

## Pillar 3 Report 2024

Disclosure of information in accordance with Part VIII of Regulation (EU) N.º 575/2013 of the European Parliament and of the Council of 26 june 2013 (reviewed by Regulation 876/2019) and Execution Regulation (EU) 637/2021, regarding disclosure requirements.

## Index

Foreword .....	3
Group disclosure policy.....	4
Statement .....	5
1    Scope of application (Article 436).....	6
1.1  Banco Finantia Group .....	6
1.2  Description of the activity developed by the various Group entities .....	7
2    Risk management policies (Article 435) .....	9
2.1  Statement on the adequacy of the risk management systems .....	9
2.2  Statement of the General Risk profile and its relation with the Business Strategy .....	9
2.3  The Strategies and management processes of those risks .....	10
2.4  Structure and organization of the relevant risk management unit .....	18
2.5  Scope and nature of the reporting and risk measurement systems .....	21
2.6  Risk coverage and mitigation policies .....	21
2.7  Information on the governance model.....	26
3.    Own Funds (article 437).....	28
3.1  Reconciliation of the own funds elements .....	28
4.    Capital Requirements and risk-weighted exposure amounts (article 438) .....	33
4.1  Method used to assess the adequacy of internal capital .....	33
4.2  Credit risk - Own Funds minimum requirements.....	34
5.    Key metrics (article 447) .....	36
6.    Remuneration policy (article 450).....	37
7.    Non-performing exposures and forborne exposures .....	41

## Foreword

This report is prepared in accordance with the regulatory requirements set out in Part VIII of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013 (CRR or Regulation (EU) No. 575/2013) on the disclosure of information of prudential relevance (Pillar III), and the Regulation (EU) No. 2021/637 of the Commission of 15 March 2021, on the requirements of such disclosure, as a complement to the information required in the scope of the annual financial statements.

On this basis, the information disclosed in this report complies with the requirements set out in the CRR, for Banco Finantia, S.A. (on a consolidated basis whilst "parent institution in the EU" hereinafter "Banco Finantia") regarding the information specified in articles 435, 437, 438, 447, and 450) and is structured in accordance with Title II and Title III of Part VIII of the CRR in the manner set out in Article 433\_c, nº2, as follows:

- 1** Scope of application (article 436)
- 2** Risk management policies (article 435)
- 3** Own funds (article 437)
- 4** Capital requirements and and risk-weighted exposure amount (article 438)
- 5** Key metrics (article 447)
- 6** Remuneration policy (article 450)

For the purposes of disclosing information, and under the terms of the legislation in force, Banco Finantia is not classified as a large institution or as a small and non-complex institution (Articles 433-A and 433-B of the CRR).

Unless expressly stated to the contrary or when the context results otherwise, the information disclosed in this report was prepared with reference to 31 December 2024 and applies to Banco Finantia consolidation perimeter, including its branch in Spain and all its subsidiaries (together with Banco Finantia referred to in this report as "Group").

Banco Finantia as parent institution, is the entity that conducts the Group's business activities, directly or through its subsidiaries, following the strategy outlined for the Group.

### **Group disclosure policy**

Group's Disclosure Policy has approved by the Board of Directors was drafted in accordance with article 431.<sup>º</sup>, n.<sup>º</sup> 3, first paragraph and article 434.<sup>º</sup>, n.<sup>º</sup> 1 in Part VIII of Regulation (EU) No. 575/2013. This Policy aims to ensure that the disclosure requirements laid down in Part VIII of CRR, are subject (at least) to the same level of verification and internal procedures than the management information disclosed in the Annual Report and Accounts and to establish the internal controls and procedures in place to assess their appropriateness. In this context, the Board of Directors and heads of department are responsible to establish and maintain an adequate and efficient internal control system to support information disclosures, including the disclosure requirements laid down in Part VIII of CRR, ensuring their appropriateness and verification as well.

## **Statement of responsibility**

The Board of Directors of Banco Finantia declares that the present document was prepared with reference to 31 December 2024 and that the procedures deemed necessary for the public disclosure of the information in accordance with the requirements of Part VIII of the CRR and the respective guidelines issued in this regard by the EBA have been implemented.

With regard to the information reported in this report, the Board of Directors states that:

- > to the best of its knowledge, all the information disclosed is true and reliable;
- > the quality of the information disclosed is adequate, including that relating to or originating from entities included in the Group's perimeter for prudential purposes, in which the institution falls;
- > to the best of its knowledge, no information has been omitted under the terms and for the purposes of Article 432(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council; and
- > undertakes to disclose, in a timely manner, any significant changes that occur during the financial year following that to which this document refers.

The Board of Directors declares that, on the basis of the information available to it, the risk management system implemented is adequate, taking into account the complexity, nature, size, risk profile and strategy defined for the Group;

Lisbon, June 25th, 2025

The Board of Directors of Banco Finantia S.A., by delegation

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## 1 Scope of application (Article 436)

### 1.1 Banco Finantia Group

Banco Finantia is an independent bank with broad national and international experience of over 37 years, and is an important institution in Portugal in the areas of investment banking and private banking.

Banco Finantia has always had a solid financial situation with capital ratios higher than the sector average. The stability and sustainability of its business model has earned the trust of clients and counterparties over the years.

The Bank operates in two important niche markets:

- 1) Corporate & Investment Banking - Capital markets, fixed-income products to companies and investors, corporate loans, financial restructurings and financial advisory services focusing on cross-border Mergers and Acquisitions;
- 2) Private Banking - quality personalized services, for affluent and high networth clients.

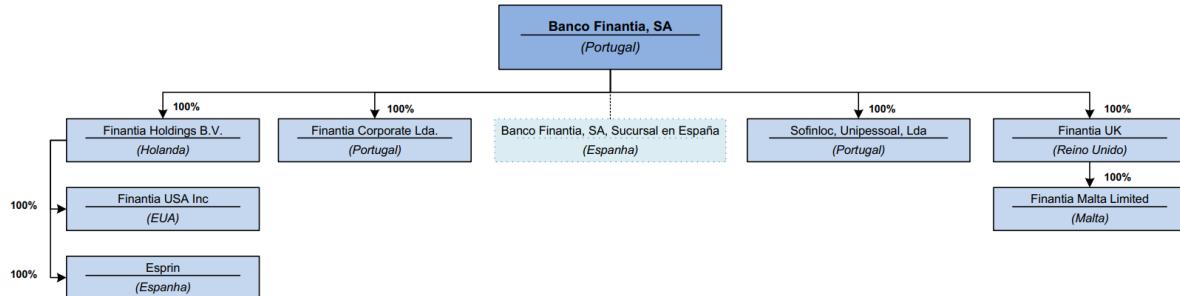
Banco Finantia includes as its main operating units a bank in Portugal with a branch in Spain, an investment firm in the United Kingdom, a broker-dealer in the United States and an auxiliary subsidiary in Malta.

The organizational chart below identifies the entities that are included in the Group, as well as the jurisdictions where they are based. Of these entities, only Banco Finantia carries out banking activity.

There are no differences between the consolidation perimeter used for accounting and prudential purposes, all the entities included in the consolidation perimeter are being consolidated using the full consolidation method and there are no current or foreseeable legal or factual impediments to a timely transfer of own funds or the prompt liabilities refund between the parent company and its subsidiaries.

## Organizational Chart

(31 December 2024)



## 1.2 Description of the activity developed by the various Group entities

### Banco Finantia, S.A.

A credit institution that takes on the Group's core business and operates in two important market segments: Corporate & Investment Banking – fixed income products and capital market operations for companies and investors; loans and financial restructuring; financial advisory services with a focus on cross-border M&A operations; and Private Banking – quality personalized services for affluent and high net worth clients.

In Spain, Banco Finantia carries out its private banking activity through a branch in line with the strategic guidelines established for the Group. The products and services offered include: mention equities, bonds and investment funds; investment advice on bonds, equities and investment funds; deposits; and custody of securities.

### Sofinloc, Unipessoal, Lda.

Sofinloc is dedicated exclusively to the activity of recovery and management of non-performing consumer retail loans.

### Finantia Corporate, Lda.

An auxiliary services company whose corporate purpose is to provide investment, administrative, technical and consultancy services and general business support to Group companies.

### Finantia Holding, B.V.

Company whose corporate purpose is the management of holdings as an indirect form of carrying out economic activities.

### Finantia UK Limited

Finantia UK is an investment firm that engages in intermediation activities and operates in the areas of Capital Markets (fixed income) and of Financial Advisory in Corporate Banking and in

syndicated loans for professional customers, following the strategic guidelines established for the Group.

**Finantia USA, Inc.**

Investment firm who exercises the activity of broker-dealer, for institutional clients in the acquisition of foreign bonds, acting on behalf of Finantia UK. It is registered as a broker-dealer at Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA").

**Esprin Española de Promociones,S.L.**

Company that manages and administers securities representative of the capital of other entities.

**Finantia Malta Limited**

Company that manages its asset portfolio, in accordance with the strategic guidelines established by the Group. Establishes commercial arrangements and channel relevant information to generate business at Group level.

## 2 Risk management policies (Article 435)

### 2.1 Statement on the adequacy of the risk management systems

The Board of Directors of Banco Finantia confirm that the risk management system implemented, as well as the processes and measures to ensure that the defined risk limits are met, is adequate to ensure the correct development of the business strategy, taking into account the complexity, nature, size, risk profile and strategy of the Group.

### 2.2 Statement of the General Risk profile and its relation with the Business Strategy

The Group's risk management policies are based on a conservative approach, reflected in its robust capital ratios and liquidity position. As fundamental principle underlying the management and formulation of risk strategies is the understanding of the risks to which the institution is exposed and the implementation of a comprehensive risk appetite structure for the Group.

On that basis, the Group has established the six fundamental principles that outline its risk appetite, and that guide its activity, business model and business strategy:

- > **Solvency principle:** the Group undertakes to maintain an adequate level of capital to accommodate unexpected losses, both under normal and adverse conditions, in order to be perceived as a solid and robust entity;
- > **Liquidity principle:** the Group undertakes to maintain a stable financing structure and sufficient liquidity to meet its financial obligations, ensuring its continuity even under stress scenarios;
- > **Profitability principle:** the Group undertakes to provide its shareholders with a return adequate to the risks assumed;
- > **Sustainability principle:** the Group considers that it is of strategic importance to maintain sustainable levels of activity and exposure to risk, whilst preserving its image and reputation and engaging in social contribution actions. With this objective, the Group works on the proper definition, communication and implementation of its risk strategy and appetite;
- > **ESG integration principle:** ESG aspects present opportunities and risks for Banco Finantia, mainly for its investment portfolio and for the financial services provided to clients. Banco Finantia works to promote sustainable financing and investments to decarbonize the economy, as well as empowering and training staff to manage ESG risks holistically;
- > **Business continuity principle:** Banco Finantia assumes as a strategic objective the commitment to develop and implement a system capable of ensuring the continuity of critical business processes and functions, applicable to the Group, which allows, in the event of disruptive events that may compromise the normal functioning of its activities, compliance with existing commitments to its customers and counterparts, maximize employee safety, keep critical functions and operations resilient, ensure the confidentiality, integrity and availability of information on its services, systems and infrastructures, thus allowing operations to be restored and processes to their normal state in the shortest amount of time.

As of 31 December 2024 and 2023, Banco Finantia capital ratios were as follows:

million, except %

	dec/24	dec/23
Common Equity Tier 1 capital	462,6	430,9
Tier 1 capital	462,6	430,9
Total capital	462,6	430,9
Risk weighted exposures (RWA)	2 034,0	1 749,9
Rácio CET1	22,7%	24,6%
Rácio Tier 1	22,7%	24,6%
Rácio Total Capital	22,7%	24,6%

Additionally, under the terms and for the purposes of subparagraphs ii) of paragraph 1 f) of article 435 of the CRR, during the 2024 financial year, there were no intra-group operations or transactions with related parties that would have a significant impact on the risk profile of the consolidated Group.

## 2.3 The Strategies and management processes of those risks

### Risk Management Model

Banco Finantia whilst "parent company is responsible for providing all the information necessary for supervision and for maintenance of the Group internal control system and providing information at an individual and consolidated level. With regard to Risk Management, Banco Finantia's Board of Directors is responsible for establishing and monitoring the Group's Risk Management Model, as summarized below.

In addition to the regulatory perspective, the Group also evaluates risks and financial resources from an economic perspective, through the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process (ILAAP).

Banco Finantia is managed by a Board of Directors ("BoD") made up of nine members, five of whom are non-executive directors and the remaining four make up an Executive Committee ("EC"). The BoD has delegated the day-to-day management of the Bank, at an individual and consolidated level, to the EC.

The Board of Directors of Banco Finantia is responsible for defining the Group's global strategy and policies, establishing, among other aspects, the risk appetite and the main aspects of the risk management and internal control system, to be implemented by the EC, with the support of the Risk Management Function and by the Bank's business and support areas.

The EC of the Board of Directors is responsible for ensuring that the strategy defined by the BoD is implemented, being responsible to ensure the implementation and maintenance of an adequate and effective internal control system with regard to the management and control of financial and non-financial risks. Therefore EC is responsible to monitor, on a regular basis, compliance with

risk tolerance levels and risk management policies and procedures, assessing their effectiveness and continuous adequacy to Banco Finantia activity, in order to enable the detection and correction of any shortcomings as well as to ensure that the decision-making process reflect the risk appetite objectives outlined by the BoD for the Group.

The BoD distributed the responsibility for certain areas among the EC members, in order to ensure a closer and immediate monitoring of the activity in the areas in question, and delegated direct responsibility for the portfolios assigned to each EC member.

The Audit Committee ("CAud") is the Bank's supervisory body, which supervises the effectiveness of the risk management and internal control system, and is responsible for, without prejudice to the other powers conferred upon it by law or by the statute, exercise a supervisory role and continuous evaluation.

The management and supervisory bodies receive regular information on the risks to which the institution's activity is subject, as well as on the methodologies used in their mediation and control.

The Bank has an independent Risk Management Function, supported by the Risk Department, whose functions and hierarchical and functional reporting lines are formalized, thus ensuring that the function has adequate authority, independence and status.

The Risk Management function is central and independent and is embodied in the Risk Department, which is responsible for managing, analysing and controlling all the Group's risks. In this context, the Risk Department: (i) ensures the effective application of the risk management model, through continuous monitoring of its suitability and effectiveness, as well as the adoption of measures to correct any deficiencies; (ii) advises the management and supervisory bodies; (iii) carries out work on preparing and updating risk matrices and risk assessment; (iv) prepares and presents periodic reports related to risk management; (v) actively participates in activity and capital planning; (vi) performs stress tests; (vii) prepares the ICAAP; (viii) coordinates the execution of the ILAAP; (ix) conducts, through the involvement of its independent validation unit, the independent review of ICAAP and ILAAP methodologies and results; (x) actively participates in the preparation of the RAF; and (xi) monitors and controls the risks associated with ICT and information security; (xii) promotes the integration of risk management principles into the daily activities of Banco Finantia.

The Bank recognizes that the definition and assessment of adequate capital levels to support the risk profile, as well as the appropriate controls, are essential elements for the implementation of a sustainable business strategy. The planning of the evolution and behaviour of internal capital is crucial to ensure its continued adequacy for the risk profile, strategic objectives and business objectives.

The Bank's risk management model is based on an integrated set of processes, duly planned, reviewed and documented, aimed at ensuring an appropriate understanding of the nature and magnitude of the risks underlying its activity, enabling an adequate implementation of the respective strategy and compliance with the objectives.

This model is based on processes of identification, assessment, monitoring and control of all the risks subjacent to the Bank's activity, which are supported by appropriate and clearly defined policies and procedures to ensure that the established objectives are achieved and that the necessary measures are taken to adequately respond to previously identified risks. In this manner, the risk management model covers all products, activities, processes and systems,

considering all the risks underlying its activity and taking into account its size and complexity, as well as the nature and magnitude of the risks.

The Group's risk management model respects the principles recognized and accepted at international and national level and are in line with Notice 3/2020 and with the Instruction 18/2020 of the Banco de Portugal as well as with the "Guidelines on Internal Governance under Directive 2013/36/EU" (EBA/GL/2021/05) issued by the European Banking Authority (EBA).

Risk management is an integral part of the decision-making process of the Bank's Board of Directors and Executive Committee. In short, the risk management system ensures:

- > An adequate identification, evaluation, monitoring, control and mitigation of all material risks to which the Group is exposed to;
- > The adequacy of internal capital to the risk profile, business model and strategic planning; and
- > The integration of the risk management process into the Group's culture and decision-making process.

### **Risk profile**

The risk profile of the Group is determined through the analysis of the adherence of the risk matrices to the Group's reality and the subsequent listing and description of the risks to which it is exposed, taking into account the applicable legislation on the risk management system and the activity developed by the Group.

For such, the Group considers in its internal evaluation the following risk categories: a) financial risks - credit, market, interest rate and credit spread of the banking book, foreign exchange rate, market risk in trading book, liquidity; and b) the non-financial risks - business model/strategy, internal government, operational, and other risks including compliance subcategories, which includes compliance risk and the money-laundering and terrorism financing risk and reputational.

The evolution of the Group's risk profile is monitored through a number of indicators, in particular those established under the RAF, making it possible to guarantee that decisions that may affect the Group's risk exposure do not exceed the institution's risk appetite levels.

All risk categories contributing to the Group's risk profile are analysed, discussed and monitored monthly by Executive Committee from the perspective of the exposure levels (and possible measures to increase effectiveness and risk mitigation), ICAAP, ILAAP and RAF, which are reported to the BoD.

### **Credit risk**

Credit risk derives from the possibility that a counterparty defaults or the credit quality of a given financial instrument degrades. The Group's objective is to maintain a high-quality asset portfolio, based on a prudent credit policy. The Group is also constantly concerned to diversify its own portfolio, as a way to mitigate the credit concentration risk.

The Group developed an expected credit loss model (ECL), in accordance with IFRS 9 requirements, where the ECL corresponds to the weighted average of the credit losses, using as weighting factor the probability of occurrence of default events.

A credit loss is the difference between the cash flows due to an entity in accordance with the agreed contract, and the cash flows that the entity expects to receive, discounted at the original effective interest rate. To calculate expected cash flows, consideration should be given to amounts that may be generated by collateral or any other risk mitigant.

On that basis, impairment is measured as: (i) Expected credit losses for 12 months: corresponding to the expected losses resulting from possible default events of the financial instrument in the 12 months following the reporting date and (ii) Expected credit losses over the lifetime of the instrument: corresponding to the expected losses that may occur from a default event over the entire lifetime of a financial instrument.

The method of calculating impairment is based on the classification of the instruments into three stages, taking into account the changes in the credit risk of the financial asset since its initial recognition, as follows:

- 1) Stage 1: where the ECL is recognized for 12 months;
- 2) Stage 2: where the ECL is recognized over the lifetime of the assets; and
- 3) Stage 3: where ECL is recognized over the lifetime of the asset, with its respective PD being 100%.

The Group recognizes that within the scope of its risk management model, the definition and evaluation of adequate capital levels to support the risk profile are essential elements for the implementation of a sustainable business strategy. Thus, the planning of the internal capital evolution and the maintenance of appropriate levels of capital in relation to the economic capital requirements (ascertained in the internal capital adequacy assessment process - ICAAP) are crucial to ensure the continuous adequacy of the risk profile to the Group's strategic objectives.

### **Market risk in trading book**

Market risk consists of the probability of negative impacts on results or capital due to unfavourable movements in the market price of the trading book instruments.

The Group adopted the strategy of managing the market risk associated with its trading book (fixed income) in a conservative manner, through the definition of prudent exposure limits and holding periods, as well as through its the daily monitoring.

### **Interest Rate Risk and Credit Spread Risk in the banking book (IRRBB,CSRBB, Migration risk, Diversification)**

The risk of occurring unfavourable variations in the value of the instruments which form the banking book presents four aspects or subcategories:

- > the interest rate risk in the banking book (IRRBB), derives from the probability of the occurrence of negative impacts caused by unfavourable changes in the interest rates.
- > the credit spread risk in the banking book (CSRBB), resulting from the probability of the occurrence of negative impacts caused by unfavourable changes in the credit spread that are not explained either by the IRRBB or by default risk.

- > Migration risk captures exposure to risk due to deterioration in credit quality, i.e. it corresponds to the risk of deterioration in credit quality without the possibility of applying a new spread appropriate to the risk. With regard to market migration risk, this represents the risk of the customer's rating migrating to different credit ratings, which falls within the scope of market risk and should complement the CSRBB.
- > The diversification between IRRBB and CSRBB after the application of Migration Risk reflects the fact that these risks do not affect the banking book in isolation but rather as a whole. The Group assesses the calculated diversification based on historical variations in risk factors.

#### Interest Rate Risk in the banking book

Interest rate risk – Interest Rate Risk in the Banking Book (IRRBB) – derives from the probability of negative impacts caused by unfavourable changes in interest rates as a result of maturity mismatches between assets and liabilities.

The Group adopted the strategy of minimizing the interest rate risk associated with its fixed-rate assets through the use of hedging instruments of this type of risk (usually IRS – Interest Rate Swaps), thereby maintaining a balanced structure between assets and liabilities in terms of fixed-rate mismatch.

The Group monitors the distribution of its fixed-rate assets over time intervals, net of the corresponding fixed-rate liabilities and hedging instruments used.

Considering the nature and characteristics of the Group's business, as well as the processes implemented for the monitoring and mitigation of interest rate risk, the Group also analyses the behaviour of VaR ("Value at Risk") related to interest rate risk. VaR is calculated using the historical simulation approach, a one-day holding period, and a 99% confidence interval. This model is validated with back tests.

Within the scope of ICAAP, the Group has been applying the VaR methodology for the allocation of economic capital to interest rate risk. The economic capital requirements for this risk are calculated through the historical simulation a one-year holding period and a 99.9% confidence interval.

Monitoring the limits for IRRBB relating to the impact on capital (EVE) and earnings (EaR), as well as the economic capital limit for IRRBB within the RAF, allows this risk to be managed in a timely manner, reducing its impact on the Group's risk profile.

#### Credit spread risk in the banking book

Credit Spread Risk in the Banking Book (CSRBB) - refers to the risk arising from changes in the price of a financial asset subject to credit risk that are not explained either by the IRRBB or by the default risk / jump to default risk.

The adoption of control measures through the monitoring of securities spreads, the monitoring of fair value reserves, and the analysis of historical price series together with the monitoring of the limit for economic capital for BSRBB relating to the impacts on capital (EVE) and earnings (EaR) within the scope of the RAF, , allows a timely management of this risk, reducing its impact on the Group's risk profile.

Within the scope of ICAAP, the Group has been applying the VaR methodology for allocating economic capital to the CSRBB. The economic capital requirements for this risk are calculated through historical simulation, net of classic credit risk, a one-year holding period and a 99.9% confidence interval.

#### Migration risk

The Group quantifies and monitors the impacts of changes in the counterparty credit rating from the perspective of Economic Value and the impacts of changes in the counterparty credit rating from the accounting perspective of Income, which includes impacts on Net Interest Income and Changes in Fair Value.

The monitoring of the economic capital limit for migration risk (market) in the banking portfolio under the RAF allows for timely management of this risk, reducing its impact on the Group's risk profile.

#### **Foreign Exchange Rate Risk**

Foreign exchange rate risk is characterized by the probability of negative impacts due to unfavourable changes in foreign exchange rates and adverse changes in the price of foreign currency instruments.

It is the Group's policy to operate only with assets and liabilities denominated in EUR or USD (positions in other currencies are sporadic and insignificant).

The Group adopted the strategy of minimizing the foreign exchange rate risk associated with its assets and liabilities. Thus, foreign exchange rate risk is regularly hedged in order to ensure a comfortable foreign currency exposure margin against the pre-established limits, and said exposure is monitored on a daily basis, both for the on sight position and for the forward position.

Within the scope of ICAAP, the Group has been applying the VaR methodology for the allocation of economic capital to foreign exchange rate risk. The economic capital requirements for this risk are calculated through the historical simulation, a one-year holding period and a 99.9% confidence interval.

#### **Liquidity Risk**

Liquidity risk is defined as the possibility of a financial institution defaulting on its maturity dates due to its inability to liquidate assets, obtain financing or refinance liabilities on a timely basis.

In liquidity risk management, and in the scope of the Internal Liquidity Adequacy Assessment Process (ILAAP) the Group aims to ensure a stable and robust liquidity position, through the holding of liquid assets, the control of liquidity gaps and the monitoring of a liquidity buffer, which allow to balance contractual financial outflows in stress situations.

Liquidity risk management is carried out in a way to keep all liquidity levels within the pre-established limits, in accordance with two main parameters: (i) cash flow management, through the daily calculation of financial flows and treasury balances over an extensive time horizon, allowing for the maintenance of a positive cash balance over normal and stress temporal horizons

and (ii) inventory management, with the daily calculation of liquidity metrics in order to ensure their maintenance within the pre-established limits determined by the Group.

The Treasury Department monitors the Group's liquidity risk on a daily basis in the two aforementioned aspects. The Risk Department is responsible for the periodic analysis of the Group's liquidity risk management, preparing a monthly report entitled "Finance and Risk Report" to the Executive Committee.

The metrics monitored by the Group and that are used to measure liquidity risk in the context of balance sheet management include, amongst others, the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio) prudential ratios and liquidity buffer, as well as a broad set of internal ratios related to liquidity mismatches, concentration of major counterparties, distribution of repayment flows of the main liabilities, collateral of the repos operations, asset liquidity characteristics and immediate liquidity.

The NSFR ratio, which complements the LCR and has a longer time horizon (one year), helps to ensure a sustainable structure of asset and liability maturities. Monitoring the NSFR ratio aims to maintain adequate resilience over a longer time horizon, and is an important metric for measuring the balance between assets and liabilities in terms of liquidity and stability.

### **Non-financial Risks**

Non-financial risks include business model/strategy risk, internal governance risk, operational risk (including model risk, ICT risk and cybersecurity risk) and other risks (reputational risk, compliance risk, money laundering and terrorist financing risk and ESG risk). In general terms, these risks consist of the likelihood of negative impacts on results or capital, essentially resulting from: (i) for business model/strategy risk, inadequate strategic plans and decisions, (ii) for internal governance risk, maladjustments and deficiencies in the internal governance system, the organizational structure and the corresponding delimitation of responsibilities; and (iii) for operational risk, failures of an operational nature, inadequate information and technology systems, or insufficient models and cybersecurity.

The management of financial and non-financial risks has been gaining increasing relevance in the Group. In this context, advanced tools and methods have been developed, focused on the identification, evaluation, monitoring and control of these types of risks. Among others, these tools include risk matrices and controls, heat-maps and spider-charts, with inputs derived from an extensive and comprehensive process of self-assessment. This process serves as a basis for the definition of action plans for financial and non-financial risks.

In addition to the maintenance of risk matrices, the Group maintains an organized process of monitoring and performance on the various categories of financial and non-financial risks, as well as recording the resulting in a database of risk events. This database includes, amongst others, records of the (i) events, (ii) possible associated losses, and (iii) corrective and/or mitigating measures implemented. It is also important to mention that the Group maintains a Central Database of Deficiencies and Defaults (managed through the i-Flow application) which provides valuable insights in monitoring action plans from a Risk Management perspective within the scope of management of financial and non-financial risks.

In the scope of ICAAP to quantify economic capital requirements to address financial and non-financial risks, the Group has been using the Basic Indicator Approach (BIA) methodology; and

internally developed methodologies to quantify compliance, reputation and business model/strategy risks.

During 2024, various training programmes were carried out in the area of non-financial risks, with special emphasis on specific training on Prevention of Money Laundering, Information Security, ICT Risks and Climate and Environmental Risks, among others. In 2025, the Bank will continue to prioritise training as a way of helping to mitigate non-financial risks, with particular emphasis on climate risks (ESG), digital transformation and cybersecurity.

Climate and environmental risks are becoming increasingly important for banking activity. Given their distinct characteristics compared to the traditional risk factors to which the banking system is exposed, and due to the uncertainty and time horizon in which they can materialise, these risks require special attention from the banking system. To this end, in 2024 the implementation of the sustainability action plan continued, drawn up with the support of a specialized consultant with a view to incorporating the ESG (Environmental, Social, and Governance) risk component into the Bank, with a focus on the materiality analysis of climate risks, an aspect that will be given special attention in 2025 and the following years.

### **ESG Risk**

Climate change and environmental degradation are major risks to global financial stability. In line with international initiatives such as the Paris Agreement and the IPCC reports, Banco Finantia recognizes the importance of integrating environmental, social and governance (ESG) risks into its risk management framework.

The transition to a low-carbon economy, as well as the physical risks associated with climate change, have been progressively incorporated into the agendas of supervisors and regulators. In this context, Banco Finantia has adopted a Sustainability Policy that establishes the principles for integrated ESG risk management, with special attention to climate and environmental risks, classified into: (i) physical risks, arising from extreme weather events or gradual environmental changes (ii) transition risks, associated with financial losses resulting from adaptation to a low carbon economy.

Based on an internal assessment, the Bank is implementing a sustainability action plan in line with supervisory expectations and regulatory requirements. This plan covers four key areas: strategy, governance, risk management and disclosure. In 2024, the focus was on the materiality analysis of climate risks, with an emphasis on integration with the strategy and governance structure.

The implementation was supported by a specialized consultant, with the aim of effectively integrating ESG risks. Through a securities portfolio segmentation exercise based on the NACE classification, the Bank identified the level of exposure to sectors vulnerable to climate change. The definition of vulnerable sectors followed the European Central Bank's methodology for climate stress tests, which considers both the level of emissions and susceptibility to changes in technology and market preferences.

Banco Finantia is integrating climate and environmental risks into its business model, considering short-, medium- and long-term horizons. In 2024, a financial materiality analysis was carried out to assess its exposure to climate risks based on quantitative data and future projections. The approach combines:

- Qualitative analyses of physical and transition risks;
- EBA's quantitative methodologies, such as the exposure method and stress tests.

Indicators such as total carbon emissions and carbon footprint follow PCAF standards, complemented by external ESG ratings. The corporate portfolio has been stress-tested with NGFS scenarios in line with the exercise conducted by the European banking supervisor, assessing the effects of transition risks on credit risk.

As part of its mitigation strategy, the Bank has defined decarbonization targets and sustainable investment objectives. ESG risk is monitored monthly by the Executive Committee, and its coverage is already partially reflected in the regulatory capital allocation. The Bank remains committed to improving data quality and developing robust methodologies, in line with European banking sector guidelines.

### **Stress Test**

The Group performs stress tests under the ICAAP, ILAAP and Recovery Plan.

Under ICAAP, sensitivity stress tests are performed for all material risks to which the Group is exposed. These analyses make it possible to assess possible capital shortfalls in periods of stress resulting from sharp variations in risk factors such as the credit risk profile, interest rates, credit spreads, exchange rates, market volatility and internal or external events with a reputational impact or on the Group's normal business activity. In addition to sensitivity tests, adverse scenario analyses are also performed, including reverse stress tests, and the Group's situation is assessed from both a regulatory and an economic perspective. The results of the stress tests demonstrate the adequacy of the Group's internal capital levels in adverse periods.

As part of the Group's Recovery Plan, several scenarios are prepared with the aim of defining a set of hypothetical events to test the effectiveness of recovery measures. In this way, impacts arising from adverse scenarios are analyzed and measured, namely a systemic scenario, an idiosyncratic scenario and a combined scenario. This analysis results in a set of recovery measures to be implemented in order to ensure the preservation and solidity of the Group's levels of capital, liquidity, profitability and operating activities in contingency or financial crisis situations.

The relevance of the results of the stress tests lies in the fact that they enable a duly substantiated conclusion to be reached as to the extent of the impacts of adverse market conditions and make it possible to anticipate any vulnerabilities of the Group. The results of the stress tests incorporate all the material risks inherent in the Group's business model and activities in the context of macroeconomic and financial stress, as well as depending on the Group's individual circumstances. The stress tests and scenarios are analyzed by the Group's management, and the conclusions are incorporated into strategic decision-making processes, namely in determining levels of solvency, liquidity and exposure to specific risks.

### **2.4 Structure and organization of the relevant risk management unit**

The Board of Directors is responsible to ensure that the internal control framework is based on a risk management approach which allows to identify, assess, follow and monitor all risk and to implement a Risk management function, in accordance with Notice 3/2020 of the Banco de Portugal and the EBA "Guidelines on Internal Governance" (EBA/GL/2021/15).

The Group's risk management is under the responsibility of the Risk Department, that is responsible for:

- > Assisting the Board of Directors, the Audit Committee and the Executive Committee in establishing strategies, developing and submit to their approval, policies and procedures to attain and keep the pretended risk profile;
- > Drafting, review and monitor the RAF, with the aim to ensure that Group's risk profile is aligned with its objectives and submit proposals for amendment thereof, which shall be subject to prior opinion by the Audit Committee, and approval by the Board of Directors;
- > Develop, implement and monitor internal self-assessment processes for the adequacy of the capital and liquidity levels (ICAAP and ILAAP), in order to ensure that the Group has adequate capital and liquidity for its risk profile;
- > Defining and implement risk management policies and procedures, in accordance with the business strategy, the risk management culture and the RAF, as well as the regulations in force, promoting the integration of risk principles in the Group's daily activities and ensuring that there is no significant aspect of the business not included in the risk management framework
- > Ensuring the effective application and review of the risk management system, namely through the definition and implementation of processes for the identification, assessment, monitoring and control of all existing and emerging financial and non-financial risks;
- > Systematically revisit exposures and the risk profile, in order to ensure that the risk levels assumed comply with the established objectives and limits;
- > Carrying out the function independently from the departments it monitors and/or controls, having direct access to the Board of Directors, the Audit Committee and the Executive Committee, being able, on its own initiative, to transmit any information or send directly, to the Audit Committee, any document that it deems relevant, without the need for a request or prior communication to the Board of Directors;
- > Defining the criteria and methodologies for assessing and quantifying the risks to which the Group is exposed;
- > Preparing monthly information for the Executive Committee, namely the Finance and Risk Report, which is subsequently submitted to the Board of Directors;
- > Carrying out the appropriate continuous monitoring of situations identified with regard to corrective and prospective measures, and opportunities for improvement in the risk management scope to ensure that the necessary corrective measures are taken and that same are properly managed;
- > Ensuring the monitoring and control of risks associated with ICT and information security;
- > Promoting the integration of the risk principles into the institution's daily activities, ensuring that there are no significant business aspects not included in the risk management framework; and
- > Actively participating in the definition and review of the institution's strategic management of capital and liquidity.

The head of the risk management function reports functionally to the Board of Directors and to the Audit Committee. The functional reporting comprises a set of interactions that provide management and supervisory bodies with an adequate knowledge, and allow for the monitoring and evaluation of the risk management function's activity, as well as ensuring that the risk management function has direct and unconditional access to those bodies and that the function has the conditions and resources necessary to act independently, in order to have a holistic view of all risk categories to which the Group is, or may become, exposed.

Complementing the functional reporting, the risk management function reports hierarchically to a director with executive functions which aims at a more immediate monitoring of the daily functioning and current activity of the risk management function, and should not focus on any of the aspects included in the functional report. Hierarchical reporting also comprises the assistance and support to the risk management function, when necessary, in order to ensure the cooperation of the operational areas in a timely consideration of the reports issued and implementation of recommendations within the scope of the work of the respective functions.

The Group confers on the head of the risk management function the necessary powers to perform the functions independently, granting access to the relevant information. The risk management function is independent of the other functional areas of Banco Finantia subject to assessment, namely of the commercial areas, thereby granting it the conditions to perform its competencies in an objective and autonomous manner. In addition, at the level of the remuneration policy of its employees, the Group has implemented some specificities applicable to employees exercising internal control functions, designated Key Function Holders. The determination of the remuneration of these employees, which includes the head of the risk management function, is subject to certain rules and control procedures that aim to guarantee the performance of their duties in an objective manner and to safeguard its effective independence.

The interaction process of the risk management function with the other structure units is of fundamental importance to the execution of its activities and attributions in the scope of risk management and internal control (in the latter case, the interaction with the Internal Audit Function and Compliance Function). In addition, the risk management function participates in periodic meetings, in which the heads and representatives of the various Group areas participate, thereby enhancing the interaction between the risk management function and the other structure units.

It is the responsibility of the Risk Department to control the limits and tolerances defined in the Group's RAF, approved by the Board of Directors. It is also responsible for drawing up proposals for changes to limits and tolerances, supervising the quality of the calculation of the metrics in light of the parameters provided to the Risk Department by the other structure units, monitoring the evolution of the Bank's risk profile through the RAF metrics and for providing timely advice to the management and supervisory bodies about possible deviations in the adequacy of the risk assumed by the institution in light of its risk appetite.

The purpose of the RAF is to determine risk appetite and it is an integral part of the Group's strategic planning process, thus evidencing the link between the strategy and the risk appetite. It provides a common structure regarding the activity of the entire Group for the communication to, and the understanding and evaluation by top management and by the management and supervisory bodies of the types of risks and of the respective levels to be assumed, explicitly defining the limits and tolerances within which the management of the business must operate. The RAF constitutes a holistic approach that includes policies, controls and systems through which the risk appetite is established, communicated and monitored. In this manner, in addition to defining limits and tolerances to risk, the RAF clarifies the actions to be taken in the event of

those being exceeded and establishes the responsibilities and the roles of those responsible for the implementation and maintenance of same.

The risk indicator control schedule (dashboard) established by the RAF is updated on a monthly basis and is included in the Finance and Risk Report, which is submitted monthly to the Executive Committee and the Board of Directors of Banco Finantia, which include the members of the Audit Committee, for analysis and follow-up. The RAF dashboard presents several risk metrics to which the institution is exposed, as well as their respective limits and tolerances. These metrics are aggregated into groups, including solvency, liquidity, profitability, credit risk, credit spread and interest rate risk and foreign currency risk and non-financial risks.

## **2.5 Scope and nature of the reporting and risk measurement systems**

The risk measurement and reporting systems in the Group are supported by information universes that are an integral part of the Group's information management system. These information universes are centralized in the Group's information management tool, Business Objects, where all the information is constantly updated, historically maintained and available to the end user.

The two major information universes are BFM (Bank Fusion Midas) and MIS. The former serves the accounting purpose, whilst the latter collects and processes the information resulting from the normal operations of the Group's activity. These operations are recorded by the Front-Office, Middle-Office and Operations' teams through the TOMS (Bloomberg), Kondor+ (Thomson Reuters) and BFM interfaces.

## **2.6 Risk coverage and mitigation policies**

The Group's risk management system, including the hedging and risk mitigation policies and the strategies and processes to control their effectiveness, aims to ensure that the risks to which the Group is exposed remain at the level defined by the management body and do not significantly affect the Group's financial position, thereby enabling the proper implementation of the strategy, the meeting of the objectives and the taking of the necessary actions to respond to the risks.

Coverage and risk mitigation policies and strategies and the processes to control their effectiveness are continuously monitored, both by the Risk Department in the scope of the regular exercise of its functions, or monthly by the Executive Committee, covering all the categories of risk to which the Group is exposed.

### **Credit risk**

The Group seeks to minimize credit risk through careful analysis, applying strict standards of credit analysis to its debtors and counterparties, as well as a systematic monitoring of the economic environment and other aspects that may contribute to the deterioration of the quality of the credit granted.

In addition, the Group seeks to mitigate credit risk through the diversification of the loan portfolio - by geographical area, counterparties, sectors of activity, entity types and instrument types. Credit Risk Management policies and procedures are subject to periodic review.

Exposure to credit risk is only possible after a credit limit is assigned to the risk entity. It is the responsibility of the Credit Department to analyse and prepare its opinion, proposing a limit, which is then approved according to the procedures formalized in the institution.

Compliance with these limits is monitored daily by the Risk Department, that is also responsible for monitoring the geographical concentration by country and region. Risk Function reports monthly in the Finance & Risk Report on compliance with the limits, as well as the composition of the portfolio.

Being the main risk to which the Group is exposed, specific indicators were set up in the scope of the RAF to monitor it against the respective limits and tolerances approved by the Board of Directors. Thus, from the RAF dashboard, on a monthly basis, the Executive Committee monitors several metrics related to credit risk, namely impaired assets, non-performing exposures (NPE) and concentration risk, amongst others that are reported to the Board of Directors in line with the risk management function.

### **Market risk in trading book**

Although the trading book is of minor importance, the Group has a market risk mitigation policy, based on several measures to mitigate this risk in order to reduce the potential for negative impact from a residual risk perspective, in particular the definition of aggregate exposure limits and holding periods.

### **Market risk in banking book**

The risk of occurrence of unfavorable variations in the value of the instruments that make up the banking book has two aspects or subcategories: interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) including the risk of migration.

#### Interest rate risk in banking book

Interest rate risk coverage is ensured through the contracting of interest rate derivative financial instruments, which allow for the matching of maturities and average refixing periods of the rates of these assets with those resulting from the liabilities.

The systematic monitoring of the distribution of assets and liabilities is carried out in accordance with their rate refixing periods, proceeding regularly to the hedging of risks in case they come close to the limits defined by the Board of Directors and formalized within the scope of the RAF, through the use of appropriate instruments (currently interest rate swaps).

The Group's interest rate risk is measured using different methodological approaches and technical perspectives that complement each other, taking into account fixed-rate assets and liabilities on the balance sheet, as well as fixed-rate off-balance-sheet instruments. The methodological approaches are based on the EU Regulation 2024/856 methodology, Gap Analysis (interest rate mismatch) and Value at Risk ("VaR"). Concerning interest rate risk, an analysis is also carried out of the interest rate mismatch (gap analysis), a methodology used to measure the risk resulting from the temporal mismatch of the maturities of the fixed-rate assets, liabilities and off-balance-sheet instruments of the Group, distributed by time buckets. This analysis is carried out monthly by the Risk Department and monitored weekly in the Executive Committee.

Monitoring the limits for IRRBB relating to the impact on capital (EVE) and earnings (EaR), as well as the economic capital limit for IRRBB under the RAF, allows this risk to be managed in a timely manner, reducing its impact on the Group's risk profile.

Hedge effectiveness is the extent to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or in the cash flows of the hedging instrument. The effectiveness of the interest rate risk hedging strategies is assessed monthly in the Executive Committee.

#### Credit spread risk in the banking book

Credit Spread Risk in the Banking Book (CSRBB) mitigation is ensured by monitoring the structure of the banking portfolio, by balancing investment grade (IG) exposures and non-investment grade (HY) exposures. This diversification in terms of credit quality is complemented by diversification in the sectors of economic activity, in countries, and also by geographic regions, which allow occasional increases in the CSRBB in part of the portfolio will not lead to the spread of other duly diversified parts.

The adoption of control measures through the monitoring of securities spreads, the monitoring of fair value reserves, and the analysis of historical price series together with the monitoring of the limit for CSRBB and Migration Risk within the scope of the RAF, allows for control the low level of these risks, making its impact in line with the Group's risk profile.

Monitoring the limits for CSRBB and migration risk in relation to the impacts on capital (EVE) and results (EAR) for CSRBB and economic capital for migration risk within the scope of the RAF, allows this risk to be managed in good time, reducing its impact on the Group's risk profile.

The Executive Committee assess the effectiveness of the credit spread risk reduction strategies monthly.

#### **Foreign Exchange Rate Risk**

The foreign exchange rate position is systematically monitored, with the foreign exchange rate risk being regularly hedged if it comes close to the limits defined by the Board of Directors and formalized in the scope of the RAF, through the use of appropriate instruments (e.g. spots, forwards, swaps).

For foreign exchange rate risk, the Risk Department calculates the foreign exchange position daily, both from a regulatory and accounting perspective. All analyses produced are sent to relevant recipients including two directors with executive roles. The information prepared for the monthly meeting of the Executive Committee, in addition to the RAF dashboard, includes a specific schedule dedicated to the foreign exchange rate position.

#### **Liquidity risk**

In the scope of defining its liquidity management policies, the Group adopts conservative rules, in order to be able to sustain the normal development of its activities, minimizing liquidity risk. The liquidity risk management in the Group is carried out in a global and centralized manner, in line with the ILAAP, being the Treasury Department responsible for its implementation, with the

second line of defence control being exercised and coordinated by the Risk Department, and with monthly monitoring by the Executive Committee.

Being a critical risk for the Group, specific indicators for its monitoring were defined in the RAF together with the respective limits and tolerances approved by the Board of Directors. Thus, from the RAF dashboard, on a monthly basis, the Executive Committee monitors a number of liquidity risk metrics, both in terms of immediate liquidity, as well as of the concentration and stability of financing sources, amongst others.

In addition, the Executive Committee monitors, monthly, several other liquidity metrics, safeguarding the continued and constant compliance with the Group's internal liquidity policies.

### **Non-financial Risks**

The Group's non-financial risks are essentially associated with the potential negative impacts arising from the business model/strategy, internal governance, operational nature (including model and ICT risks and cybersecurity) and other risks (reputational risk, compliance risk, money laundering and terrorist financing risk and ESG risk) that may emerge as a result of the development of its activity.

As for ICT and security risks, we are strengthening our management framework, ensuring regulatory alignment and alignment with business requirements and objectives, as well as monitoring through key performance and risk indicators. The ICT and security risk management strategy is based on a proactive approach, guided by governance and operational resilience.

In order to identify threats in advance, a focus is placed on identification mechanisms through asset classification, threat intelligence and tests of human and procedural resilience and of ICT and information assets, thus increasing the digital resilience of critical functions. Continuous monitoring is complemented by the established internal control model, which includes technical controls and a set of organizational regulations. Incident response also serves as the Group's main defense mechanism, making it possible to prevent, contain, respond and recover.

Non-financial risks are continuously monitored and controlled, with various mitigation measures being adopted in order to reduce the potential negative impact of these risks from a residual risk perspective.

To monitor operational risk and reputational risk, there are established mechanisms for regular communication on operational risk events associated with operational, information systems, conduct and model risks, and on reputational risk events resulting from a negative perception of public image. The event communications include a description of the event as well as its classification into three grades (high, medium and low).

These mechanisms aim to minimize operational risk and reputational events and related losses, allowing for a close follow-up of these events and a fast acting on their resolution and the introduction of risk mitigation measures to avoid future occurrences of the same events and potential associated losses.

The Bank keeps a record of the resulting information in a database of risk events. This database includes, among other things, a record of: (i) events; (ii) possible associated losses; (iii) corrective and/or mitigating measures implemented.

Additionally, it is intended to monitor the net losses associated with operational risk events through the definition of limits and tolerances for this metric in the RAF, permitting, in this manner, to mitigate the Group's operational risk. The RAF dashboard is reported monthly to the Executive Committee.

The Group's objective is to minimize the occurrence of non-compliance and respective losses by complying with the laws, regulations and guidelines relevant to its nature and business activity, bearing in mind that Compliance risk mitigation measures and their controls must be appropriate to the level of Compliance risk inherent in the Group's activities. To this end, the Group monitors regulations very closely and is permanently focused on strengthening the effectiveness of mitigation measures to avoid non-compliance. The Group keeps an up-to-date database which includes a record of compliance risk events (deficiencies), resolution deadlines and mitigation measures implemented.

In addition, there are complementary risk mitigation measures, in order to strengthen the compliance risk monitoring process.

In addition to the above monitoring, it is intended to add monitoring under the RAF of the seven metrics relating to Compliance/AML Risk, which cover sanctioned Compliance/AML irregularities and unresolved Compliance/AML deficiencies that exceeded the stipulated resolution deadline. By defining limits and tolerances for these metrics within the RAF, the Group's compliance/AML risk is mitigated. The RAF dashboard is reported to the Executive Committee on a monthly basis.

To monitor business model/strategy risk, there are established mechanisms, described below, with the objective of mitigating the risk of exposure to the risk of inadequate definition or implementation of strategic decisions. To this end, the Group, on the one hand, monitors the evolution of the commercial activities developed and the main indicators, based on the strategic plan "Strategic Planning" and the resulting business plan, and, on the other hand, identifies aspects that may cause adverse impacts on said activities, and which call for the adoption of adequate measures. These indicators include, amongst others, the loan portfolio, the funding, the capital and the net interest income margin, in respect of which the Group is focused on sustainable growth, and the shareholder structure, in respect of which the Group is focused on stability. The evolution of these indicators is monitored through the analysis of the management accounts as well as of the regular schedules that are reported monthly to the Executive Committee. Any relevant strategy risk events are reported to the Executive Committee, Audit Commission and Board of Directors on a monthly basis.

Additionally, it is intended to monitor the profitability of the Group's assets through the definition of limits and tolerances for this metric in the RAF, allowing, in this manner, for the mitigation of the Group's strategy risk. The RAF dashboard is reported monthly to the Executive Committee.

To monitor reputation risk, there are established mechanisms, described below, with the objective of mitigating the risk of a negative perception of the Group's public image. To this end, the Group monitors the evolution of that image, as well as the evolution of the assessment of any vulnerabilities that may negatively affect same, and which call for the adoption of adequate measures. In particular, press releases and public opinion, in general, cyber-attack attempts/occurrences and complaints from customers and counterparts. Possible reputation risk events are reported to the Executive Committee on a monthly basis, which is complemented by the non-financial risks report.

Additionally, it is intended to monitor the variation of customer deposits through the definition of limits and tolerances for this metric in the RAF, allowing, in this manner, for the mitigation of the Group's reputation risk. The RAF dashboard is reported monthly to the Executive Committee, to the Audit Commission and the Board of Directors.

With regard to internal governance risk mitigation, it is important to mention that the Group has internal control functions with statute, authority and independence in the organizational structure. It has a risk management system that makes it possible to identify, assess, monitor and control risks that may affect the objectives and defined strategy, and which also allows decision-making to respond to deviations or unexpected events. There is a set of reports that ensure the communication of information on risk management and internal control matters to the management and supervisory bodies. Risk, internal control and compliance policies are reviewed at adequate intervals and communicated to all employees.

Regarding ESG risk, the bank has established decarbonization and sustainable investment targets, accompanied by key indicators to monitor performance and risk appetite. Internal governance on climate risks was strengthened by updating policies, procedures, internal audit plans and mandatory annual training for employees.

## 2.7 Information on the governance model

The information required by paragraph a) of no. 2, article 435 of Regulation (EU) 575/2013, is indicated in the following table.

Number of positions held in accumulation with the position of member of the management body of Banco Finantia as at 31 December 2024:

Members of the Board of Directors	Group Companies	Companies outside the Group
António Manuel da Silva Vila Cova	-	2
Marta Eirea Álvarez	1	1
David Paulino Guerreiro	2	-
Raul Manuel Nunes da Costa Simões Marques	-	1
Ricardo da Mota Borges Caldeira	1	-
Sandra Paulino Guerreiro Matos Chaves	1	-
Manuel Luís Barata de Faria Blanc	-	2
Alzira da Encarnação das Neves Cabrita	-	-
Jaime de Macedo Santos Bastos	-	1

As regards the disclosure of the information referred to in paragraph b) and c) of no. 2 of article 435 of Regulation (EU) 575/2013, Banco Finantia has a "Policy for the Selection and Adequacy Assessment of Suitability and Succession of Members of the Management Body, of the

Supervisory Body and of Key Function Holders ", (hereinafter 'Selection, Assessment of Suitability and Succession Policy' for short). The document can be consulted at: <https://www.finantia.pt/pt/outra-informacao-obrigatoria>).

The Selection, Assessment of Suitability and Succession Policy approved by Banco Finantia's General Meeting aims to ensure that the members of the management and supervisory bodies have, at all times, the necessary requirements to carry out their duties, identifying the profiles corresponding to the duties to be performed by the members of the management and supervisory bodies.

In particular, and in the light of the specific duties to be performed, the following are assessed in the context of the respective selection process: their past practical experience, their technical competences and their interpersonal skills. The provisions of the 2EBA Guidelines on assessing the suitability of members of the management body and key function holders" (EBA/GL/2021/06) and the 'Internal Governance Guidelines' (EBA/GL/2021/05) must be observed.

In addition to the individual assessment of each member of the management and supervisory bodies, an assessment is made of the collective suitability of the body as a whole, with a view to verifying that the body itself collectively has the qualifications and professional experience in the relevant areas, the appropriate independence and sufficient availability to fulfil its legal and statutory duties.

With regard to the policy of diversity of the members of the governing bodies, the "Selection, Assessment of Suitability and Succession Policy" emphasizes the importance of promoting diversity in the composition of the management and supervisory bodies and states that – "diversity in the composition of the Governing Bodies should be promoted, namely diversity of gender and professional skills and generational diversity, in order to improve the performance of the respective body and to ensure greater balance in its composition (chapter '5.1.3.').

The "Selection, Assessment of Suitability and Succession Policy", as approved at the General Meeting on May 30, 2025, establishes that the management body and the supervisory body must maintain at least 33.3% members of the underrepresented gender.

An Appointments Committee was set up in September 2024 to ensure that the "Selection, Suitability Assessment and Succession Policy" is applied and to assess the suitability of the people and bodies in question.

Regarding paragraph d) of no. 2 of article 435, it is incumbent upon the Audit Committee of Banco Finantia, under the terms and for the purposes of article 115-L of the General Regime for Credit Institutions and Financial Companies ("RGICSF") and as provided for in the Regulation of the said body, to carry out the functions inherent to a risk committee, its constitution is not obligatory under the foreseen terms..

Banco Finantia, as the parent company, monitors the evolution of the risk profile and control through the reports and the respective implications for the Group, and is responsible for establishing and monitoring the Risk Management Model of the Group.

Ultimate responsibility for the strategies and policies relating to the Group's risk assumption, management, and control rest with the Board of Directors of Banco Finantia.

### 3. Own Funds (article 437)

Own funds are calculated in accordance with the prudential framework established by Regulation (EU) No. 575/2013 (CRR) and Directive 2013/36/EU (CRD IV), both issued by the European Parliament and Council, on 26 June 2013 ("Basel III").

#### 3.1 Reconciliation of the own funds elements

As of 31 December 2024, own funds are as follows:

thousand euros

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	162 849	a) more b)
	of which: Instrument type 1	Common shares	
2	Retained earnings	-1 757	e)
3	Accumulated other comprehensive income (and other reserves)	298 014	d) more f)
EU-3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0	
5	Minority interests (amount allowed in consolidated CET1)	0	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	7 322	g) Deducted from the dividend to be distributed
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>466 428</b>	

Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Ajustamentos de valor adicionais (valor negativo)	-1 481	
8	Ativos intangíveis (líquidos do passivo por impostos correspondente) (valor negativo)	-658	h)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-1 673	i)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0	
12	Negative amounts resulting from the calculation of expected loss amounts	0	
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	
15	Defined-benefit pension fund assets (negative amount)	0	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0	c)
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
20	Not applicable		

EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: securitisation positions (negative amount)	0	
EU-20d	of which: free deliveries (negative amount)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0	
22	Amount exceeding the 17,65% threshold (negative amount)	0	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
25	of which: deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current financial year (negative amount)	0	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0	
27a	Other regulatory adjustments	0	
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-3 812</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>462 616</b>	

Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	0	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	0	

Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	0	
44	<b>Additional Tier 1 (AT1) capital</b>	0	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	462 616	

Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	0	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	
49	of which: instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments	0	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	0	

Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0	
EU-56b	Other regulatory adjustments to T2 capital	0	
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	0	
58	<b>Tier 2 (T2) capital</b>	0	
59	<b>Total capital (TC = T1 + T2)</b>	462 616	
60	<b>Total Risk exposure amount</b>	2 034 023	

Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	22,7%	
62	Tier 1 capital	22,7%	
63	Total capital	22,7%	
64	Institution CET1 overall capital requirements	9,7%	
65	of which: capital conservation buffer requirement	2,5%	
66	of which: countercyclical capital buffer requirement	0,1%	
67	of which: systemic risk buffer requirement	0,0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,0%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2,5%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	7,1%	

Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1 133	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17,65% thresholds and net of eligible short positions)	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	21 334	

Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	23 907	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	

Model CC1 of Implementing Regulation (EU) 2021/637 of 15 March 2021

The reconciliation of regulatory own funds to the balance sheet in the audited financial statements as at 31 December 2024 is presented as follows:

			thousand euros
		Balance (1)	Reference
		As at period end	
<b>Assets - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
1	Cash and deposits with central banks and other demand deposits	66 377	
2	Financial assets at fair value through profit or loss	18 569	
3	Financial assets at fair value through other comprehensive income	1 350 867	
4	Financial assets mandatorily at fair value through profit or loss	1 703	
5	Financial assets at amortized cost	940 576	
6	Hedging derivatives	74 203	
7	Non-current assets held for sale	0	
8	Investment properties	503	
9	Other tangible assets	13 916	
10	Intangible assets	658	h)
11	Current tax assets	478	
12	Deferred tax assets	7 577	
	of which: Deferred tax assets that depend on future profitability and do not arise from temporary differences	1 673	i)
13	Other assets	7 179	
14	<b>Total Assets</b>	<b>2 482 606</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial</b>			
1	Financial liabilities held for trading	30 942	
2	Financial liabilities at amortized cost	1 948 990	
3	Hedging derivatives	4 536	
4	Current tax liabilities	2 795	
5	Deferred tax liabilities	1 034	
6	Provisions	594	
7	Other liabilities	9 287	
8	<b>Total liabilities</b>	<b>1 998 178</b>	
<b>Shareholders' equity</b>			
1	Share capital	150 000	a)
2	Share premium	12 849	b)
3	Treasury stock	0	c)
4	Other acc. comprehensive income, retained earnings & other reserves	296 258	
	Other accumulated comprehensive income	-3 896	d)
	Retained earnings	-1 757	e)
	Other reserves	301 910	f)
5	<b>Net profit attributable to shareholders of the Bank</b>	<b>25 322</b>	g)
6	<b>Total Shareholders' Equity attributable to shareholders of the Bank</b>	<b>484 428</b>	

Model CC2 of Implementing Regulation (EU) 2021/637 of 15 March 2021

<sup>(1)</sup> Balance sheet as in published financial statements and under regulatory scope of consolidation

## 4. Capital Requirements and risk-weighted exposure amounts (article 438)

### 4.1 Method used to assess the adequacy of internal capital

In addition to the regulatory perspective, the Group also evaluates risks and financial resources available (Risk Taking Capacity "RTC") from an economic perspective, by conducting the internal capital adequacy self-assessment exercise (ICAAP) envisaged in Pillar 2 of Basel III and in line with Instruction No. 3/2019 from Banco de Portugal.

The risks and the RTC are estimated on a going concern basis to ensure that the Group is able, at all times, to liquidate all its liabilities in a timely manner.

To quantify the risks, the Group has developed a number of internal capital requirement calculations that estimate the maximum potential loss over a one-year period, with a 99.9% confidence interval. These methodologies cover all categories of risk to which the Group is exposed, except operational risks, for which regulatory requirements are used.

The Group has assumed a conservative perspective for the economic capital requirements, considering the higher between the regulatory and the internal capital requirements, by risk category.

The ICAAP results are continuously monitored to ensure that the Group's capital is sufficient to cover the risks, incurred or potential, and are reported monthly to the Executive Committee. From the analysis of the results, it can be concluded that the Group has a solid and robust capital position, presenting a coverage ratio substantially above the internal minimum level defined in the RAF.

The aforementioned monthly capital adequacy analysis is supplemented at the end of each year by a prospective analysis of the economic capital requirements and of the financial resources available, over a three-year horizon, in the scope of the annual ICAAP exercise and of the preparation of the Group's Funding and Capital Plan.

The above-mentioned monitoring is supplemented by the performance of stress tests, which cover all categories of risk to which the Group is exposed.

The stress tests aim to provide a better understanding of the Group's risk profile, allowing for the assessment of the internal capital and of the capacity to absorb shocks, and to facilitate the detection of vulnerabilities in the Group's exposure to different risk categories.

Two types of stress tests are performed:

- > Sensitivity analyses, carried out regularly - consist of assessing the impact on the Group's financial condition resulting from the application of shocks to risk parameters (including, amongst others, PD, LGD, ratings, risk-free interest rates, credit spreads and foreign exchange rates).
- > Scenario analyses, carried out annually - consist of assessing the impact on the Group's financial condition resulting from the application of simultaneous and consecutive shocks to several factors that affect the business plan. In 2025, the scenario used under the "ICAAP Report" for December 31, 2024 stress test was designed taking into consideration the analysis of historical crises and considering the Group's risk profile. The Group selected a scenario that

reflected the impacts of (i) a widening of credit spreads during 2025, corresponding to the largest widening of spreads seen in recent years, with a partial tightening of 30% during each of the years 2026 and 2027 and (ii) a notch down in credit ratings during 2025 and consecutive maintenance of ratings levels after the downgrade that occurred in 2025 during 2026 and 2027.

The results of the stress tests reinforce the conclusion that the Group has a solid and robust capital position.

## **4.2 Credit risk - Own Funds minimum requirements**

The Group applies the Standardised Approach in the calculation of the capital requirements for credit risk, in accordance with the prudential rules in force at the reference date, according to article 112, Title II, Part III, Chapter 2.

Under this method, exposures (elsewhere also "positions at risk") are classified according to the counterparty, by risk classes. The exposure value of an asset element corresponds to its net carrying amount after making the adjustments for specific credit risk, additional value adjustments and other own funds' reductions, related to the asset element.

To calculate the amounts of the risk weighted assets ("RWA"), risk weighting coefficients are applied to all exposures, unless deducted from own funds. The application of risk weighting coefficients is based on the risk class to which the exposure is allocated and on its credit quality. Credit quality is determined by reference to ECAI (External Credit Assessment Institutions) credit assessments. Whenever necessary to determine capital requirements, 8% of the risk-weighted exposure amounts is considered.

An external credit assessment may only be used to determine the risk-weighting coefficient of an exposure if it has been issued by an ECAI or has been approved by an ECAI in accordance with Regulation (EC) No. 1060/2009. EBA publishes on its website the list of ECAsI authorized under no. 4 of article 2 and no. 3 of article 18 of Regulation (EC) No. 1060/2009.

Under EBA guidelines (in line with paragraph d) of article 438), the capital requirements and the corresponding RWA exposures on a yearly basis, as presented in the following table, provide an overview of the denominator used in the calculation of the capital requirements as at 31 December 2024:

thousand euros

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2024	31-12-2023	31-12-2024
1	Credit risk (excluding CCR)	1 829 252	1 532 253	146 340
2	Of which the standardised approach	1 829 252	1 532 253	146 340
6	Counterparty credit risk - CCR	83 328	91 957	6 666
7	Of which the standardised approach	8 735	10 303	699
EU 8b	Of which credit valuation adjustment - CVA	11	1	1
9	Of which other CCR	74 581	81 654	5 967
20	Position, foreign exchange and commodities risks (Market risk)	21 431	29 576	1 714
21	Of which the standardised approach	21 431	29 576	1 714
23	Operational risk	100 012	96 153	8 001
EU 23a	Of which basic indicator approach	100 012	96 153	8 001
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	53 335	59 815	4 267
<b>29</b>	<b>Total</b>	<b>2 034 023</b>	<b>1 749 939</b>	<b>162 722</b>

Template OV1 of Implementing Regulation (EU) 2021/637 of 15 March 2021

## 5. Key metrics (article 447)

We present the referred indicators at December 31, 2024 and December 31, 2023:

thousand euros, except %			
	31/12/2024	31/12/2023	
<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital	462 616	430 899
2	Tier 1 capital	462 616	430 899
3	Total capital	462 616	430 899
<b>Risk-weighted exposure amounts</b>			
4	Total risk exposure amount	2 034 023	1 749 939
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	22,7%	24,6%
6	Tier 1 ratio (%)	22,7%	24,6%
7	Total capital ratio (%)	22,7%	24,6%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4,5%	4,5%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2,5%	2,5%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3,4%	3,4%
EU 7d	Total SREP own funds requirements (%)	12,5%	12,5%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2,5%	2,5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,0%	0,0%
9	Institution specific countercyclical capital buffer (%)	0,1%	0,0%
EU 9a	Systemic risk buffer (%)	0,0%	0,0%
10	Global Systemically Important Institution buffer (%)	0,0%	0,0%
EU 10a	Other Systemically Important Institution buffer (%)	0,0%	0,0%
11	Combined buffer requirement (%)	2,6%	2,5%
EU 11a	Overall capital requirements (%)	15,1%	15,0%
12	CET1 available after meeting the total SREP own funds requirements (%)	7,1%	9,0%
<b>Leverage ratio</b>			
13	Total exposure measure	2 576 061	2 249 222
14	Leverage ratio (%)	18,0%	19,2%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	N/A	N/A
EU 14b	of which: to be made up of CET1 capital (percentage points)	N/A	N/A
EU 14c	Total SREP leverage ratio requirements (%)	3%	3%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure percentage da medida de exposição total)</b>			
EU 14d	Leverage ratio buffer requirement (%)	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3%	3%
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	403 672	323 413
EU 16a	Cash outflows - Total weighted value	73 005	90 526
EU 16b	Cash inflows - Total weighted value	59 060	60 140
16	Total net cash outflows (adjusted value)	19 855	30 587
17	Liquidity coverage ratio (%)	2234,2%	995,0%
<b>Net Stable Funding Ratio (NSFR)</b>			
18	Total available stable funding	1 808 846	1 487 227
19	Total required stable funding	1 474 811	1 197 538
20	NSFR ratio (%)	122,6%	124,2%

Template KM1 of the Implementing Regulation (EU) 2021/637 of 15 March 2021

## 6. Remuneration policy (article 450)

As regards the remuneration policies and practices of Banco Finantia, the Group generally meets the requirements established in a manner appropriate to its size and internal organization, as well as to the nature, scope and complexity of the activities carried out.

Information on remuneration policies and practices which disclosure is required by paragraphs a) to d) and j) of number 1 of article 450 of Regulation (EU) No. 575/2013 is detailed and disclosed in Part II. Remuneration, pages 23-32 of the “Report on the Structure and the Corporate Governance Practices of Banco Finantia” (document which is attached to and makes an integral part of the 2023 Annual Report and Accounts), which can be accessed at [https://www.finantia.com/pt/banco-finantia\\_pt/informacao-financeira/](https://www.finantia.com/pt/banco-finantia_pt/informacao-financeira/)). In this context, this document discloses detailed and individual information on the remuneration effectively paid in 2024 to the members of the management and supervisory bodies.

In order to promote the adoption of consistent remuneration practices within the Group's entities, Banco Finantia's remuneration policies and practices are generally applicable to the branch and to its subsidiaries Application is made, with the necessary adaptations arising, in particular: from criteria of proportionality, the need for compatibility with the legislation applicable in the jurisdictions where they carry out their activity and/or the adoption of duly justified specific rules.

In compliance with Notice 3/2020 and article 450, Banco Finantia also disclosed, in the “Report on the Structure and Practices of Corporate Governance of Banco Finantia”, information regarding the remuneration policies and practices applicable to the categories of employees whose professional activities have or may have a significant impact on the risk profile, with reference to December 31, 2024.

The identified staff as having a significant impact on the risk profile included, at 31 December 2024: (i) included members of Banco Finantia's management and supervisory corporate bodies, (ii) the members of the governing bodies of the relevant subsidiaries in the light of their activity and potential impact on the Group's risk profile, -(iii) as well as the heads of Banco Finantia's Internal Control Functions, (iv) the branch managers and (v) the head of the Corporate & Investment Banking area and the heads of the following Departments, Legal, Financial Control, Human Resources, Application Development and Support, Systems and Telecommunications, Credit, Treasury, Principal Investments, Capital Markets and Private Banking .

The Audit Committee of Banco Finantia, undertakes annually an independent and centralised analysis of the remuneration policy and practices adopted by Banco Finantia, in compliance with the provisions of paragraph 6 of article 115-C of the (“RGICSF”) and of article 44, no.1 of the Notice no. 3/2020 of the Bank of Portugal.

Additionally, and since Banco Finantia is parent company of the Group, the Audit Committee also undertook, with reference to the 2023 financial year, the annual evaluation 'remuneration practices' impact, in particular on risk management, as per articles 53, no. 3 of Notice no. 3/2020.

The Audit Committee of Banco Finantia submitted to the Annual General Meeting of Banco Finantia, held on May 30, 2025, the main conclusions of its assessment in which it concluded that the remuneration policies adopted and implemented by Banco Finantia are appropriate and proportionate to the size, internal organization, nature, scope and complexity of the activities carried out, are consistent with sound and prudent risk management, are gender neutral and do

not encourage excessive and imprudent risk taking, avoiding conflicts of interest and promoting the preservation of soundness and stability.

The table below concerns the remuneration awarded in the 2024 financial year (regardless of the effective date on which the amount awarded is paid) reported in accordance with sub-paragraphs i) and ii) of paragraph h) of paragraph 1 of Article 450 of Regulation (EU) No. 575/2013:

			MB Supervisory function	MB Management function	Other senior management	Other identified staff	thousand euros
1		Number of identified staff	5	4	15	7	
2		Total fixed remuneration	104	680	1 091	491	
3		Of which: cash-based	104	600	1 091	491	
4		(Not applicable in the EU)					
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-	
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	
EU-5x		Of which: other instruments	-	-	-	-	
6		(Not applicable in the EU)					
7		Of which: other forms	-	80	-	-	
8		(Not applicable in the EU)					
9		Number of identified staff	-	3	13	4	
10		Total variable remuneration	-	80	143	30	
11		Of which: cash-based	-	80	143	30	
12		Of which: deferred	-	-	-	-	
EU-13a	Variable remuneration	Of which: shares or equivalent ownership interests	-	-	-	-	
EU-14 a		Of which: deferred	-	-	-	-	
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	
EU-14b		Of which: deferred	-	-	-	-	
EU-14x		Of which: other instruments	-	-	-	-	
EU-14y		Of which: deferred	-	-	-	-	
15		Of which: other forms	-	-	-	-	
16		Of which: deferred	-	-	-	-	
17		Total remuneration (2 + 10)	104	760	1 234	521	

Model REM1 of Implementing Regulation (EU) 2021/637 of 15 March 2021

Without prejudice to the table above referring to the “Template EU REM1 - Remuneration awarded for the financial year” (“REM1 Table”)- include information regarding all staff members who, during 2023, were, at a given moment, identified in the categories listed there, it should be noted that, with reference to the date of December 31, 2024, 5 (five) people were identified in the category “supervision function of the management body”, 4 (four) people in the category “management function of the management body; 15 (fifteen) people in the “other senior management” category and 7 (seven) people in the “other identified staff” category. Additionally, it should be noted that in column (d) “Other identified staff” of REM1 table above is included information of the members with executive functions of the corporate bodies of relevant Banco Finantia’s subsidiaries identified as having a material impact on the risk profile. In addition, and for the purposes of the REM1 Table above includes information on the members of the governing bodies with executive functions of relevant subsidiaries of Banco Finantia identified as having a material impact on the Group's risk profile. .

In addition, for the purposes of this Table REM1, the information on variable remuneration refers to the amounts of variable remuneration awarded with reference to performance in the 2023 financial year.

There are no amounts to report for the purposes of “Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)”.

The table below concerns the deferred remuneration reported in accordance with the provisions of article 450, paragraph 1, paragraph h), subparagraphs iii) and iv) of Regulation (EU) n° 575/2013:

Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	13	13	-	-	-	-	13	-
8	Cash-based	13	13	-	-	-	-	13	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	<b>Total amount</b>		<b>13</b>	<b>13</b>				<b>13</b>	

Model REM3 of Implementing Regulation (EU) 2021/637 of 15 March 2021

Within the context of "Template EU REM3 - Deferred remuneration" ("REM3 Table"), and in particular, column (b) "Of which due to vest in the financial year" considers the remuneration amounts paid in the year 2024 awarded with reference to financial years previous to 2024 (and excluding 2024). For the purposes of column (c) "Of which vesting in subsequent financial years", the amounts of remuneration awarded with reference to financial years previous to 2024 (and excluding 2024) and whose effective payment is still deferred.

There are no highly paid employees in the Group within the meaning of article 450, paragraph i) of Regulation (EU) No. 575/2013, as set out in the "Guidelines on the collection of information on employees who earn high salaries under Directive 2013/36/EU and Directive (EU) 2019/2034".

In what concerns the information determined in paragraph k) of article 450 of Regulation (EU) No. 575/2013, Banco Finantia is included within the scope of the derogation foreseen in article 94 no. 3 of Directive 2013/36/EU, based on its respective paragraph a) since: (i) Banco Finantia is not a large institution in the sense of article 4 no. 1 paragraph 146 of Regulation (EU) No. 575/2013 and (ii) its assets do not reach, in average and in an individual basis, as per such Directive and Regulation, an amount higher than 5 billion euros in the four year period immediately preceding the financial year at stake.

Without prejudice to the above, the remuneration policy for the members of Banco Finantia's governing bodies provides that in the event of attribution of a variable remuneration amount exceeding €50,000, the Audit Committee may determine the deferral of a portion of this remuneration for a period to be defined.

As regards the quantitative data foreseen in paragraph k) of no. 1 of article 450 of Regulation (EU) No. 575/2013, and in respect of identified staff members whose professional activity has a significant impact on the institution's risk profile comprised by the scope of the applied

derogations or for whom the rules in question do not apply because they do not receive variable remuneration, reference is made to the table below:

<b>no. of employees identified<sup>1</sup></b>	<b>Fixed remuneration<sup>2</sup></b>	<b>Variable remuneration<sup>3</sup></b>	<b>Total Remuneration</b>	thousand euros
31	2 367	253	2 620	

**1** with reference a 31.12.2024

**2** fixed remuneration earned in 2024.

**3** variable remuneration awarded with reference to 2024, paid in 2025 and payable in subsequent years (by deferral)

## 7. Non-performing exposures and forborne exposures

As of 31 December 2024, the credit quality of the forborne exposures is presented as follows:

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Cauções e garantias financeiras recebidas sobre exposições reestruturadas	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	thousand euros		
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures						
		Of which defaulted	Of which impaired								
1 Loans and advances	0,00	35,56	35,56	35,56	0,00	-0,19	0,00	0,00	0,00		
2 Central banks	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
3 General governments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
4 Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
5 Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
6 Non-financial corporations	0,00	4,15	4,15	4,15	0,00	0,00	0,00	0,00	0,00		
7 Households	0,00	31,42	31,42	31,42	0,00	-0,19	0,00	0,00	0,00		
8 Debt Securities	1 310,23	1 564,94	0,00	1 564,94	0,00	0,00	0,00	0,00	0,00		
9 Loan commitments given	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
10 Total	1 310,23	1 600,51	35,56	1 600,51	0,00	-0,19	0,00	0,00	0,00		

Template 1 of Guidelines EBA/GL/2018/10 of 17 december 2018

The following table shows the credit quality of performing and non-performing exposures by past due days:

	Gross carrying amount/nominal amount										thousand euros	
	Performing exposures			Non-performing exposures								
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted		
1 Loans and advances	406 446	406 446	0	3 084	0	3	0	2	1 328	2	1 749	3 084
2 Central banks	0	0	0	0	0	0	0	0	0	0	0	0
3 General governments	64 092	64 092	0	0	0	0	0	0	0	0	0	0
4 Credit institutions	119 451	119 451	0	0	0	0	0	0	0	0	0	0
5 Other financial corporations	115 251	115 251	0	1 324	0	0	0	0	1 324	0	0	1 324
6 Non-financial corporations	107 652	107 652	0	439	0	3	0	0	0	0	0	439
7 Of which SMEs	0	0	0	0	0	0	0	0	0	0	0	0
8 Households	0	0	0	1 322	0	0	0	2	4	2	1 313	1 322
9 Debt securities	1 879 900	1 879 900	0	22 883	9 400	0	0	5 757	7 725	0	0	21 318
10 Central banks	0	0	0	0	0	0	0	0	0	0	0	0
11 General governments	523 237	523 237	0	1 565	1 565	0	0	0	0	0	0	0
12 Credit institutions	137 723	137 723	0	5 757	0	0	0	5 757	0	0	0	5 757
13 Other financial corporations	409 719	409 719	0	7 725	0	0	0	0	7 725	0	0	7 725
14 Non-financial corporations	809 221	809 221	0	7 835	7 835	0	0	0	0	0	0	7 835
15 Off-balance-sheet exposures	79 464			0								0
16 Central banks	37 728			0								0
17 General governments	14 970			0								0
18 Credit institutions	300			0								0
19 Other financial corporations	25 613			0								0
20 Non-financial corporations	853			0								0
21 Households	0			0								0
22 Total	2 365 809	2 286 346	0	25 967	9 400	3	0	5 759	9 053	2	1 749	24 402

The non-performing loans (NPL) ratio as of December 31, 2024 is 0.75%.

As of 31 December 2024, performing and non-performing exposures and their respective provisions are presented in the following table:

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	Collateral and financial guarantees received		
	Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3					
1 Loans and advances	406 446	406 446	0	3 084	0	3 084	-1 114	0	-1 037	0	-1 037	0	
2 Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
3 General governments	64 092	64 092	0	0	0	0	-209	-209	0	0	0	0	
4 Credit institutions	119 451	119 451	0	0	0	0	-62	-62	0	0	0	0	
5 Other financial corporations	115 251	115 251	0	1 324	0	1 324	-327	-327	0	-1 037	0	-1 018	
6 Non-financial corporations	107 652	107 652	0	439	0	439	-517	-517	0	0	0	-1 525	
7 Of which SMEs	0	0	0	0	0	0	0	0	0	0	0	0	
8 Households	0	0	0	1 322	0	1 322	0	0	0	0	-6 470	0	
9 Debt securities	1 879 900	1 867 573	11 017	22 883	0	21 318	-6 555	-6 055	-501	-12 163	0	0	
10 Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
11 General governments	523 237	523 237	0	1 565	0	0	-725	-725	0	0	0	0	
12 Credit institutions	137 723	137 723	0	5 757	0	5 757	-230	-230	0	-3 736	0	0	
13 Other financial corporations	409 719	407 965	1 754	7 725	0	7 725	-1 766	-1 623	-143	-7 000	0	-7 000	
14 Non-financial corporations	809 221	798 647	9 263	7 835	0	7 835	-3 834	-3 477	-358	-1 427	0	-1 427	
15 Off-balance-sheet exposures	79 464	79 464	0	0	0	0	19	19	0	0	0	0	
16 Central banks	37 728	37 728	0	0	0	0	0	0	0	0	0	0	
17 General governments	14 970	14 970	0	0	0	0	16	16	0	0	0	0	
18 Credit institutions	300	300	0	0	0	0	0	0	0	0	0	0	
19 Other financial corporations	25 613	25 613	0	0	0	0	2	2	0	0	0	0	
20 Non-financial corporations	853	853	0	0	0	0	0	0	0	0	0	0	
21 Households	0	0	0	0	0	0	0	0	0	0	0	0	
22 Total	2 365 809	2 353 482	11 017	25 967	0	24 402	-7 651	-7 150	-501	-13 200	0	-13 200	
											-14 143	0	

Template 4 of Guidelines EBA/GL/2018/10 of 17 december 2018

There are no foreclosed assets obtained from non-performing exposures.

## TRANSLATION NOTE

The above translation is a free translation of the original document issued in the Portuguese language. In the event of discrepancies or misinterpretations, the original version shall prevail.