶ Companies Marketing Department;
- ▶ Credit Recovery Department;
- ▶ Financial Asset Monitoring Office.

Subsidiary companies:

- ▶ Montepio Investimento, SA.

**Fernando Santo (Alternate Member: Jorge Bravo)**

- ▶ Legal Advisory Department;
- ▶ Litigation Department.

Subsidiary companies:

- ▶ Montepio Valor, SG Fundos de Investimento, SA;
- ▶ Montepio Gestão de Activos Imobiliários, ACE.

**Jorge Bravo (Alternate Member: Fernando Santo)**

- ▶ Services and Operations Department;
- ▶ Information Systems Department;
- ▶ Organisational Development Department.

**Luís Jesus (Alternate Member: João Neves)**

- ▶ Risk Department;
- ▶ Credit Analysis Department.

In turn, each area of responsibility has alternate members. Whenever an organic reorganisation occurs, responsibilities are redistributed.

The Remuneration Committee is composed of three members elected at the General Meeting, which also appoints its chairman, these members should be independent from the members of the Executive Board of Directors of CEMG and, in general, from matters on which they deliberate, and should include at least one member with knowledge and experience in matters of remuneration policy. The Remuneration Committee is responsible for performing the duties defined by Law, in compliance with the remuneration policy approved at the General Meeting.

The Assessment Committee is composed of three members elected at the General Meeting, which also appoints the Chairman. These members should be independent and competent to perform the duties in question. The Assessment Committee is responsible for performing the duties related to the internal policy of selection and evaluation of the members of the corporate bodies.

The Risk Committee is composed of three members of the General and Supervisory Board elected for this position at the General Meeting, which also appoints the Chairman. The Risk Committee is responsible for performing the duties defined by Law.

### Operation

**Availability and place where the rules on the functioning of the General and Supervisory Board and the Executive Board of Directors may be consulted**

In addition to the provisions applicable under the law, the articles of association and regulations, all the activities undertaken by the Institution also comply with the resolutions of the governing bodies, internal rules, rules of conduct and ethical standards.

On the internal portal, Intranet, the Internal Standards, disclosed to all employees, contain an entire set of documents classified in accordance with objectives and corresponding contents, as well as a set of rules regarding professional and ethical uses. With regard to compliance with the prudential standards in force and the respective reporting periods for external entities, there are Internal Regulations with a view to ensuring compliance with the duty of information.

The Institution's website [www.montepio.pt](http://www.montepio.pt) provides general information on CEMG, including the operating regulations of the Executive Board of Directors, the General and Supervisory Board and the Financial Affairs Committee.

**Number of meetings held and the attendance report for each member of the General and Supervisory Board and the Executive Board of Directors**

CEMG's Articles of Association establish that the General and Supervisory Board must hold meetings at least once a month and, in addition, in accordance with its internal regulations, any time a meeting is convened by the Chairman or a request for a meeting is made to the Chairman by any member for justified reasons.

During 2016, the General and Supervisory Board held nineteen meetings with the following attendance:

Members	Physical Attendance/ Total
Álvaro João Duarte Pinto Correia	19/19
António Fernando Menezes Rodrigues	19/19
José António Arez Romão	18/19
Vítor Manuel do Carmo Martins	19/19
Francisco José Fonseca da Silva	19/19
Acácio Jaime Liberado Mota Piloto	19/19
Luís Eduardo Henriques Guimarães	17/19
Rui Pedro Brás de Matos Heitor	19/19
Eugénio Óscar Garcia Rosa	19/19

During 2016, the Executive Board of Directors held 110 meetings with the following attendance:

Members	Physical Attendance/ Total
José Manuel Félix Morgado	89/110
João Carlos Martins da Cunha Neves	90/110
Luís Gabriel Moreira Maia Almeida	102/110
Fernando Ferreira Santo	97/110
João Belard da Fonseca Lopes Raimundo	101/110
Jorge Manuel Viana de Azevedo Pinto Bravo	97/110
Luís Miguel Resende de Jesus	104/110

**Details of the bodies which are competent to carry out the performance assessment of the executive directors**

Without prejudice to the powers of the General and Supervisory Board, the body that is competent to assess the performance of the executive directors is the Assessment Committee, which was elected at the General Meeting of Caixa Económica Montepio Geral on 5 August 2015.

**Predefined criteria for the assessment of the performance of the executive directors**

The assessment of the performance of the management body, as well as the other members of the corporate bodies of CEMG, has been founded on a careful judgement criteria based on the experience of the actual institution, on the observation of what occurs in analogous entities, and in line with the Institution's overall strategy approved by the General Meeting.

The predefined criteria which cover the remuneration policy of members of the institutional bodies are subject to approval, in their broad outlines, by the General Meeting and are then implemented by the Remuneration Committee elected by that same body. This internal selection and evaluation policy was approved at the General Meeting of 2015<sup>5</sup>, in compliance with the:

- ▶ a) Legal Framework of Credit Institutions and Financial Companies;
- ▶ b) Commercial Companies Code, approved by Decree-Law 262/86, of 2 September, as amended;
- ▶ c) Guidelines of the European Banking Authority (EBA) GL44, of 27 September 2011, on the internal governance of the institutions, and EBA/GL/2012/06, of 22 November 2012, on the assessment of the suitability of members of the management and supervisory body and of those that perform essential duties;
- ▶ d) Legal System for Savings Banks, approved by Decree-Law 190/2015, of 10 September.

The predefined criteria for the assessment of the performance of the executive directors are presented in point 69 and Annex II. This statement on the remuneration policy for the management and supervisory bodies describes the applicable remunerative status.

**The availability of each member of the General and Supervisory Board and Executive Board of Directors, and details of the positions held at the same time in other companies within and outside the Group, and other relevant activities undertaken by members of these boards throughout the financial year**

The positions held by the Executive Board of Directors in subsidiary companies are detailed in Annex I of this Report.

**Committees within the management or supervisory body and managing directors**

**Details of the committees created within the General and Supervisory Board and the Executive Board of Directors**

The General and Supervisory Board, within the scope of its competencies, appointed the Financial Affairs Committee from among its members.

Within the Executive Board of Directors, with a view to supporting this body in the strategic management process of the Institution, nine Committees have been created:

COMMITTEE	Coordinator <sup>6</sup>	Members/Organic Units
Alco (Assets and Liabilities Committee)	▶ João Neves	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Strategic Planning, Control and Accounting Department (Secretary);</li> <li>▶ Risk Department;</li> <li>▶ Financial and International Department;</li> <li>▶ Audit and Inspection Department (observer);</li> <li>▶ Compliance Department.</li> </ul>
Internal Control	▶ José Morgado	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Audit and Inspection Department (Secretary);</li> <li>▶ Strategic Planning, Control and Accounting Department;</li> <li>▶ Risk Department;</li> <li>▶ Compliance Department;</li> <li>▶ Organisational Development Department;</li> <li>▶ Information Systems Department;</li> <li>▶ Other non-permanent members<sup>7</sup>.</li> </ul>
Business	▶ Luís Almeida	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Retail Marketing Department (Secretary);</li> <li>▶ Companies Marketing Department;</li> <li>▶ Information Systems Department;</li> <li>▶ Strategic Planning, Control and Accounting Department;</li> <li>▶ Organisational Development Department;</li> <li>▶ Risk Department;</li> <li>▶ Legal Advisory Department;</li> <li>▶ Compliance Department.</li> <li>▶ Other non-permanent members<sup>8</sup>.</li> </ul>
Costs and Investments	▶ Jorge Bravo	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Strategic Planning, Control and Accounting Department (Secretary);</li> <li>▶ Organisational Development Department;</li> <li>▶ Other non-permanent members.</li> </ul>
Risk	▶ Luís Jesus	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Risk Department (Secretary);</li> <li>▶ Strategic Planning, Control and Accounting Department;</li> <li>▶ Compliance Department;</li> <li>▶ Audit and Compliance Department (observer);</li> <li>▶ Other non-permanent members<sup>9</sup>.</li> </ul>

<sup>6</sup> Member of the Executive Board of Directors with the respective area of responsibility.  
<sup>7</sup> Representatives of the entities of the consolidation perimeter covered by the Internal Control System, according to the agenda of those meetings.  
<sup>8</sup> Various Organic Units will, on a case by case basis, be called to each Committee according to the agenda that is defined.  
<sup>9</sup> Commercial Directors and Financial and International Department, Credit Analysis Department and Credit Recovery Department

COMMITTEE	Coordinator	Members/Organic Units
Human Resources	▶ José Morgado	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Human Resources Department (Secretary);</li> <li>▶ Legal Advisory Department;</li> <li>▶ Strategic Planning, Control and Accounting Department.</li> </ul>
Monitoring of the Pension Fund	▶ João Neves	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Strategic Planning, Control and Accounting Department (Secretary);</li> <li>▶ Human Resources Department;</li> <li>▶ Risk Department;</li> <li>▶ Financial and International Department;</li> <li>▶ Pension Fund Management Company.</li> </ul>
Real Estate Risk	▶ Fernando Santo	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Montepio Gestão de Activos Imobiliários (Secretary);</li> <li>▶ Strategic Planning, Control and Accounting Department;</li> <li>▶ Risk Department;</li> <li>▶ Montepio Valor;</li> <li>▶ Credit Recovery Department.</li> </ul>
Credit Recovery Committee	▶ João Lopes Raimundo	<ul style="list-style-type: none"> <li>▶ Executive Board of Directors;</li> <li>▶ Credit Recovery Department (Secretary);</li> <li>▶ Credit Analysis Department;</li> <li>▶ Risk Department;</li> <li>▶ Other non-permanent members<sup>11</sup></li> </ul>

The Support Committees are coordinated by a member of the Executive Board of Directors (member with the respective area of responsibility) that promotes the Committee meetings deemed necessary, calling and chairing the meetings, as well as deciding on all the issues regarding its operation. For each Committee a Secretary is appointed from among its members, who is responsible, under the guidance of the Coordinator, for scheduling and calling the meetings and circulating the respective agendas and documents for appreciation, preparing and presenting the minutes in each meeting, preparing and presenting the activity report of the Committee and other documents and assisting the Coordinator with whatever is requested.

#### Composition, if applicable, of the Executive Committee and/or details of the board delegates

The existence of an Executive Committee is not permitted under the CEMG Group's statutory framework, as the actual Board of Directors is only composed of executive members.

#### Indication of the areas of competence of each of the created committees and commissions, and summary of the activities developed during performance of these competencies

##### Financial Affairs Committee

The Financial Affairs Committee, created within the General and Supervisory Board, is entrusted with performing the duties attributed by this Board in combination with those established in number 2 of article 444 of the Commercial

Companies Code, defined in its Regulation, which fully complies with the competencies defined in the legal, statutory and regulatory rules applicable to this Committee.

The mission of the Financial Affairs Committee is to permanently monitor and supervise the efficacy of the internal control systems, compliance, internal audit and risk management, the accounting policies and the monitoring of the activity and independence of the external auditors.

The Financial Affairs Committee exercised its activity in coordination with the General and Supervisory Board, the Executive Board of Directors and the various departments of CEMG's organic structure of greater relevance to the areas of Internal Control and during 2016, at some of its meetings and upon request, which were attended by the managers of the Credit Analysis Department, the Compliance Department, the Strategic Planning, Control and Accounting Department, the Internal Audit Department, the Risk Department and the External Auditor (KPMG).

During 2016 the members of the Financial Affairs Committee participated, at invitation of the Executive Board of Directors, in some of the meetings of its Supporting Committees, namely the Assets and Liabilities Committee (ALCO), the Internal Control Committee and the Real Estate Risk Committee, enabling, without prejudice to the separation between the executive bodies and the supervisory bodies, a better monitoring and greater detail of the matters that this Committee has been entrusted to monitor.

##### ALCO (Assets and Liabilities Committee)

ALCO is responsible for monitoring the overall management of CEMG's liquidity and capital position, through the monitoring of the risks inherent to the activity developed, including the control of CEMG's risk profile, certifying that it includes all relevant risks, and for assessing the risk management strategy and policies expressed in the strategic measures defined by the business model in the approved budget action programme and in the Funding & Capital Plan. This committee is also responsible for detecting or predicting situations of risk that compromise or might compromise the defined risk strategy, and for the continuous analysis of actual and prospective results, with a view to identifying opportunities to optimise the balance sheet structure, liquidity, asset quality and profitability, as well as promoting ongoing debate on strategies and policies to assess the capital and level of risks to which CEMG is or might be exposed.

The assessment of the Recovery Plan aimed at responding in unforeseen situations in terms of liquidity and capital positions, as well as the communication plan, warning levels and recovery measures considered, control of the Plan to Reduce Exposure to Real Estate Risk regarding the degree of achievement of the real estate inflow and outflow goals, are also included in the duties attributed to this committee. This committee held eleven meetings in 2016.

#### Internal Control System

The duties of this committee include formulating proposals or issuing recommendations to the Executive Board of Directors with a view to optimisation of the internal control system and the implementation of corrective measures or improvement in accordance with the defined schedule.

During 2016, this committee mainly focused on monitoring the implementation of the corrective or improvement measures identified by the internal control functions or third parties. This committee now has a quarterly periodicity.

#### Business Committee

The Business Committee defined duties include the appraisal and definition of the features of new products and services, as well as those being sold by CEMG, focused on adjusting the risk policy in force to the applicable regulatory framework. During 2016, this committee held one presentational session.

#### Costs and Investments Committee

The competencies of the Costs and Investments Committee involve assessing, approving and monitoring cost optimisation and return on investment programmes, in conformity with the strategic objectives defined. The committee, together with the heads of all the bodies, defined a plan of cost-cutting and investment measures based on a budgeting exercise, where this committee ensures the monthly monitoring of this plan, as well as the optimisation of the contracts to acquire goods and services considered relevant, submitting proposals to the Executive Board of Directors that promote convergence with the budget goals.

Since the end of December 2015, the Costs and Investments Committee has delegated powers of decision on costs and investments. The Costs and Investments Committee held fifty-six meetings in 2016.

#### Risk Committee

The risk committee is responsible for evaluating the evolution of the overall risk profile to which CEMG is exposed, through the monitoring of various types of risk, and analysing the compatibility of risk exposure with the financial resources available and the strategies approved for the development of the activity, as well as analysing and following-up the policies methodologies, models and quantification limits of the relevant risks for the activity of CEMG. In this way, this committee also monitors the suitability of the governance models, processes and procedures, methodologies and systems of risk identification, quantification, monitoring and reporting. During 2016, this committee held two presentational sessions.

#### Human Resources Committee

The Human Resources Committee, within the scope of its functions, is responsible for the definition of the Human Resources policy, as well as the promotion of

talent management, including the definition of the performance assessment, promotion and career plans system. It periodically assesses the levels of professional satisfaction of employees and defines the annual training plans of the operating areas. This monitoring body under the Executive Board of Directors has not yet started its activity, and is expected to do so in the beginning of the second quarter of 2017.

#### Pension Fund Monitoring Committee

The Pension Fund Monitoring Committee is responsible for monitoring the management of the pension fund of Caixa Económica Montepio Geral through careful analysis of the evolution of markets, the composition of the portfolio and respective current and prospective performance, aimed at the identification or prediction of material risks, as well as promoting the review of the fund's investment policy centred on the definition of perspectives and strategies aimed at achieving risk-adjusted returns.

The Pension Fund Monitoring Committee is permanently composed of two members of the Executive Board of Directors. Other heads of institutional bodies are called to participate in the Commission according to the subjects being considered. The Pension Fund Monitoring Committee held 1 meeting in 2016.

#### Real Estate Risk Committee

The real estate risk committee monitors the implementation of the "Plan to reduce the exposure to real estate risk", assesses the strategy, organisation and management of the real estate business and promotes an effective link between the various structures involved and an integrated approach. At the same time, this committee monitors and analyses compliance with the guideline measures of the strategy of the real estate business, assesses the evolution of financial holdings in companies or vehicles with underlying real estate assets and the incentive structure in real estate marketing, in terms of distribution channels, customers and products.

As a result of the actions and functions undertaken, the Real Estate Risk Committee is responsible for drafting proposals or issuing recommendations to CEMG's Executive Board of Directors, with a view to promoting an optimised management of the real estate risk in line with the defined general objectives.

The Real Estate Risk Committee, set up in September 2015, has a quarterly periodicity and involves presentational meetings. Four quarterly meetings were held in 2016, where the closing of 2015 and the degree of attainment of the objectives were analysed. The objectives for 2016 and the strategy to achieve them were also presented and discussed. The corresponding quarterly monitoring of the degree of their attainment was also carried out, supplemented with the recommendation of appropriate corrective actions.

#### Credit Recovery Committee

The Credit Recovery Committee is currently composed of members of the Executive Board of Directors, by the Credit Recovery Department and by the Credit Analysis Department.

The duties of this committee are to monitoring the efficiency and efficacy of the performance of the credit recovery process, recovery methodologies and strategies, systems supporting the activity and the evolution of recovery performance indicators through KPIs.

This committee was constituted during 2016, with five meetings having been held during 2016. These meetings were used for the consecutive analysis of the evolution of credit in default in pre-litigation and litigation situations, discussion of the legal and economic aspects of more complex cases, follow-up of the constitution and organisation of resources of the Credit Recovery Department; following the dissolution of Montepio Recuperação de Crédito - ACE, appraisal of various exceptional initiatives for recovery of overdue credit stock, reflection on the supporting information technology platform, and for relations with external entities which provide support to the different processes.

### 3. SUPERVISION

#### Composition

##### **Details of the supervisory body corresponding to the adopted model**

Pursuant to the Institution's governance model, the General and Supervisory Board is the body responsible for the supervision, monitoring and counselling of the Institution's activity.

**Composition of the General and Supervisory Board or of the Financial Affairs Committee, specifying the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association. Reference may be made to the point of the report where this information is already provided, in accordance with number 17**

Regarding the composition of the General and Supervisory Board, see Part II - Management and Supervision, point 17.

At the beginning of the term of office in course, the General and Supervisory Board unanimously decided to extinguish the Strategic Affairs Committee, whose competencies were similar to those attributed to the Financial Affairs Committee - subparagraphs a) to d) of article 2 of the operating regulation - and to the Risk Committee - subparagraphs e) and f) of the same article.

The Financial Affairs Committee is composed of a minimum of three and a maximum of five members, appointed by the General and Supervisory Board. The respective terms of office have the same duration as the term of office of the

General and Supervisory Board that appoints them (which in the current case is the three-year period in progress).

Following the resignation of Dr. Virgílio Manuel Boavista Lima<sup>12</sup>, Coordinator of the Financial Affairs Committee, this committee was left with only its members until the appointment of a new coordinator at the session of the General and Supervisory Board on 28 June 2016, after which its composition became the following:

#### Composition of the financial affairs committee

Coordinator	Luís Eduardo Henriques Guimarães <sup>12</sup>
	Vítor Manuel do Carmo Martins
Members	Eugénio Óscar Garcia Rosa

**Identification of the members of the General and Supervisory Board or the Financial Affairs Committee who are considered to be independent under the terms of article 414, number 5 of the Commercial Companies Code. Reference may be made to the point of the report where this information is already provided, in accordance with number 18**

Some of the members are independent, as presented in point 18.

**Professional qualifications of the members of the General and Supervisory Board or the Financial Affairs Committee and other relevant background information. Reference may be made to the point of the report where this information is already provided, in accordance with number 21**

The qualifications and curricula of the members of the General and Supervisory Board are presented in Annex I of this Report.

#### Operation

**Availability and place where the rules on the functioning of the General and Supervisory Board or of the Financial Affairs Committee may be consulted. Reference may be made to the point of the report where this information is already provided, in accordance with number 22**

The Internal Regulation of the General and Supervisory Board and the Financial Affairs Committee is available for consultation on the Institution's website:

([www.montepio.pt/SitePublico/pt\\_PT/institucional/grupo/caixa-economica/modelo-governacao.page?altcode=CEMGIV05](http://www.montepio.pt/SitePublico/pt_PT/institucional/grupo/caixa-economica/modelo-governacao.page?altcode=CEMGIV05))

**Number of meetings held and the attendance report for each member of the General and Supervisory Board and of the Financial Affairs Committee. Reference may be made to the point of the report where this information is already provided, in accordance with number 23**

During 2016, the General and Supervisory Board held nineteen meetings and the respective attendance is detailed in point 23 of this Report.

The Financial Affairs Committee held seventeen meetings, attended by all of its members.

<sup>12</sup> Elected at the session of the General Meeting and Supervisory Board of 28 June 2016.

<sup>13</sup> Taking effect from 6 January 2016.

**Availability of each member of the General and Supervisory Board or of the Financial Affairs Committee, and details of the positions held at the same time in other companies within and outside the Group, and other relevant activities undertaken by members of these bodies throughout the financial year. Reference may be made to the point of the report where this information is already provided, in accordance with number 26**

This information is available in Annex I of this Report.

#### **Competence and duties**

**Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of hiring additional services from the external auditor**

The provision of services other than audit services, and with the entry into force of Law 140/2015 of 7 September, on 1 January 2016, when they are rendered by the Statutory Auditor who conducts the legal review of the accounts, or by any member of that network, now require the approval of the General and Supervisory Board, under the proposal of the Financial Affairs Committee, as to the independence of the auditor.

CEMG's Executive Board of Directors is responsible for negotiating the fees and contracting the services to be carried out.

#### **Other duties of the supervisory bodies and the Financial Affairs Committee**

The General and Supervisory Board can also issue a prior opinion, when requested by the Executive Board of Directors, on any matter deemed convenient and urgent. The Financial Affairs Committee is available to the General and Supervisory Board and whenever deemed suitable<sup>14</sup>, the General and Supervisory Board may, on the initiative of its Chairman, organise working groups for the analysis and supervision of specific matters.

The General and Supervisory Board is the supervisory body that controls and ensures the effectiveness of the internal audit function, of the action plans and respective budgets and controls the non-conformities with the legal rules, Articles of Association and established policies, pursuant to article 20, number 4, subparagraphs f) and i) of CEMG's Articles of Association.

The Financial Affairs Committee is responsible, in particular, for monitoring and assessing the internal audit, internal control, risk control and accounting procedures; monitoring the activity of the statutory auditor and of the external auditor and assessing the internal control, compliance, audit, certification of accounts reports and their presentation to the General and Supervisory Board accompanied by the corresponding draft opinion.

#### **4. STATUTORY AUDITOR**

##### **Identification of the statutory auditor and the partner representing it**

The Extraordinary General Meeting held on 30 December 2015, elected KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA, represented by Ana Cristina Soares Valente Dourado, ROC number 1011 and Fernando Gustavo Duarte Antunes (alternate auditor), ROC number 1233, for the term of office that ends on 31 December 2018.

##### **Indication of the number of years that the statutory auditor consecutively carries out duties with the Institution**

KPMG & Associados - SROC, S.A. has conducted the legal certification of accounts since 2002. At every three-year period, the term of office is assessed at CEMG's General Meeting.

##### **Description of other services that the statutory auditor provides to the Institution**

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA, as Statutory Auditor of CEMG performs the duties of external auditor at this Institution. The services provided in addition to the statutory auditor services are further detailed in point 47.

#### **5. EXTERNAL AUDITOR**

##### **Identification of the external auditor appointed pursuant to article 8 and the partner representing it in performing these duties, as well as the respective registration number at the CMVM**

CEMG's Statutory Auditor is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA, represented by Ana Cristina Soares Valente Dourado, ROC number 1011 and Fernando Gustavo Duarte Antunes (alternate auditor), ROC number 1233, for the term of office that ends on 31 December 2018.

##### **Indication of the number of years that the external auditor and the partner representing it in performing these duties have performed these duties consecutively for the company and/or group**

KPMG & Associados - SROC, S.A. has conducted the legal certification of accounts since 2002. At every three-year period, the term of office is assessed at CEMG's General Meeting.

The statutory auditor, Ana Cristina Soares Valente Dourado, ROC number 1011 and Fernando Gustavo Duarte Antunes (alternate auditor), ROC number 1233, took up office on 30 December 2015 as representatives of KPMG & Associados, SROC, S.A.

**Policy and frequency for rotating the external auditor and partner representing it in performing these duties**

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA provides external audit services to CEMG under service provision contracts since 2002. KPMG’s provision of services, regulated by general conditions, pursuant to a specific contract letter referred to as an “Engagement Letter”, has been extended every year.

The representation of the Audit Firm has changed by the regular replacement of the Statutory Auditor, with the last change having taken place on 30 December 2015.

CEMG is implementing the policy of the rotation of the external auditor, taking into account the parameters defined by the New Audit Guideline.

**Indication of the body responsible for assessing the external auditor, and frequency of assessment**

The General and Supervisory Board is the body of CEMG that analyses and discusses the reports of the external auditors, controls and is responsible for relations with the external audit. Within the General and Supervisory Board it is the Financial Affairs Committee that, under its competencies, monitors the activity of the external auditor at least on a quarterly basis.

**Details of work, other than auditing, carried out by the external auditor for the company and/or companies controlled by it, internal procedures for approving the hiring of these services and reasons for doing so**

The services provided by KPMG are entirely functionally and hierarchically independent in relation to CEMG, in accordance with the applicable regulatory and professional standards.

The legal review of accounts and other guarantee and reliability services account for approximately 56% of the remuneration attributed to KPMG & Associados, SROC, S.A.

Services other than legal review of accounts, previously approved by the Executive Board of Directors include technical services, namely in the interpretation and review of the procedures required for CEMG’s submission of an application for use of the internal ratings based approach for calculation of solvency ratios.

**Details of the annual remuneration paid by the company, and/or by legal persons controlled by the company or part of its group, to the auditor and to other natural or legal persons belonging to the same network, with percentage breakdown for the following services (for the purposes of this information, the concept of “network” is that defined in European Commission Recommendation number C (2002) 1873, of 16 May)**

During 2016, the fees charged by KPMG & Associados – SROC, SA, in relation to the services provided to the CEMG Group, mainly audit services, came to 3,779,621 euros, which are broken down in the table below:

	CEMG		Entities under its control **		Total
	Provided by KPMG & Associados SROC	Provided by other network entities	Provided by KPMG & Associados SROC	Provided by other network entities	
Legal accounts review services	882 000	-	90 750	261 764	1 234 514
Non-audit services required by law	642 300	35 000	107 500	107 542	892 342
Tax support services *	102 699	-	40 066	-	142 765
Non-audit services not required by law	118 000	1 392 000	-	-	1 510 000
<b>Total</b>	<b>1 744 999</b>	<b>1 427 000</b>	<b>238 316</b>	<b>369 306</b>	<b>3 779 621</b>

\* Service contracted in 2015 and provided on the financial statements of 2015  
 \*\* Includes Montepio Recuperação de Crédito, A.C.E., Montepio Holding, S.G.P.S., Montepio Investimento, S.A., Montepio Crédito - Instituição Financeira de Crédito, S.A., Montepio Valor - Sociedade Gestora de Fundos de Investimento, S.A. e Finbanco Angola, S.A.

**C Internal organisation**

**6. ARTICLES OF ASSOCIATION**

**Rules applicable to the amendment of the articles of association of the company (article 245-A, number 1, subparagraph h)**

Depending on the type of amendment to the articles of association, the favourable deliberation of the General Meeting or the simple deliberation of the Executive Board of Directors may be sufficient.

CEMG’s Articles of Association can only be amended in accordance with the provisions of chapter VIII, article 36 of these Articles of Association, whose requirements stem from CEMG’s foundational and not corporate nature.

As such:

- ▶ If the General Meeting of Montepio Geral Associação Mutualista approves by a majority of at least two thirds of the members present, the proposal presented, duly substantiated, a Committee composed of 5 members shall be elected to prepare the respective project or issue an opinion on the specific terms of the proposal.
- ▶ The project or opinion of the Committee shall then be submitted to the chairman of the Board of the General Meeting of CEMG within a maximum of three months, who will convene the extraordinary General Meeting, within a period of no longer than one month.
- ▶ Once the process has been completed, CEMG’s General Meeting will deliberate on the proposed amendment.

Following the completion of the process, the General Meeting of Montepio Geral Associação Mutualista will ratify the approved amendments.

## 7. REPORTING OF IRREGULARITIES

### Means and policy for reporting irregularities at the company

Caixa Económica Montepio Geral, under the terms of the Legal Framework of Credit Institutions and Financial Companies, implemented the appropriate specific, independent and autonomous means for the reception, treatment and filing of reports on grave irregularities related to its administration, accounting organisation and internal supervision, and serious indications of breach of duties established in the present Legal Framework or in Regulation (EU) number 575/2013, of the European Parliament and Council, of 26 June.

CEMG's employees must inform the supervisory body, the General and Supervisory Board, of any irregular practices they detect or of which they have become aware or have grounds to suspect, in order to prevent or impede irregularities which might cause financial or reputation damages to CEMG.

Under the terms of the regulation in force, which defines the procedures and is available to all the employees, this communication must be made in writing and contain all the elements and information which the Employee possesses and considers necessary for the assessment of the irregularity.

The General and Supervisory Board is responsible for maintaining records of all the communications of irregularities covered by the scope of application of the Regulation on Communication of Irregularities.

## 8. INTERNAL CONTROL AND RISK MANAGEMENT

### People, bodies, committees or commissions responsible for internal audit and/or for the implementation of internal control systems

The Executive Board of Directors is responsible for the implementation and maintenance of an adequate and effective internal control system that guarantees the achievement of the performance, information and compliance objectives.

The General and Supervisory Board assures that the Executive Board of Directors establishes and maintains an adequate and effective internal control, and that it assures and controls the effectiveness of the internal audit function. For this purpose, it has a Financial Affairs Committee which, within the scope of its duties, monitors and assesses the internal audit, internal control, risk control and accounting procedures, and the respective reports and submits them to the General and Supervisory Board accompanied by the corresponding draft opinion.

The internal audit function is ensured by the Audit and Inspection Department and is an integral part of the monitoring of the internal control system process and, as the third line of defence, executes complementary autonomous assessments of the controls performed, identifying any deficiencies and recommendations, which are documented and reported to the management body. These situations are continually monitored by the internal audit function, in order to guarantee

that the necessary measures are taken and managed adequately.

The Risk Management function is ensured by the Risk Department, which supports the Executive Board of Directors in decision-making associated to the management of the different types of risk inherent to the activity, within the CEMG Group. As a second line of defence of the risk management structure, the Risk Department is responsible for the identification, quantification and monitoring of risk, the definition of limits and the assessment of its compliance. The organic statute of the Risk Department includes in its structure: the Overall Risk Department, the Business Risk Department and the Risk Modelling Department, according to whether the management of liquidity, market and interest rate risks and solvency levels are involved; the management of credit and operating risks, and the development of risk classification systems to support credit analysis and decision-making.

The Compliance Department covers all the areas, processes and activities of the companies of the CEMG Group in Portugal and monitors the affiliates abroad in the context defined in article 24 of Banco de Portugal Notice 5/2008. Its mission is to contribute to preventing and mitigating "compliance risks", which are embodied in the risk of incurring legal or regulatory penalties, financial or reputation loss as a result of failure in compliance with the application of the laws or regulations.

### Details, even if the organisational chart is included, of hierarchical and/or functional dependency in relation to other bodies or committees

The internal audit, compliance and risk management functions depend hierarchically and functionally on the Executive Board of Directors under supervision of the General and Supervisory Board. This model is, at the date of preparation of this report, under analysis and appraisal.

### Existence of other operating areas with competence in risk control

The Risk Committee, as a body foreseen in CEMG's articles of associations, independently monitors the control of the institution's risks.

CEMG's Risk Committee initiated its duties in October 2015, having undertaken three sessions during the previous year, in which specific focus was given to the monitoring of the liquidity and capital risk, credit risk, real estate risk and market risk. With a view to the correct integration of its duties of monitoring and controlling CEMG's risk strategy, namely through access to appropriate information relative to the management and control of the different types of risk to which CEMG's activity is exposed, this committee participated in some of the meetings of the Executive Board of Director's supporting committees, namely ALCO.

The Risk Committee also prepared and approved its Internal Regulation, a document that defines the duties and rules of functioning of this body of CEMG.

**Identification and description of the main economic, financial and legal risks to which the company is exposed during the exercise of its activity**

The main financial and non-financial risks of the activity of CEMG are:

- ▶ **Credit** - Associated with the degree of uncertainty of the expected returns as a result of the inability either of the borrower (and the guarantor, if any) or of the issuer of a security or of the counterpart to an agreement to fulfil their obligations.
- ▶ **Market** - Reflects the potential loss inherent in a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the various financial instruments that make up the portfolio, considering both the correlations that exist between them as well as the respective volatility.
- ▶ **Liquidity** - Reflects the Group's inability to meet its obligations at maturity without incurring in significant losses resulting from the deterioration of the funding conditions (funding risk) and/or from the sale of its assets below market value (market liquidity risk).
- ▶ **Real Estate** - Results from possible negative impacts on the results or capital level of CEMG, due to oscillations in the market price of real estate assets.
- ▶ **Operating** - Understood to be the potential loss resulting from failures or inadequacies in internal procedures, persons or systems, and also the potential losses resulting from external events.

It should be noted that the risk monitoring and supervision system of CEMG also recognises other relevant non-financial risks to the activity of CEMG, with emphasis on reputation risk, legal risk and information systems risk.

**Description of the process of identification, assessment, monitoring, control and management of risks**

In the Management Report, in a separate chapter ("Risk Management"), there is a detailed description of the principles, methodologies and instruments adopted in the management of the various risks.

**Main elements of the internal control and risk management systems implemented in the Institution regarding the procedure for reporting financial information (article 245-A, number 1, subparagraph m))**

The Executive Board of Directors is responsible for annually preparing the report and accounts for the year and the proposed distribution of net income, to be presented to the General and Supervisory Board and, with the opinion of the latter, submitted for appreciation at the General Meeting to be held until 31 May.

The Market Relations Office supports the Executive Board of Directors in fulfilling its financial reporting duties.

The Statutory Auditor is responsible for issuing an opinion on the suitability and efficacy of the internal control system underlying the process involving the preparation and disclosure of the individual and consolidated financial information (financial reporting).

**9. INVESTOR SUPPORT**

**Department responsible for investor support, composition, duties, information provided and contact information**

The mission of the Market Relations Office of CEMG, the body that reports directly to CEMG's Executive Board of Directors, is to ensure compliance with the duties of communication and provision of information to investors, to rating agencies and to the market in general, within the scope of the legal and regulatory obligations applicable to publicly traded companies.

Throughout 2016, in compliance with the duties of provision of information to investors and the market, the Market Relations Office disclosed 89 press releases reporting relevant facts occurred in the CEMG Group.

Under the provision of financial information, the Market Relations Office prepared 96 clarifications for investors, the press, institutions and rating agencies. It also made 58 presentations or by conference call, which were recurrently attended by members of the Executive Board of Directors of CEMG.

The Market Relations Office is composed of four full-time members, with suitable qualifications and experience in financial and regulatory affairs.

All the public information on the CEMG Group may be requested from the Market Relations Office by:

- ▶ Telephone (+351 210 002 520),
- ▶ Email (investors@montepio.pt) or
- ▶ Letter (Rua Castilho n.º 5 - 7º Piso - Sala 56, 1250 - 066 Lisboa).

**Representative for market relations**

On 17 March 2015, Dr. Artur Jorge Correia Gama was appointed the Representative for Market Relations and for the CMVM, and took up office on 31 December 2016.

**Information on the proportion and response time to requests for information entered during the year or outstanding from previous years**

Throughout 2016, under the scope of its duties, the Market Relations Office assured a swift response to the requests for information made by holders of the Participation Units of CEMG's Participation Fund, rating agencies and investors in general, which had an average response time of 2 days.

The Market Relations Office also received a small number of internal and external requests for information that had an average response time of less than 1 day.

Under the Complaints Management Policy, the Ombudsman Office, in 2016, replied to 104 complaints related to Financial Instruments and CEMG's Participation Fund, which represented 2.3% of the total volume of complaints received, 1.1% of which were related to CEMG's Participation Fund.

Based on the nature of the requests and the quantity of contributions to be obtained from the organic units of the CEMG Group, the average response time to Financial Instruments and CEMG's Participation Fund stood at 29.2 business days, and 40.1 business days only considering complaints related to the Participation Fund 13% of the claims falling in these categories were answered in less than 5 business days.

It is also important to note that, with respect to the total number of complaints in 2016, the average response time of the Ombudsman Office stood at 14 business days, with 42% of the complaints having been replied to within 5 business days.

## 10. INTERNET SITE

### Address(es)

Information on the institution is available in both Portuguese and English on CEMG's Internet site, whose address is [www.montepio.pt](http://www.montepio.pt).

### Location where information can be found on the corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code

The Participation Units of CEMG's Participation Fund (ISIN PTCMHUIM0015) have been, since 17 December 2013, listed for trading on a regulated market (NYSE Euronext Lisbon), which implied the opening of CEMG's capital to public investment.

CEMG provides essential information to assure suitable knowledge on its activity through the addresses [www.montepio.pt/investidores](http://www.montepio.pt/investidores) (Portuguese version) and [www.montepio.pt/investors](http://www.montepio.pt/investors) (English version).

### Location where the articles of association and operating regulations for the bodies and/or committees or commissions

This information may be consulted at the following address: [www.montepio.pt/SitePublico/pt\\_PT/institucional/grupo/sobre/governacao.page?altcode=900GOVERN](https://www.montepio.pt/SitePublico/pt_PT/institucional/grupo/sobre/governacao.page?altcode=900GOVERN)

### Place where information is available on the identity of members of the corporate bodies, market relations representative, investor support office or equivalent, their respective duties and contact information

This information may be consulted at the following address:

[https://www.montepio.pt/SitePublico/pt\\_PT/institucional/grupo/caixa-economica/informacao-investidores.page?altcode=CEMGIV06](https://www.montepio.pt/SitePublico/pt_PT/institucional/grupo/caixa-economica/informacao-investidores.page?altcode=CEMGIV06)

### Place where the documents relating to financial accounts reporting are available, and which should be accessible for at least five years, as well as the calendar on company events published at the start of each half-yearly period, including general meetings of shareholders and disclosure of annual, half-yearly and quarterly results, if applicable

CEMG provides essential information to assure suitable knowledge on its activity through the addresses [www.montepio.pt/investidores](http://www.montepio.pt/investidores) (Portuguese version) and [www.montepio.pt/investors](http://www.montepio.pt/investors) (English version).

### Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

This information may be consulted at the following address:

[https://www.montepio.pt/SitePublico/pt\\_PT/institucional/grupo/caixa-economica/assembleias.page?altcode=CEMGIV22](https://www.montepio.pt/SitePublico/pt_PT/institucional/grupo/caixa-economica/assembleias.page?altcode=CEMGIV22)

The convening notice and information included in the agenda are also disclosed in the area designated as "news".

### Place where the historical archive on the resolutions passed at the company's General Meetings, represented share capital and voting results referring to the previous three years are available

This information may be consulted at the following address:

[https://www.montepio.pt/SitePublico/pt\\_PT/institucional/grupo/caixa-economica/assembleias.page?altcode=CEMGIV22](https://www.montepio.pt/SitePublico/pt_PT/institucional/grupo/caixa-economica/assembleias.page?altcode=CEMGIV22)

## D ▶ Remunerations

### 11. POWER TO ESTABLISH

#### Details of the powers for establishing the remuneration of the corporate bodies, members of the executive committee or chief executive officer and directors of the company

The duties of the Remuneration Committee include presenting to the General Meeting a proposed update of the remuneration policy of the members of the bodies of CEMG, where appropriate, and the obligation to submit for approval to the General Meeting a declaration on the remuneration policy of the members of the management and supervisory bodies.

This Committee must be represented at the General Meeting by at least one of its members.

## 12. REMUNERATION COMMITTEE

**Composition of the Remuneration Committee, including identification of the natural or legal persons hired to give it support and statement on the independence of each member and advisor**

The Remuneration Committee, elected at the General Meeting for the three-year period 2015–2018, is composed of the following members:

**Chairman:** Álvaro João Duarte Pinto Correia

**Member:** Fernando Lopes Ribeiro Mendes<sup>15</sup>

**Member:** José António Arez Romão

None of the members of the Committee is a member of the management body, his/her spouse, relative or related in line of descent until the third degree.

And, in accordance with the articles of association, the members of the Remuneration Committee are independent relative to members of the management body.

In addition, CEMG did not contract any natural or legal person to support the Remuneration Committee and nor did this committee choose to do so.

**Knowledge and experience of the members of the remuneration committee on matters of remuneration**

The members of the Remuneration Committee have knowledge and experience in remuneration issues and hold or held management positions. They have no employment, service provision, supply or credit contract with CEMG, with the exception of any credits for the purchase of private housing or for the payment of health expenses.

## 13. REMUNERATION STRUCTURE

**Description of the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June**

The remuneration policy for the management and supervisory boards in force since 2015 was approved by the General Meeting, under proposal of the Remuneration Committee. This committee annually submits the “declaration on the remuneration policy” for approval by the General Meeting.

This Declaration thus constitutes a «mandate» conferred upon the Remuneration Committee to set the remunerations of the members of the management and supervisory bodies, as well as of the other bodies.

The “declaration relative to the remuneration policy of the members of the management and supervisory bodies relative to 2017”, to be submitted to the Ordinary General Meeting, is presented in annex to this report (Annex II).

**Information on how remuneration is structured so as to permit the alignment of the interests of the members of the management body with the long-term interests of the institution, and how it is based on the assessment of performance and discourages excessive risk taking**

The remuneration policy is structured taking into consideration the objectives, structure and dimension of the Institution, nature of duties and market practices.

Remuneration consists of the following components:

- ▶ A fixed component paid on a monthly basis;
- ▶ A variable component which may or may not be attributed.

These two remuneration components are based on objective and transparent criteria, consistent with the Institution’s remunerative practice, in keeping with the remuneration structure and chain of responsibilities and compatible with sectoral and national remuneration standards.

In addition to these two remuneration components, remuneration may be attributed in the form of daily allowances paid to the Executive Board of Directors under the same terms that they are payable to the employees.

Although the payment of a variable remuneration to executive directors is provided for in the articles of association, the Institution has adopted a more restrictive policy, setting a maximum ceiling of variable remuneration dependent on the result of the individual performance appraisal and on the Institution’s performance, thus preventing excessive risk taking behaviour.

**Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component**

The remuneration structure of the executive directors has, in addition to a fixed component, a possible variable component based on specific measurable criteria and predetermined assumptions.

This variable component, approved by the General Meeting following a proposal of the Remuneration Committee, may not exceed 20% of the respective annual fixed remuneration, may only be attributed in financial years in which CEMG has not posted any losses and shall be dependent on a multi-annual assessment of the performance of each member.

The Remuneration Committee continued its decision not to attribute any variable remuneration relative to the financial year of 2016.

**Deferral of the payment of the variable component of remuneration, mentioning the period of deferral**

When the General Meeting decides to attribute a variable remuneration amount to members of the Executive Board of Directors, 70% of that remuneration is

deferred for a period of three years as of the date of the decision to attribute said remuneration.

**Criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of these shares, on any conclusion of contracts relative to these shares, namely, hedge or risk transfer contracts, the respective limit, and their relation to the value of the annual total remuneration**

The amount of the variable remuneration that is not subject to deferral is paid in cash, and the remaining value is paid in units of CEMG's Participation Fund based on its nominal value on the date of the decision to attribute the variable remuneration. No hedge or risk transfer contracts have been concluded.

**Criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option**

Due to the actual nature of the financial instrument (Participation units of CEMG's Participation Fund), these criteria cannot be included in the statutory framework of the CEMG Group, as explained in the introduction of this Report (point 2. Statutory Framework of the CEMG Group).

**Main parameters and grounds of any system of annual bonuses and any other non-cash benefits**

No provisions have been made in CEMG's remuneration policy for the existence of prizes, annual bonuses or non-financial benefit schemes.

**Main characteristics of the supplementary pension or early retirement schemes for directors and date when said schemes were approved at the general meeting, on an individual basis**

The members of the Executive Board of Directors are entitled to a retirement pension, by application, by analogy, of the regime in force for employment contracts.

The retirement conditions of the Directors must be approved at the General Meeting. The members of the Executive Board of Directors who participate in CEMG's pension plan, managed by Futuro, S.A., are attributed a pension that is supplementary to that of the Social Security general scheme.

#### 14. DISCLOSURE OF REMUNERATIONS

**Indication of the amount relating to the annual remuneration paid as a whole and individually to members of the Institution's management bodies, including fixed and variable remuneration and as regards the latter, reference to its different components**

The remuneration earned by the members of the Executive Board of Directors, in 2016, was as follows:

	Fixed Remuneration	Variable Remuneration	Total Remuneration
José Manuel Félix Morgado	401 248.47		401 248.47
João Carlos Martins da Cunha Neves	254 248.47		254 248.47
Luís Gabriel Moreira Maia de Almeida	254 248.47		254 248.47
Fernando Ferreira Santo	254 076.90		254 076.90
João José Belard da Fonseca Lopes Raimundo	254 248.47		254 248.47
Jorge Manuel Viana de Azevedo Pinto Bravo	254 248.47		254 248.47
Luís Miguel Resende de Jesus	254 248.47		254 248.47

**Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control**

No remuneration is due for the exercise of duties in subsidiary companies, whether paid by these subsidiaries or by CEMG.

The members of the Executive Board of Directors who accumulate positions in entities included in the consolidation perimeter of the CEMG Group, or in which the latter owns a qualifying stake, can earn an amount of not more than 10% of the monthly fixed remuneration.

**Remuneration paid in the form of participation in profit and/or payment of premiums and the reasons for the concession of such premiums and/or participation in profit**

In 2016, no variable remuneration was attributed.

**Compensation paid or owed to former executive directors relative to their termination of office during the financial year**

During 2016, no compensation was payable or paid to any former directors.

**Indication of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory boards for the purposes of Law 28/2009, of 19 June**

Details are provided below of the remuneration earned by CEMG's General and Supervisory Board which was elected in August 2015 and took office on 1 October 2015:

#### General and Supervisory Board

Álvaro João Duarte Pinto Correia	304 086.30 <sup>16</sup>
António Fernando Menezes Rodrigues	70 000.00
José António Arez Romão	70 000.00
Vítor Manuel do Carmo Martins	70 000.00
Francisco José Fonseca da Silva	70 000.00
Acácio Jaime Liberado Mota Piloto	70 000.00
Luís Eduardo Henriques Guimarães	70 000.00
Rui Pedro Brás de Matos Heitor	70 000.00
Eugénio Óscar Garcia Rosa	70 000.00

<sup>16</sup> Includes retroactive payments the starting of duties on 1 October 2015.

The remuneration earned by the Statutory Auditor is described in points 46 and 47.

**Indication of the remuneration of the chairman of the board of the general meeting for the year in question**

The Chairman of the Board of the General Meeting earned the total amount of 3,900 euros in 2016.

**15. AGREEMENTS WITH REMUNERATION IMPLICATIONS**

**Contractual limitations established for the compensation payable for dismissal without fair grounds of a director and its relationship with the variable component of the remuneration**

Under the terms of the remuneration policy of the members of the Executive Board of Directors, in case of termination of office without just cause, the director is entitled to compensation, whose maximum value corresponds to the fixed monthly remunerations that he is currently earning from the date of dismissal until the end of the planned term of office.

**Reference to the existence and description, with indication of the amounts involved, of agreements between the company and members of the management body and directors, in observance of number 3 of article 248-B of the Securities Market Code which establish compensation in the case of resignation, dismissal without fair grounds or termination of the work relation following a change in the control of the company (article 245-A, number 1, subparagraph I)**

There are no agreements with members of the board of directors or managers that envisage compensation in the event of resignation, unfair dismissal or termination of employment following a takeover bid.

**16. PLANS TO ATTRIBUTE SHARES OR STOCK OPTIONS**

**Identification of the plan and respective beneficiaries**

Such plans are not permitted under the statutory framework of the CEMG Group, as specified in the introduction (point 2. Statutory Framework of the CEMG Group) of this Report.

**Description of the plan (eligibility conditions, inalienability of shares clauses, criteria regarding share prices and the price for exercising options, time frame during which options can be exercised, characteristics of the shares or options to be attributed, existence of incentives to acquire shares and/or exercise options)**

Such plans are not permitted under the statutory framework of the CEMG Group, as specified in the introduction (point 2. Statutory Framework of the CEMG Group) of this Report.

**Option rights attributed for the acquisition of shares (stock options) regarding which the company's employees and workers are the beneficiaries**

Such plans are not permitted under the statutory framework of the CEMG Group, as specified in the introduction (point 2. Statutory Framework of the CEMG Group) of this Report.

**Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them (article 58-A, number 1, sub-paragraph e))**

Such plans are not permitted under the statutory framework of the CEMG Group, as specified in the introduction (point 2. Statutory Framework of the CEMG Group) of this Report.

**E ▶ Transactions with related parties**

**17. CONTROL MECHANISMS AND PROCEDURES**

**Mechanisms implemented for the purpose of controlling transactions with related parties (for said purpose, reference is made to the concept resulting from IAS 24)**

The members of the management and supervisory bodies and the entities considered as related parties, i.e. entities and holders, directly or indirectly, of qualifying stakes or with which they are in a control or group relationship under the terms of article 20 of the Securities Code, are identified in the applications supporting the business, with these records being updated when there are changes.

In addition to the applicable rules established by law, regulatory mechanisms and the articles of association for compliance with the relevant accounting standards, namely IAS 24, there are specific regulations relative to the concession of credit to owners of qualifying holdings, supplementing the procedural rules for each type of credit and issue of guarantees. These regulations define the specific procedures for processing the proposals relative to these operations, which includes the issue of an opinion by the supervisory body (General and Supervisory Board) and the approval, by a qualified majority of at least two thirds, by the Executive Board of Directors.

These operations are monitored on a regular basis by the Risk Department, based on the monthly control reports.

**Details of transactions that were subject to control in 2015**

During 2016, the General and Supervisory Board appraised, under the terms of article 109 of the RGICSF, all the credit concession operations, or review of the limits of exposure, to the entities falling under this scope, and which were subject to control of compliance with the limit, by the Risk Department.

Under article 85 of the RGICSF, there were no economically relevant funding operations during 2016.

**Description of the procedures and criteria applicable to the intervention of the supervisory body for the purposes of the prior evaluation of the business to be carried out between the institution and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Market Code**

Transactions between the institution and holders of qualifying stakes or with entities related to them, pursuant to article of the CVM, follow specific procedures which imply the opinion of the General and Supervisory Board as noted in point 89. The opinion of the General and Supervisory Board is issued prior to the opinions of the Credit Analysis Department, the Commercial Departments involved and the Risk Department, mentioning the conformity of the transactions with the legal and regulatory provisions and with the internal regulations, accompanied by information relative to the integrated exposures and the foreseeable evolution.

#### 18. DATA ON BUSINESS DEALS

**Details of the place where the financial accounts reporting documents including information on business deals with related parties are available, in accordance with IAS 24, or alternatively a copy of said data**

Note 53 of the notes to the financial statements of 2016 describes the overall amounts of assets, liabilities, net income and non-balance sheet liabilities relative to transactions with related parties, in conformity with IAS 24.

## PART II

# Assessment of Corporate Governance

### 1 Identification of the adopted governance code

This Corporate Governance Report mirrors the governance structure followed by the Institution, directly associated to its organisational performance and in conformity with the governance principles and practices adopted by the Institution, in compliance with the Corporate Governance Code, of July 2013, available on the CMVM's website, and the recommendations of the CMVM.

In addition to the provisions applicable under the law, the articles of association and regulations, all the activities undertaken also comply with the resolutions of the corporate bodies, internal rules, rules of conduct and ethical standards.

Lastly, it is important to point out that this document must be read as an integral part of the Annual Report relative to the financial year of 2016.

## 2 ► Analysis of compliance with the adopted corporate code

Under the terms of article 245-A, number 1, subparagraph o) the level of compliance with the recommendations of the Corporate Governance Code is presented below:

RECOMMENDATIONS	Adopted	Not applicable	Reference in the Corporate Governance Report
<b>I. VOTING AND CORPORATE CONTROL</b>			
I.1. Companies should encourage their shareholders to participate and vote in the general meetings, in particular by not establishing an excessively high number of shares required to have the right to vote and implementing the indispensable means to the exercise of the right to vote by correspondence and electronically.		✓	Introductory Part (Page 604)
I.2. Companies should not adopt mechanisms that hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum higher than that foreseen by law.		✓	Introductory Part (Page 604)
I.3. Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or subscribe new securities and the right to vote of each ordinary share, unless duly justified on the grounds of the long term interests of the shareholders.		✓	Introductory Part (Page 604)
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting (5 year intervals), on whether that statutory provision is to be amended or prevails - without super quorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying this restriction.		✓	Introductory Part (Page 604)
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the management body and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of management body members, shall not be adopted.		✓	Introductory Part (Page 604)
<b>II. SUPERVISION, MANAGEMENT AND OVERSIGHT</b>			
<b>II.1. SUPERVISION AND MANAGEMENT</b>			
II.1. Within the limits established by the law, and unless due to the small size of the company, the board of directors should delegate the daily management of the company, with the delegated competence being identified in the annual Corporate Governance Report.		✓	Introductory Part (Page 604)
II.1.2. The Board of Directors must ensure that the company acts in accordance with its objectives, and must not delegate its competence, namely, with respect to: i) the definition of the strategy and general policies of the company; ii) the definition of the group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special characteristics.	✓		Chapter II. Management and Supervision - point 21 (Page 616)
II.1.3. The Supervisory Board, in addition to the performance of the supervisory duties entrusted to it, should undertake full responsibility in terms of corporate governance, hence statutory provisions of equivalent measures should establish that it is compulsory for this body to issue statements on the Factors and main policies of the company, define the group's business structure and decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the implementation of the company's policies.	✓		Chapter II. Management and Supervision - point 21 (Page 616)
II.1.4. Unless as a result of the small size of the company, the Board of Directors and General and Supervisory Board, according to the adopted model, should create the committees which prove necessary to: a) Ensure competent and independent assessment of the performance of the executive directors and their own overall performance, as well as that of the various existing committees and commissions; b) Reflect on the adopted governance system, structure and practices, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement.	✓		Chapter II. Management and Supervision - point 15 (Page 612) and Point 27 (Page 623)
II.1.5. The Board of Directors or General and Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, with a view to assuring that the risks which are effectively incurred are consistent with these objectives.	✓		Chapter VIII. Internal Control and Risk Management (Page 634)
II.1.6. The Board of Directors should include a sufficient number of non-executive members so as guarantee effective capacity to monitor, supervise and assess the activities of the other members of the management body.		✓	Introductory Part (Page 604)

## RECOMMENDATIONS

	Adopted	Not applicable	Reference in the Corporate Governance Report
II.1.7. Among the non-executive directors, there should be an adequate proportion of independent directors, taking into consideration the adopted governance model, the size of the company, its shareholder structure and respective free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been employed at a company which has been in a controlling or group relationship in the last three years; b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person; c. Having received remuneration paid by a company which has been in a controlling or group relationship, apart from the remuneration arising from the performance of directorship duties; d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes; e. Being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.		✓	Introductory Part (Page 604)
II.1.8. When requested by other members of the governing bodies, the directors performing executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	✓		Chapter II. Management and Supervision - points 16 to 18 (Page 613)
II.1.9. The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board, and the Chairman of the Financial Matters Committee, the call notices and minutes of the respective meetings.	✓		Chapter II. Management and Supervision - point 21 (Page 616)
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.		✓	Introductory Part (Page 604)
<b>II.2. SUPERVISION</b>			
II.2.1. According to the applicable model, the chairman of the Supervisory Board, Audit Committee or Financial Matters Committee should be independent, according to the applicable legal criteria, and possess adequate competence to perform the respective duties.	✓		Chapter II. Management and Supervision - point 29 (Page 624)
II.2.2. The supervisory body should be the main agent for communication with the external auditor and first receiver of the respective reports, being responsible, namely, for proposing the remuneration of the external auditor and ensuring the existence of the appropriate conditions for the provision of the services within the company.	✓		Chapter III. Supervision - point 37 (Page 630)
II.2.3. The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the external auditor's dismissal or termination of its service contract whenever there are fair grounds for the effect.	✓		Chapter V. External Auditor - point 44 (Page 632)
II.2.4. The supervisory body must evaluate the functioning of the internal control and risk management systems and propose the necessary adjustments.	✓		Chapter VIII. Internal Control and Risk Management - point 50 (Page 634)
II.2.5. The Audit Committee, Supervisory Board and Audit Board should issue statements on the work plans and resources allocated to the internal audit services and to the services which strive to ensure compliance with the regulations applied to the company (compliance services), and should receive the reports produced by these services at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential illegalities.	✓		Chapter VII. Communication of Irregularities - point 49 (Page 634)
<b>II.3. ESTABLISHMENT OF REMUNERATIONS</b>			
II.3.1. All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	✓		Chapter XII. Remuneration Committee - point 67 (Page 640)
II.3.2. No legal or natural person who has provided, during the last three years, services to the any structure directly under the management body, the actual management body of the company or who has a current relationship with any consultant of the company or with the company's consultants should be contracted to support the Remuneration Committee. This recommendation is also applicable to any natural or legal person which is related to such persons through a work or service contract.	✓		Chapter XII. Remuneration Committee - point 68 (Page 640)

RECOMMENDATIONS	Adopted	Not applicable	Reference in the Corporate Governance Report
<p>II.3.3 A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009 of 19 June, shall also contain the following:</p> <p>a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;</p> <p>b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;</p> <p>c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</p>	✓		Annex II
<p>II.3.4. The proposal relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the plan.</p>		✓	Introductory Part (Page 604)
<p>II.3.5. The proposal relative to approval of any retirement benefit scheme established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the system.</p>	✓		Annex II
<b>III.REMUNERATIONS</b>			
<p>III.1. The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.</p>	✓		Chapter XIII. Remuneration Committee - point 70 (Page 641)
<p>III.2. The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the performance or value of the company.</p>	✓		Chapter XIII. Remuneration Committee - point 70 (Page 641)
<p>III.3. The variable component of remuneration should be reasonable, as a whole, in relation to the fixed component of remuneration, and maximum limits should be established for all components.</p>	✓		Chapter XIII. Remuneration Committee - point 70 (Page 641)
<p>III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to its receipt should be dependent on the continuation of the positive performance of the company over this period.</p>	✓		Chapter XIII. Remuneration Committee - point 70 (Page 641)
<p>III.5. The members of the management body should not conclude contracts, either with the company or with third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.</p>	✓		Chapter XIV. Remuneration Distribution - point 78 (Page 643)
<p>III.6. Until the end of their term of office, executive directors must keep any company shares which have been acquired through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of shares which need to be sold for the purpose of payment of taxes arising from the earnings of these same shares.</p>	✓		Chapter XIII. Remuneration Structure (page 640)
<p>III.7. When the variable remuneration includes the attribution of options, the beginning of the exercise period must be deferred for a period of time not less than three years.</p>	✓		Introductory Part (Page 604)
<p>III.8. When the dismissal of a director neither arises from serious breach of duties nor inaptitude for normal performance of the respective duties but, even so, is the outcome of inadequate performance, the company should be endowed with the appropriate and necessary legal instruments to ensure that any indemnity or compensation, apart from that legally due, is not payable.</p>	✓		Chapter XV. Agreements with remuneration implications - point 83 and 84 (page 644)
<b>IV.AUDITING</b>			
<p>IV.1. The external auditor should, under his duties, verify the application of the remuneration policies and systems of the governing bodies, the efficacy and operation of the internal control mechanisms and report any failings to the supervisory body of the company.</p>		✓	Introductory Part (Page 604)
<p>IV.2. The company or any entities in a controlling relationship should neither contract from the external auditor, nor from any entities which are in a group relationship with it or are part of the same network, services other than audit services. If there are reasons to contract such services, which should be approved by the supervisory board and explained in its annual Corporate Governance Report, they should not amount to more than 30% of the total value of the services provided to the company.</p>	✓		Chapter V. External Auditor Point 46 (Page 632)
<p>IV.3. Companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are of four or three years, respectively. Their maintenance beyond this period should be justified by a specific opinion of the supervisory board which explicitly reflects on the conditions of independence of the auditor and advantages and costs of the auditor's replacement.</p>	✓		Chapter V. External Auditor Point 44 (Page 632)

RECOMMENDATIONS	Adopted	Not applicable	Reference in the Corporate Governance Report
<b>V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES</b>			
<p>V.1. The Company's business with shareholders of qualifying stakes, or with entities which are in any relationship with them, under the terms of article 20 of the Securities Market Code, should be conducted under normal market</p>	✓		Chapter XVII. Control mechanisms and procedures - point 89 (Page 645)
<p>V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in number 1 of article 20 of the Securities Code - thus significant relevant business is dependent upon prior opinion of that body.</p>	✓		Chapter XVII. Control mechanisms and procedures - point 89 (Page 645)
<b>VI. INFORMATION</b>			
<p>VI.1. Companies should ensure, through their website, in Portuguese and English, access to information that enables knowledge on their evolution and their current situation in economic, financial and governance terms.</p>	✓		Chapter X. Internet site - point 63. (Page 639)
<p>VI.2. Companies should assure the existence of an investor support office and its permanent contact with the market, so as to answer requests made by investors in due time. Records should be kept of all the requests submitted and their subsequent treatment.</p>	✓		Chapter IX. Investor Support Point 56 (Page 637)

3 ▶ Other information

With regards to other quantitative information and following the approval, by the Executive Board of Directors, of the remuneration policy of the “employees” that covers the senior managers that perform duties that can have an impact on the risk profile of the Institution, officers in control functions and other employees which, in remuneration terms, are assimilated to senior managers, the remunerations earned in 2016 by these employees is presented below:

	'16
Director	23
Assistant Manager	2
Deputy Director	3
Technician (Level III)	1
Total Fixed Remuneration	3 188 887.63 €
Total Variable Remuneration	0,00 €
<b>Total Remuneration</b>	<b>3 188 887.63 €</b>
Weight of Variable Remuneration	0,0%

This remuneration policy is applied to CEMG’s employees in general and is based on the remuneration composed of two components: a fixed component and a variable component.

The variable remuneration attributed to senior managers, and those that in remuneration terms are assimilated to them, complies with specific rules and limits.

# Annex I

## ACADEMIC QUALIFICATIONS AND POSITIONS HELD BY MEMBERS OF THE GENERAL AND SUPERVISORY BOARD AND OF THE EXECUTIVE BOARD OF DIRECTORS

### General and Supervisory Board (Term of Office 2015–2018)

#### Álvaro Duarte Pinto Correia

##### Academic qualifications:

Civil Engineer from Instituto Superior Técnico.

##### Professional activities performed over the last few years:

Chairman of the Management Board of Banco Totta & Açores (BTA) from June 1977 to February 1985. Director of Caixa Geral de Depósitos from March 1985 to February 2000. Chairman of the Board of Directors of Companhia de Seguros Fidelidade, S.A. From March 1992 to April 2000. Chairman of the Board of the General Meeting of Associação Portuguesa de Seguradores from March 1994 to March 2000. Chairman of the Audit Board of ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões since December 2004. Chairman of the Supervisory Board of Montepio Geral Associação Mutualista from January 2013 to October 2015. Member of the General and Supervisory Board of Caixa Económica Montepio Geral from 6 May 2013 to 1 October 2015. Chairman of the General and Supervisory Board, Chairman of the Assessment Committee and Chairman of the Remuneration since 1 October 2015.

#### António Fernando Menezes Rodrigues

##### Academic qualifications:

Business manager, attended the Finance course at Universidade Técnica de Lisboa.

##### Professional activities performed over the last few years:

Has been, in the area of business associations, Chairman of ASFAC - Associação de Instituições de Crédito Especializado (Association of Specialised Credit Institutions), since 1991 and member of the Executive Committee of EUROFINAS - European Federation of Finance Houses Association. In Mutualist and Social associativism, was a member of the General Council of Montepio (AM) from 2003 to 2015, and has been Chairman of Leões de Portugal, IPSS since 2012. Chairman of the Supervisory Board of G.E. Capital, SGPS since 2012 and Chairman of the Board of Directors of Realtransfer - Instituição de Pagamento, S.A. since 2013.

Elected to the General and Supervisory Board of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015.

**José António Arez Romão**

Academic qualifications:

Licentiate Degree in Law from the Faculty of Law of Lisbon in 1967, complementary training Management at St. Gall Graduate School for Economics and at the Centre Européen pour la Formation Professionnelle dans l'Assurance - Paris.

Professional activities performed over the last few years:

Director of Seguradora Industrial (Fonsecas & Burnay Group) 1975/1978, Mundial Confiança 1978-1986 and Chief Executive Officer of Lusitania, Companhia de Seguros 1986-2012, cumulatively holding the position of Director of Lusitania Vida, Companhia de Seguros 1997/2012, Moçambique, Companhia de Seguros 2000/2004 and 2009/2013, and Banco de Comércio e Desenvolvimento de Moçambique 2000/2004.

Currently, Chairman of the Board of Directors of Ímpar Companhia Caboverdiana de Seguros, Chief Executive Officer of SIQ-Sociedade Imobiliária da Quinta das Pedreiras, S.A. and EMPCO, Lda.

Member emeritus of Academia de Marinha (Navy Academy) and permanent member of Academia Portuguesa da História (Portuguese History Academy).

Member of the General Council of Montepio Geral Associação Mutualista between 2014 and December 2015, having been elected to the General and Supervisory Board, the Assessment Committee and Remuneration Committee of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015.

**Vítor Manuel do Carmo Martins**

Academic qualifications:

Licentiate Degree in Finance from ISCEF - Instituto Superior de Ciências Económicas e Financeiras (1973); Preparatory Course for Chartered Accountants (CROC) (1978); Courses of the Portuguese Association of Chartered Accountants under continuous training (1986 to 2015); Financial Accounting at Arthur Andersen & Co. Madrid (1973); Auditing a Hautes Études Commerciales in Jouy-en-Josas - France (1973); Analysis of Industrial Projects - I.P.E. (1980).

Professional activities performed over the last few years:

Chartered Accountant in companies operating in various sectors of economic activity, namely industrial, commercial, SPGS and financial (from 1983 to 2015). Elected to the General and Supervisory Board of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015.

**Francisco José Fonseca da Silva**

Academic qualifications:

PhD from the University of Extremadura, Spain, MBA post-graduation from Universidade Lusíada de Lisboa; Post-graduation in European Studies, from the Faculty of Human Sciences of Universidade Católica Portuguesa; Licentiate Degree in Economics, from the Faculty of Economics of Universidade Nova de Lisboa.

Professional activities performed over the last few years:

At Banco Português de Gestão, Chairman of the Executive Committee between 2000 and 2004, having taken office as Deputy Chairman of the Board of Directors between 2004 and 2012. Prior to this period, he was a Director of the listed company SAG, of Banco Invest and various companies in Portugal, Cape Verde and Brazil.

Currently Chairman of the Board of Directors of Food4Kings, S.A. Elected to the General and Supervisory Board of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015, and subsequently elected to the Risk Committee and Remuneration Committee of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 6 July 2016.

**Acácio Jaime Liberado Mota Piloto**

Academic qualifications:

Licentiate Degree in Law, from the Faculty of Law of Universidade de Lisboa; Holder of a Scholarship from the Hanns Seidel Foundation, Munich, Post-graduation in Economic Law at Ludwig Maximilian University, Post-graduation in Community Competition Law at the Max Planck Institut (1984/1985). Insead Executive Program (1999).

Professional activities performed over the last few years:

Between 1988 and 2012 he worked for Banco Comercial Português (Millennium bcp), as Managing Director, also having held, among others, the following positions: Chairman of AF Investimentos Fundos Mobiliários and AF Investimentos Fundos Imobiliários, 1996; Director of Millennium bcp Investimento from 2000 to 2010; Group Treasurer of Millennium bcp, 2006 to 2009; Director of Millennium Gestão de Activos from 2010 to 2012. Currently non-executive Director, Member of the Nomination and Remuneration Committee of EDP Renováveis, S.A. and of the Related Parties Committee of EDP Renováveis, S.A. Elected as member to the General and Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015.

#### **Luís Eduardo Henriques Guimarães**

##### Academic qualifications:

Licentiate Degree in Finance from Instituto Superior de Economia (ISCEF) of Universidade Técnica de Lisboa; Post-graduate in Corporate Finance from Universidade de Direito de Lisboa.

##### Professional activities performed over the last few years:

Performed the duties of Guest Lecturer at Instituto Superior de Economia; Manager Financial Controller (2nd VP) of The Chase Manhattan Bank; Financial Director Sofinloc - Soc. Leasing; Director of Project Finance at Banco CISF; Financial Director of Banco Investimento Imobiliário; Member of the Senior Management of BCPMILLENNIUM - Coordinator of the Corporate Network and Novarede; He is currently member of the Board of Directors of GENERG SGPS. Elected as member to the General and Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral at the Extraordinary General Meeting held on 5 August 2015.

#### **Rui Pedro Brás de Matos Heitor**

##### Academic qualifications:

Licentiate Degree in Law from the Faculty of Law of Universidade de Lisboa (2002). Completed the modules of the Post-graduation on Arbitration at the Faculty of Law of Universidade Nova de Lisboa, on Arbitration Agreement, Arbitration Court, Applicable Law, Arbitration Process, Arbitration Award (2009); Post-graduation on Corporate Governance at CDIP of the Faculty of Law of Universidade de Lisboa.

##### Professional activities performed over the last few years:

Started his professional career at Montepio in 2005, where he worked as a lawyer in the Credit Recovery Department, Litigation Department of CEMG, manager of the Area of Lawyers of Montepio Recuperação de Crédito - ACE, and since 2016 has been the manager of the Judicial Credit Recovery Department of Caixa Económica Montepio Geral, member of the General and Supervisory Board of Caixa Económica Montepio Geral, for the three-year period 2016-2018, as the representative of CEMG's workers and elected by them.

#### **Eugénio Óscar Garcia Rosa**

##### Academic qualifications:

Licentiate Degree in Economics from Instituto Superior de Economia e Gestão (1976); Post-graduation in Labour and Social Security Law (Universidade Nova de Lisboa 2005); Post-graduation in Insurance and Pension Fund Management (Instituto Superior de Economia e Gestão 1998); Master's in Multimedia Educational Communication (Open University 2000-2002); Master's in Communication, Culture and Information Technologies (ISCTE 2003-2005).

##### Professional activities performed over the last few years:

Member of the Board of Directors of the insurance company "Sagres" (2000-2008). Member of the General Council of Montepio (2006-2013). Consultant of CGTP-IN and of the National Federation of Public Administration Trade Unions, and representative on the community programmes POEFDS, POPH and Competitiveness Factors Operating Programme and on the Board of Directors of CEDEFOP (E.U.) from 2004 to 2013, having suspended the activity while he was a member of the Portuguese Parliament (2005 to 2008). Member of the Supervisory Board of Montepio Geral Associação Mutualista from 2013 to July 2015. Member of the General and Supervisory Board of Caixa Económica Montepio Geral since 6 May 2013, having been re-elected for the three-year period 2016-2018, at the Extraordinary General Meeting held on 5 August 2015.

### **Executive Board of Directors (Term of Office 2015-2018)**

#### **José Manuel Félix Morgado**

##### Academic qualifications:

Licentiate Degree in Business Management from Universidade Católica Portuguesa; Specialisation in Assets and Liabilities Management (ALM) from INSEAD Fontainebleau. Post-graduation in Corporate Governance from the Law Faculty of Universidade de Lisboa.

##### Professional activities performed over the last few years:

Chairman of the Executive Committee between 2007-2015 and Vice-Chairman of the Board of Directors between 2007-2015 at INAPA IPG; President of the Council of EUGROPA - European Paper Merchant Association from May 2012 to July 2015. Chairman of the Executive Board of Directors of Caixa Económica Montepio Geral since 7 August 2015.

##### Positions held in subsidiary companies, as at 31 December 2016:

Chairman of the Board of Directors of Montepio Recuperação de Crédito ACE<sup>17</sup>

Chairman of the Board of Directors of Finibanco Angola, S.A.<sup>18</sup>

Chairman of the Board of Directors of Montepio Holding, SGPS, S.A.

#### **João Carlos Martins da Cunha Neves**

##### Academic qualifications:

Licentiate Degree in Economics from Universidade Católica de Lisboa; Master's in Economics Applied to Finance from Universidade Nova de Lisboa; PhD in Economics from the University of York.

<sup>17</sup> Up to its dissolution, decided at the General Meeting of 22 June 2016.

<sup>18</sup> Took up duties on 16 January 2016.

Professional activities performed over the last few years:

Director of Corporate Credit Analysis at Caixa Económica Montepio Geral from 2006 to 2009. PMO - Banca Investment at Caixa Económica Montepio Geral between 2009 and 2010; of Strategic Planning, Control and Accounting of Caixa Económica Montepio Geral from 2010 to 2014. Member of the Executive Board of Directors of Caixa Económica Montepio Geral since 10 December 2014.

Positions held in subsidiary companies, as at 31 December 2016:

Non-executive member of the Board of Directors of Finibanco Angola, S.A.

Non-executive member of the Board of Directors of Montepio Holding, SGPS, S.A.

Non-executive member of the Board of Directors of Banco Terra, S.A.

**Luís Gabriel Moreira Maia Almeida**

Academic qualifications:

PAGEB - Universidade Católica/ Faculty of Economic and Corporate Sciences;  
GOAR - Universidade Católica/ Faculty of Economic and Corporate Sciences;  
PEN - Universidade Católica/ Faculty of Economic and Corporate Sciences.

Professional activities performed over the last few years:

President of the Association of Banks of Guinea-Bissau APBEF-GB Guinea-Bissau and UEMOA from 2006 to 2008; Director of Banco de África Ocidental, SA - Guinea-Bissau from May 2006 to May 2013; Sales Manager of Caixa Económica Montepio Geral between 2008 and 2013; Director of Finibanco Angola from May 2013 to August 2015; Member of the Executive Board of Directors of Caixa Económica Montepio Geral since 7 August 2015.

**Fernando Ferreira Santo**

Academic qualifications:

Civil Engineer from Instituto Superior Técnico (1974).

Professional activities performed over the last few years:

Member of the Portuguese Association of Engineers and Specialist in Construction Management; Member of the Board of Directors of Caixa Económica Montepio Geral since 7 August 2015; Director of Montepio Gestão de Ativos Imobiliários since May 2014; Secretary of State for Property and Equipment Administration of the Ministry of Justice between June 2011 and December 2013; Chairman of the Portuguese Association of Engineers between 2004 and 2010 and Chairman of the National Council of Professional Associations during the same period; Post-graduation lecturer on Real Estate Valuation and Management at Instituto Superior de Economia e Gestão since 2001; Chairman of the Assembly of Representatives of the Portuguese Association of Engineers;

Chairman of the General Meeting of the Portuguese Association of Real Estate Developers and Investors; Chairman of the Strategic Committee of the Institute for the Promotion and Development of Latin America.

Positions held in subsidiary companies, as at 31 December 2016:

Member of Montepio Gestão de Activos Imobiliários, A.C.E.

Member of Montepio Recuperação de Crédito, A.C.E.

**João José Belard da Fonseca Lopes Raimundo**

Academic qualifications:

Licentiate Degree in Business Management from Universidade Católica Portuguesa de Lisboa and an MBA from INSEAD (Fontainebleau, France).

Professional activities performed over the last few years:

From 2006 to 2011, Member of the Board of Directors of Banco Millennium BCP de Investimento, S.A. and General Manager of Banco Comercial Português, S.A.; Up to 2010, Deputy Chairman of the Board of the General Meeting of Millennium Angola; From 2009 to 2010 was appointed Vice-President and CEO of Millenniumbcp Bank, NA (EUA); From 2009 to 2012, Member of the Board of Directors of CIMPOR-Cimentos de Portugal, SGPS, S.A.; From 2011 to 2014, Head of the Investment Banking Division of Millenniumbcp. Up to August 2015, was Chairman of the Executive Committee and Member of the Board of Directors of BCP Capital - Sociedade de Capital de Risco, S.A., Chairman of the Board of Directors of BCP Holdings (EUA), Inc. and Member of the Board of Directors of OMIP - Operador do Mercado Ibérico (Portugal) SGPS, S.A. He was also a Member of the Investment Boards of Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR, S.A.), Fundo Revitalizar Centro, FCR (managed by Oxy Capital, SCR, S.A.) and Fundo Revitalizar Sul, FCR (managed by Capital Criativo, SCR, S.A.). Member of the Executive Board of Directors of Caixa Económica Montepio Geral since 7 August 2015. He also performs duties as Member of the Board of Directors at SIBS, SGPS, S.A. and SIBS FPS - Forward Payment Solutions, S.A. as a representative of CEMG and was Member of the Board of Directors of Montepio Recuperação de Crédito and Montepio Capital de Risco SCR, S.A. until their dissolution in 2016. He is also Member of the Board of Directors of EDP Renováveis, S.A.

Positions held in subsidiary companies, as at 31 December 2016:

Chairman of the Board of Directors of Montepio Capital de Risco, S.C.R., S.A.<sup>19</sup>

Member of the Board of Directors of Montepio Recuperação de Crédito ACE<sup>20</sup>

Member the Board of Directors of Montepio Holding, SGPS, S.A.

Chairman of the Board of Directors of Montepio Investimento, S.A.

<sup>19</sup> Up to its dissolution, decided at the General Meeting of 24 June 2016.

<sup>20</sup> Up to its dissolution, decided at the General Meeting of 22 June 2016.

**Jorge Manuel Viana de Azevedo Pinto Bravo**
Academic qualifications:

Licentiate Degree in Engineering from Instituto Superior de Engenharia de Lisboa, Post-graduation in Management and Marketing from Stockley Park Management Centre.

Professional activities performed over the last few years:

Partner in Charge of Risk Advisory Services at KPMG Portugal between 1998 and 2005. Deputy-chairman of the Board of Directors of Reditus, Gestão S.A. Between 2009 and 2010. Director of the Tecnidata Group between October 2007 and 2010. Managing Director of Financial Services of Iberia of Logica (currently CGI) between January 2006 and July 2007. Director/manager of Inapa Group companies. Member of the Executive Board of Directors of Caixa Económica Montepio Geral since 7 August 2015.

**Luís Miguel Resende de Jesus**
Academic qualifications:

Licentiate Degree in Economics from Universidade Lusíada (1993-1998). Post-graduation in Risk Management and Derivatives (2005-2006).

Positions held in subsidiary companies, as at 31 December 2016:

Member of the Executive Board of Directors of Caixa Económica Montepio Geral since 7 August 2015. Associate Partner at KPMG Portugal - Advisory (Financial Services) from October 2014 to August 2015. Director at KPMG Portugal - Advisory Department (Financial Services) in the Financial Risk Management area in Portugal and Angola (October 2012 to September 2014). Senior Manager at KPMG Portugal - Auditing Department (Financial Services) from October 2006 to September 2012.

Positions held in subsidiary companies, as at 31 December 2016:

Member of the Board of Directors of Montepio Recuperação de Crédito ACE<sup>21</sup>

# Annex II

## STATEMENT ON THE REMUNERATION POLICY OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF CEMG FOR 2017

1. The general and fundamental rules of remuneration policy are set by the General Meeting and applied to specific situations by a Remuneration Committee, elected under the terms of article 23 of CEMG's Articles of Association, on 5 August 2015, with no use being made of external consultants in these matters.
2. CEMG's Articles of Association establish, in article 11, number 1, that Caixa Económica's institutional bodies are: the General Meeting; the General and Supervisory Board; the Executive Board of Directors; the Remuneration Committee; the Assessment Committee, the Risk Committee and the Statutory Auditor.
3. The performance of the management and supervisory body is assessed by the General and Supervisory Board and, ultimately, by the General Meeting.
4. The remuneration statute of the members of the Executive Board of Directors is composed of:
  - a) A monthly fixed remuneration, paid in double in the months of January (holiday bonus) and November (Christmas bonus);
  - b) Daily allowances, in the event of travel, paid under conditions identical to those for staff members;
  - c) The variable remuneration may never exceed 20% of the fixed annual remuneration, may only be attributed in financial years in which CEMG has not posted any losses and shall be dependent on a multi-annual assessment of the performance of each member, in compliance with the document "Remuneration Policy of the management and supervisory bodies of Caixa Económica Montepio Geral and of the members of other institutional bodies";
  - d) The remuneration referred to in a) and b) may be reviewed annually under the same conditions applicable to the review of the remuneration of staff members.
  - e) The members of the General and Supervisory Board and of the Executive Board of Directors are entitled to the following benefits:
    - ▶ A retirement pension, attributed in accordance with the Retirement Plans of the Directors of Associação Mutualista, approved by the General Meeting;

- ▶ Compensation for any damage derived from work accidents and professional diseases, as per clause 80 of the Work Collective Bargaining Agreement;
- ▶ A health insurance policy with coverage similar to that established in clause 117 et seq of the Work Collective Bargaining Agreement, if they do not have direct access to this protection.

5. The members of the General and Supervisory Board earn a fixed monthly remuneration, paid in double in the months of January (holiday bonus) and November (Christmas bonus).

6. The members of the Board of the General Meeting, pursuant to number 1 of article 17 of the Articles of Association, earn a fixed remuneration paid as a single lump sum, in June of each year.

7. The Statutory Auditor earns a fixed remuneration set annually.

#### **The Remuneration Committee**





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