

## Pillar 3 Report 2025

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 and Execution Regulation (EU) 2024/3172 of The Commission of 29 November 2024, regarding disclosure requirements.

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## 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. 2024/3172 of the Commission of 29 November 2024, 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, 442, 447, 449-A 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, n°2, as follows:

- 1 Scope of application (article 436)
- 2 Risk management policies (article 435)
- 3 Own funds (article 437)
- 4 Capital requirements and risk-weighted exposure amount (article 438)
- 5 Exposures to credit risk and dilution risk (article 442)
- 6 Key metrics (article 447)
- 7 Environmental, social and governance risks (article 449-A)
- 8 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 2025 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.º, n.º 3, first paragraph and article 434.º, n.º 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 2025 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.

Regarding 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.
- > based on 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, 2026

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

## 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 38 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 net-worth clients.

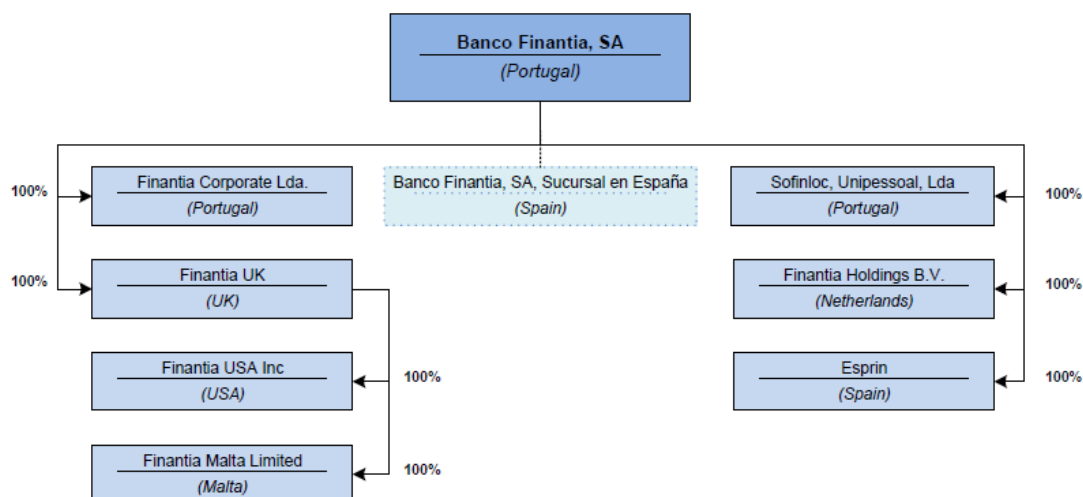
Banco Finantia includes as its main operating units a bank in Portugal with a branch in Spain, an investment firm in the United Kingdom, a broker-dealer in the United States and an auxiliary subsidiary in Malta.

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 2025)



## 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, considering 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:** The Group is committed to developing and implementing a business continuity plan to ensure its ability to operate continuously and limit losses in the event of a serious disruption to its activities. This continuity plan will establish an Emergency Committee, led by a member of the Executive Committee (or the Board of Directors), ensure compliance with legal/regulatory and market requirements, and must be tested at least annually.

As of 31 December 2025, and 2024, Banco Finantia capital ratios were as follows:

million, except %

	dec/25	dec/24
Common Equity Tier 1 capital	489,0	462,6
Tier 1 capital	489,0	462,6
Total capital	489,0	462,6
Risk weighted exposures (RWA)	2 152,6	2 034,0
Rácio CET1	22,7%	22,7%
Rácio Tier 1	22,7%	22,7%
Rácio Total Capital	22,7%	22,7%

Additionally, under the terms and for the purposes of subparagraph, ii) of paragraph 1 f) of article 435 of the CRR, during the 2025 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 Risks strategies and management processes

### 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. Regarding 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 regarding 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; (ix) actively participates in the preparation of the RAF; and (x) monitors and controls the risks associated with ICT and information security; (xi) 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 considering 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 the latest versions of Notice 3/2020 and the Instruction 18/2020 of the Banco de Portugal, which incorporate the amendments introduced by Bank of Portugal Notice No. 2/2025 and Bank of Portugal Instruction 4/2025, respectively, 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, considering 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 several indicators, particularly 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 refers to the possibility of financial losses resulting from a counterparty's total or partial failure to meet its contractual obligations, or from a deterioration in its credit quality. It includes the risk associated with on-balance-sheet and off-balance-sheet exposures, financial instruments, guarantees, and other commitments. It constitutes one of the main risks to which the Group is exposed, given its asset structure, in which fixed-income instruments account for a significant portion. The portfolio consists of various debt instruments spread across diverse sectors and geographies. The Group's objective is to maintain a high-quality asset portfolio,

based on a prudent credit policy and a thorough analysis of all credit proposals. The Group also has exposure to various counterparties, resulting primarily from repo activities and transactions involving derivative financial instruments (IRS and currency swaps). The adoption of control and mitigation measures for this risk, including the establishment of individual exposure limits, among others, reduces its potential negative impact. Credit risk is divided into four subcategories: default risk, counterparty credit risk, credit rating migration risk, and credit concentration risk, which are described below:

- **Default risk:** Default risk is the risk that the Institution will incur losses due to a debtor's inability to meet its contractual financial obligations within the established timeframes or under the established terms.
- **Counterparty credit risk:** Counterparty credit risk refers to the possibility of loss resulting from a counterparty's total or partial default prior to the final settlement of the transaction, including a deterioration in the counterparty's credit quality during the term of the contract. This risk is particularly relevant for instruments whose value depends on the future performance of the underlying exposure, such as derivatives, securities financing transactions, and repos. Transactions involving derivative financial instruments and repo transactions are subject to counterparty credit risk, which is associated with the risk of financial losses occurring if the transaction (or portfolio of transactions) with the counterparty has a positive economic value at the time of default.
- **Credit rating migration risk:** Credit rating migration risk refers to the possibility of a deterioration in the credit quality of counterparties or exposures, resulting in a downgrade of credit ratings. This migration to higher risk classes implies an increase in expected losses, potential additional impairment charges, and higher capital consumption, which is reflected in the Institution's overall risk profile.
- **Credit concentration risk:** Credit concentration risk refers to the possibility that the Institution may incur significant losses resulting from excessive exposure to a single counterparty, a group of related counterparties, or exposures that share correlated risk factors, such as economic sector, geographic area, type of activity, instrument, currency, or risk mitigants. This risk reflects the portfolio's increased vulnerability to adverse events that simultaneously affect these exposures. The Group distinguishes credit concentration risk by counterparty, industry sector, and geographic region. Credit risk concentration is one of the potential sources of loss to which a credit institution is exposed. In a concentration scenario, losses arising from a small number of exposures can have a disproportionate effect, underscoring the importance of managing this risk. The Group is also constantly concerned to diversify its own portfolio, 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**

Market risk refers to the risk of losses resulting from adverse changes in market prices, equity prices, exchange rates, and commodity prices:

- **Market risk of the trading portfolio:** the market risk of the trading portfolio consists of the probability of negative impacts on results or capital due to unfavourable movements in the market price of instruments in the Group's trading portfolio. The adoption of control/mitigation measures for this risk, including the establishment of exposure limits and holding periods, among others, reduces the potential for negative impact.
- **Foreign exchange risk:** Foreign exchange risk refers to the possibility that the Institution may incur losses resulting from adverse changes in exchange rates that affect the value of positions denominated in foreign currencies or indexed to currencies other than the functional currency. This risk encompasses both transaction risk, resulting from future cash flows in foreign currency, and translation risk associated with the restatement of balance sheets and income statements of foreign entities, as well as economic risk arising from lasting changes in the Group's competitiveness due to significant movements in exchange rates. 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 immaterial). The Group has adopted a strategy to minimize the exchange rate risk associated with its assets and liabilities. Accordingly, exchange rate risk is regularly hedged to ensure a comfortable margin of foreign currency exposure relative to pre-established limits, with such exposure monitored on a daily basis, covering both spot and forward positions. The adoption of measures to control/mitigate this risk, particularly through currency swaps, reduces the potential for a negative impact.

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

The market risk of the banking book corresponds to the possibility that the Institution may incur losses resulting from adverse changes in market factors that affect the economic value and returns of positions classified in the banking book. This risk includes, in particular, the interest rate risk of the banking book (IRRBB), the credit spread risk of the banking book (CSRBB), and the risk of credit rating migration of exposures.

### **- Interest rate risk in the banking book (IRRBB)**

IRRBB, or interest rate risk arising from activities not included in the trading book, is the current and prospective risk of a negative impact on an institution's economic value of equity or on its net interest income, including, as appropriate, changes in market value arising from adverse movements in interest rates affecting interest rate-sensitive instruments, including gap risk and option risk.

- **Gap risk:** Gap risk refers to the possibility that the Institution may incur negative impacts on its net interest income or the economic value of equity due to mismatches in the maturities, repricing dates, or indexation of assets, liabilities, and off-balance-sheet instruments. These mismatches mean that changes in interest rates can negatively and asymmetrically affect cash flows and the value of positions. The Group has mismatches in repricing terms between assets (primarily medium- to long-term fixed-rate securities) and liabilities (primarily short- to medium-term deposits and short-term repos). The adoption of measures to control/mitigate this risk, in particular by maintaining a balanced structure between assets and liabilities in terms of fixed-rate mismatches and by entering into interest rate risk hedging instruments (e.g., IRS), reduces the potential negative impact of this risk.

- **Option risk:** Option risk refers to the possibility that the Institution may incur losses or experience adverse volatility in net interest income or the economic value of equity due to the existence of explicit or implicit options embedded in assets, liabilities, or off-balance-sheet instruments, the exercise of which by customers or by the Institution itself is influenced by changes in interest rates or other market factors. These options can modify, in a non-linear and difficult-to-predict manner, the time profile of cash flows, the duration of positions, sensitivity to interest rate risk, and the behaviour of products, increasing uncertainty regarding the banking portfolio's reaction to market shocks. The adoption of mapping instruments with embedded options and the regular quantification of this risk allows for the control of exposure to this risk and the reduction of its potential negative impact.

### **- Credit spread risk of the banking portfolio (CSRBB)**

CSRBB is the risk arising from changes in market prices with respect to credit risk, liquidity, and, where applicable, other characteristics of credit-risk instruments, which is not captured by other existing prudential frameworks, such as IRRBB or expected default/sudden default risk. CSRBB captures the risk of variation in an instrument's spread, assuming the same credit quality level, i.e., how the credit spread moves within a given range of ratings/PDs. Monitoring the two indicators "Credit spread risk in the banking book – equity impact (EVE)" and "Credit spread risk in the banking book – earnings impact (EaR)" and tracking the sensitivity of economic capital requirements related to CSRBB to changes in the credit spread enable timely management of credit spread risk, reducing its impact to levels appropriate to the Group's risk profile.

## **- Risk of migration**

Migration risk is the risk that includes the effect of changes in credit quality during the observation period (i.e., an improvement or deterioration in the rating category of a specific counterparty or instrument, which are considered migration risk). In terms of market risk in the banking book, migration risk corresponds to the risk of a change in credit quality without the possibility of applying a new risk-appropriate spread, and it must be added to the CSRBB. Monitoring economic capital for migration risk in the banking book and tracking the distribution of the Group's exposures across credit rating bands enables timely management and mitigation of this risk.

## **Liquidity and funding Risk**

Liquidity and funding risk refers to the possibility that the Institution may be unable to meet its financial obligations in a timely manner, in full and without incurring significant losses, due to an inability to generate or mobilize sufficient funds, whether because of a lack of available liquidity or limited access to stable sources of funding. This risk includes both funding liquidity risk—related to the difficulty in obtaining funds, renewing liabilities, or replacing funding sources on appropriate terms - and market liquidity risk - associated with the inability to convert assets into cash quickly and without material losses. The materialization of this risk may affect the continuity of operations, the ability to conduct new transactions, and the robustness of the Institution's capital profile. The Group aims to ensure a stable and robust liquidity position by holding liquid assets, managing liquidity gaps, and maintaining a liquidity buffer that enables it to meet contractual cash outflows and respond to stress scenarios. The Group also aims to maintain adequate diversification of liquidity sources in terms of counterparties and depositors. To measure and mitigate liquidity and funding risk within the scope of balance sheet management, the prudential ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) are used, as well as the Total Liquidity Buffer Ratio and Restricted Liquidity Buffer Ratio, along with a broad set of internal indicators related to liquidity mismatches, concentration levels of major counterparties, the distribution of repayment flows for major liabilities, and collateral for repo transactions, asset liquidity characteristics and immediate liquidity. The adoption of control/mitigation measures for this risk, particularly through investment in liquid assets, the use of diversified retail deposits (one of the preferred funding sources), and the establishment of concentration limits on repo counterparties, enables the maintenance of robust liquidity buffers, thereby reducing the potential negative impact of liquidity and funding risk.

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.

## **Non-financial Risks**

Non-financial risks include the following risk categories: Business Model/Strategy Risk, Environmental, Social, and Governance (ESG) Risks, Internal Governance Risk, Operational Risk (including Model Risk, IT Risk, and Security Risk), Compliance Risk, Money Laundering and Terrorist Financing Risk and Reputational Risk.

Broadly speaking, these risks consist of the likelihood of negative impacts on results or capital, primarily arising from: (i) for business model/strategy risk, inadequate strategic plans and decisions; (ii) for ESG risks, environmental, social, and corporate governance factors; (iii) for internal governance risk, from misalignments and deficiencies in the internal governance system, the organizational structure, and the corresponding delineation of responsibilities; (iv) for operational risk, from operational failures, inadequate information and technology systems, or insufficient models and cybersecurity; (v) for compliance risk, failure to comply with legal and regulatory obligations and the code of conduct; (vi) for money laundering and terrorist financing risk, failure to comply with legal and regulatory obligations and the code of conduct related to the prevention of ML/TF; and (vii) for reputational risk, a negative perception of the Group's public image - whether justified or not - by customers, suppliers, financial analysts, employees, investors, the media, or the general public.

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 (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 component-based approach to the activity indicator *Business Indicator Component Approach (BICA)* ; and internally developed methodologies to quantify compliance, reputation and business model/strategy risks.

During 2025, various training programmes were carried out in the area of non-financial risks, with special emphasis on specific training on Digital Transformation (AI), Information Security, ICT Risks and Climate and Environmental Risks, among others. In 2026, 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 relevant to banking activities, requiring their gradual integration into the Group's risk management model. In this context, in 2025, the implementation of the sustainability action plan continued, including the review of RAF indicators and limits, the updating of policies and strategic documents, and the strengthening of the incorporation of ESG considerations into internal processes. By 2026, the transition plan is expected to be completed, and the integration of ESG risks into the ICAAP, ILAAP, and disclosure processes is expected to be further deepened.

## **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 ILAAP, stress tests are conducted that consider adverse scenarios affecting the Group's liquidity, including scenarios involving an increase in collateral, a decrease in deposits, and a reduction in repo financing. These scenarios are assessed both individually and in combination. In addition to these tests, reverse stress tests are also conducted. The stress tests confirm an appropriate level of liquidity to meet the Group's obligations during periods of stress.

In line with the description in section 8.3, the Group conducts specific sensitivity exercises based on climate scenarios from the NGFS (Network for Greening the Financial System) as part of the ICAAP and ILAAP processes, with the aim of assessing resilience to the materialization of ESG risks, particularly transition risks and physical risks, and of identifying any vulnerabilities not captured in the general risk management framework. These exercises are conducted using methodologies consistent with the Group's internal frameworks and applicable prudential expectations and are used as tools for sensitivity analysis and resilience assessment, not as forecasts.

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 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. 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 the latest version of Notice 3/2020 of 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 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 implementing 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, 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 regarding 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 is 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 which includes responsibility for AML). 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 requires the prior assignment of a credit limit to the counterparty. The Credit Department is responsible for analyzing the case and preparing the corresponding credit

opinion, proposing a limit which must then be approved in accordance with the institution's established procedures.

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**

Market risk mitigation is addressed in two main areas: market risk in the trading portfolio and foreign exchange risk.

#### *Market risk in the trading portfolio:*

Although the trading portfolio is of minor importance, the Group has a policy to reduce market risk, based on various risk mitigation measures, in order to minimize its potential negative impact; in particular, this includes setting limits on aggregate exposure and holding periods.

#### *Foreign exchange risk:*

The foreign exchange position is monitored systematically, and the foreign exchange risk is regularly hedged if it approaches the limits set by the Board of Directors under the RAF, using appropriate instruments (e.g., spot contracts, forward contracts, swaps).

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

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

The risk of occurrence of unfavourable 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").

As part of the monitoring and management of 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, and the monitoring of fair value reserves, 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 in relation to the impacts on capital (EVE) and results (EaR) for CSRBB within the scope of the RAF, allows this risk to be timely managed, reducing its impact on the Group's risk profile.

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

### *Migration Risk in the Banking Book*

With regard to market risk in the banking book, mitigation of migration risk is ensured by monitoring the economic capital for migration risk in the banking book and tracking the corresponding limit within the RAF. Additionally, monitoring the distribution of the Group's exposures across credit rating bands enables timely management and mitigation of this risk, ensuring that its impact is in line with the Group's risk profile.

### **Liquidity and funding 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 primarily associated with potential negative impacts arising from the following risk categories: Business Model/Strategy Risk, Environmental, Social, and Governance (ESG) Risks, Internal Governance Risk, Operational Risk (including Model, ICT, and Security Risks), Compliance Risk, Money Laundering and Terrorist Financing Risk, and Reputational Risk. These risks are inherent to the Group's business operations.

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.

In the area of Information and Communication Technology (ICT) risks, the year was marked by the implementation, with the support of external consultants, of action plans aimed at achieving compliance with the Digital Operational Resilience Act ("DORA"), which represents a significant

change in the regulatory landscape for credit institutions. In this context, the Group aims for full alignment with regulatory requirements.

Non-financial risks are continuously monitored and controlled, with various mitigation measures being adopted in order to reduce their potential negative impact.

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 maintains an up-to-date database that records deficiencies, including compliance risks, 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, as an integral part of 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.

With regard to ESG risk, and in conjunction with the information provided in section 8.3, the Group implements mitigation measures under its Sustainability Policy and the procedures applicable to ESG investment analysis, including exclusion policies, assessment of ESG controversies, environmental due diligence in investment decisions, and ongoing regulatory monitoring. These measures are complemented by the monitoring of ESG metrics and indicators, the establishment of limits and tolerances within the RAF, the periodic review of applicable policies and procedures, and regular reporting to the relevant bodies.

## **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.

Considering the entry into office, on January 19, 2026, of the new corporate bodies, the table below identifies the number of positions held concurrently with the position of member of the management body of Banco Finantia as of 31 December 2025:

Membro do Conselho de Administração	Sociedades do Grupo	Sociedades fora do Grupo
Manuel Ramos de Sousa Sebastião	-	1
Sandra Paulino Guerreiro Matos Chaves	1	-
David Paulino Guerreiro	3	-
Ricardo da Mota Borges Caldeira	1	-
Duarte José Fiuza Meneses Correia de Sá	2	2
Carla Sofia Pereira Dias Rebelo	-	-
José Monteiro Fernandes Braz	-	4
Isabel Linhares Cotta	-	2
Maria Helena da Ascensão Pereira Loureiro Geraldo Vaqueirinho	-	-

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 "EBA 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 2025, 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	2 995	e)
3	Accumulated other comprehensive income (and other reserves)	318 706	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	7 352	g) Deducted from the dividend to be distributed
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>491 902</b>	

Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Ajustamentos de valor adicionais (valor negativo)	-1 784	
8	Ativos intangíveis (líquidos do passivo por impostos correspondente) (valor negativo)	-504	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)	-629	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>-2 917</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>488 985</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
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>		<b>0</b>

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
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>		<b>0</b>
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>		<b>0</b>
<b>45</b>	<b>Tier 1 capital (T1 = CET1 + AT1)</b>		<b>488 985</b>

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
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>		<b>0</b>

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	
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>0</b>	
<b>58</b>	<b>Tier 2 (T2) capital</b>	<b>0</b>	
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	<b>488 985</b>	
<b>60</b>	<b>Total Risk exposure amount</b>	<b>2 152 587</b>	

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	9,5%	
65	of which: capital conservation buffer requirement	2,5%	
66	of which: countercyclical capital buffer requirement	0,2%	
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	2,3%	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>7,0%</b>	

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)	0	
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)	11 656	

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	24 715	
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) 2024/3172 of 29 November 2024

The reconciliation of regulatory own funds to the balance sheet in the audited financial statements as at 31 December 2025 is presented as follows:

		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	79 168	
	2 Financial assets at fair value through profit or loss	17 571	
	3 Financial assets at fair value through other comprehensive income	1 699 864	
	4 Financial assets mandatorily at fair value through profit or loss	568	
	5 Financial assets at amortized cost	854 566	
	6 Hedging derivatives	50 936	
	7 Non-current assets held for sale	0	
	8 Investment properties	491	
	9 Other tangible assets	13 774	
	10 Intangible assets	504	h)
	11 Current tax assets	3 259	
	12 Deferred tax assets	3 181	
	of which: Deferred tax assets that depend on future profitability and do not arise from temporary differences	629	i)
	13 Other assets	12 309	
	14 Total Assets	2 736 191	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the published financial</b>			
	1 Financial liabilities held for trading	3 002	
	2 Financial liabilities at amortized cost	2 183 988	
	3 Hedging derivatives	12 327	
	4 Current tax liabilities	4 663	
	5 Deferred tax liabilities	5 166	
	6 Provisions	603	
	7 Other liabilities	12 483	
	8 Total liabilities	2 222 232	
<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	321 701	
	Other accumulated comprehensive income	14 310	d)
	Retained earnings	2 995	e)
	Other reserves	304 396	f)
	5 Net profit attributable to shareholders of the Bank	29 409	g)
	6 Total Shareholders' Equity attributable to shareholders of the Bank	513 959	

Model CC2 of Implementing Regulation (EU) 2024/3172 of 29 November 2024

(1) 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 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 several 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 risk (for which regulatory requirements are used), internal governance risk (mitigated through governance and internal control mechanisms, namely a robust governance framework with direct oversight by the Board of Directors, adequate segregation of duties, effective operation of the three lines of defence, and a mature system of policies, procedures, and controls) and ESG risk (which is cross-cutting by nature, manifesting itself through transmission channels across other risk categories, and subject to quantification and monitoring in the ICAAP without implying an autonomous allocation of economic capital).

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 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, 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 2026, the scenario used under the "ICAAP Report" for December 31, 2025 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 2026, corresponding to the largest widening of spreads seen in recent years, with a partial tightening of 30% during each of the years 2027 and 2028 and (ii) a notch down in credit ratings during 2026 and consecutive maintenance of ratings levels after the downgrade that occurred in 2026 during 2027 and 2028.

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 ECAIs 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 2025:

thousand euros

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2025	31-12-2024	31-12-2025
1	Credit risk (excluding CCR)	1 904 175	1 829 252	152 334
2	Of which the standardised approach	1 904 175	1 829 252	152 334
6	Counterparty credit risk - CCR	73 024	83 316	5 842
7	Of which the standardised approach	8 014	8 735	641
9	Of which other CCR	65 011	74 581	5 201
10	Credit valuation adjustments risk - CVA risk	4 218	11	337
EU 10b	Of which the basic approach (F-BA and R-BA)	4 218		337
20	Position, foreign exchange and commodities risks (Market risk)	16 686	21 431	1 335
EU 21a	Of which the Alternative standardised approach (A-SA)	16 686	21 431	1 335
24	Operational risk	154 484	100 012	12 359
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	29 141	53 335	2 331
<b>29</b>	<b>Total</b>	<b>2 152 587</b>	<b>2 034 023</b>	<b>172 207</b>

Template OV1 of Implementing Regulation (EU) 2024/3172 of 29 November 2024

## 5. Key metrics (article 447)

We present the referred indicators at December 31, 2025 and 2024:

		thousand euros, except %	
		31/12/2025	31/12/2024
<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital	488 985	462 616
2	Tier 1 capital	488 985	462 616
3	Total capital	488 985	462 616
<b>Risk-weighted exposure amounts</b>			
4	Total risk exposure amount	2 152 587	2 034 023
4a	Total risk exposure pre-floor	2 152 587	N/A
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	22,7%	22,7%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	N/A	N/A
6	Tier 1 ratio (%)	22,7%	22,7%
6b	Tier 1 ratio considering unfloored TREA (%)	N/A	N/A
7	Total capital ratio (%)	22,7%	22,7%
7b	Total capital ratio considering unfloored TREA (%)	N/A	N/A
<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 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4,0%	4,5%
EU 7e	of which: to be made up of CET1 capital (percentage points)	2,3%	2,5%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	3,0%	3,4%
EU 7g	Total SREP own funds requirements (%)	12,0%	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 (%)	0,2%	0,1%
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 (%)	2,7%	2,6%
EU 11a	Overall capital requirements (%)	14,7%	15,1%
12	CET1 available after meeting the total SREP own funds requirements (%)	7,0%	7,1%
<b>Leverage ratio</b>			
13	Total exposure measure	2 878 374	2 576 061
14	Leverage ratio (%)	17,0%	18,0%
<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 percentagem 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)	491 669	403 672
EU 16a	Cash outflows - Total weighted value	87 068	73 005
EU 16b	Cash inflows - Total weighted value	47 925	59 060
16	Total net cash outflows (adjusted value)	39 143	19 855
17	Liquidity coverage ratio (%)	1264,1%	2234,2%
<b>Net Stable Funding Ratio (NSFR)</b>			
18	Total available stable funding	2 082 469	1 808 846
19	Total required stable funding	1 717 152	1 474 811
20	NSFR ratio (%)	121,3%	122,6%

Template KM 1 of the Implementing Regulation (EU) 2024/3172 of 29 November 2024

## 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 25-34 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 2025 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, 2025.

The identified staff as having a significant impact on the risk profile included, at 31 December 2025: (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 2025 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 29, 2026, 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 2025 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:

thousand euros

		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	5	4	16	7
2		Total fixed remuneration	129	630	1 174	479
3		Of which: cash-based	129	550	1 174	479
4		(Not applicable in the EU)				
EU-4a		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	Variable remuneration	Number of identified staff	-	2	14	4
10		Total variable remuneration	-	60	166	38
11		Of which: cash-based	-	60	166	38
12		Of which: deferred	-	-	-	-
EU-13a		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)		129	690	1 340	518

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 2025, were, at a given moment, identified in the categories listed there, it should be noted that, with reference to the date of December 31, 2025, 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; 16 (sixteen)<sup>1</sup> 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 2025 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)”.

<sup>1</sup> He was considered the acting Treasury Department Manager until October 22, 2026, and his replacement from that date onwards.

There are no figures to be reported for the purposes of Article 450(1)(h)(iii) and (iv) of Regulation (EU) No 575/2013, since there was no deferral of remuneration in 2025. 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.

The table below reflects the remuneration of the administrative bodies as of December 31, 2025:

		thousand euros		
		Management body remuneration		
		MB Supervisory function	MB Management function	Total MB
1	<b>Total number of identified staff</b>			
2	<b>Of which: members of the MB</b>	5	4	9
3	<b>Of which: other senior management</b>			
4	<b>Of which: other identified staff</b>			
5	<b>Total remuneration of identified staff</b>	129	610	739
6	<b>Of which: variable remuneration</b>	0	60	60
7	<b>Of which: fixed remuneration</b>	129	550	679

Model REM5 of Implementing Regulation (EU) 2021/637 of 15 March 2021

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:

thousand euros			
no. of employees identified <sup>1</sup>	Fixed remuneration <sup>2</sup>	Variable remuneration <sup>3</sup>	Total Remuneration
32	2 412	264	2 676

**1** with reference a 31.12.2025.

**2** fixed remuneration earned in 2025.

**3** variable remuneration awarded with reference to 2025, to be paid in 2026.

## 7. Exposures to credit risk and dilution risk (article 442)

As of 31 December 2025, the credit quality of the forbore exposures is presented as follows:

thousand euros

	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	
	Performing forbore	Non-performing forbore		On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
005 Cash balances at central banks and other demand deposits	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
010 Loans and advances	0,00	0,44	0,44	0,44	0,00	-0,44	0,00	0,00
020 Central banks	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
030 General governments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
040 Credit institutions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
050 Other financial corporations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
060 Non-financial corporations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
070 Households	0,00	0,44	0,44	0,44	0,00	-0,44	0,00	0,00
080 Debt Securities	0,00	6 997,84	0,00	6 997,84	0,00	0,00	0,00	0,00
090 Loan commitments given	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
100 Total	0,00	6 998,28	0,44	6 998,28	0,00	-0,44	0,00	0,00

Model CQ1 of Implementing Regulation (EU) 2024/3172 of 29 November 2024

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

thousand euros

	Gross carrying amount/nominal amount										
	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
005 Cash balances at central banks and other demand deposits	79 139	79 139	0	0	0	0	0	0	0	0	0
010 Loans and advances	468 345	468 345	0	1	0	0	0	0	0	0	1
020 Central banks	0	0	0	0	0	0	0	0	0	0	0
030 General governments	67 220	67 220	0	0	0	0	0	0	0	0	0
040 Credit institutions	80 378	80 378	0	0	0	0	0	0	0	0	0
050 Other financial corporations	173 700	173 700	0	0	0	0	0	0	0	0	0
060 Non-financial corporations	147 046	147 046	0	0	0	0	0	0	0	0	0
070 Of which SMEs	0	0	0	0	0	0	0	0	0	0	0
080 Households	0	0	0	0	0	0	0	0	0	0	0
090 Debt securities	2 083 436	2 083 436	0	15 363	15 363	0	0	0	0	0	8 365
100 Central banks	0	0	0	0	0	0	0	0	0	0	0
110 General governments	513 254	513 254	0	0	0	0	0	0	0	0	0
120 Credit institutions	213 626	213 626	0	0	0	0	0	0	0	0	0
130 Other financial corporations	321 420	321 420	0	8 365	8 365	0	0	0	0	0	8 365
140 Non-financial corporations	1 035 137	1 035 137	0	6 998	6 998	0	0	0	0	0	0
150 Off-balance-sheet exposures	82 779		0								0
160 Central banks	28 200		0								0
170 General governments	0		0								0
180 Credit institutions	24 293		0								0
190 Other financial corporations	22 320		0								0
200 Non-financial corporations	7 967		0								0
210 Households			0								0
220 Total	2 713 699	2 630 920	0	15 364	15 363	0	0	0	0	0	8 366

Model CQ3 of Implementing Regulation (EU) 2024/3172 of 29 November 2024

The non-performing exposures (NPE) ratio as of December 31, 2025 is 0.6%.

As of 31 December 2025, performing and non-performing exposures and their respective provisions are presented in the following table:

thousand euros																
	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				
5	Cash balances at central banks and other demand deposits	79 139	79 139	0	0	0	-1	-1	0	0	0	0	0	0	0	0
10	Loans and advances	468 345	468 345	0	1	0	-1 090	-1 090	0	-1	0	-1	0	0	0	0
20	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	General governments	67 220	67 220	0	0	0	-146	-146	0	0	0	0	0	0	0	0
40	Credit institutions	80 378	80 378	0	0	0	-51	-51	0	0	0	0	0	0	0	0
50	Other financial corporations	173 700	173 700	0	0	0	-517	-517	0	0	0	0	0	0	0	0
60	Non-financial corporations	147 046	147 046	0	0	0	-377	-377	0	0	0	0	0	0	0	0
70	Of which SMEs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
80	Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90	Debt securities	2 083 436	2 074 436	9 001	15 363	0	8 365	-6 865	-5 655	-1 210	-4 759	0	-4 759	0	0	0
100	Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
110	General governments	513 254	513 254	0	0	0	-472	-472	0	0	0	0	0	0	0	0
120	Credit institutions	213 626	213 626	0	0	0	-265	-265	0	0	0	0	0	0	0	0
130	Other financial corporations	321 420	319 812	1 607	8 365	0	8 365	-1 397	-1 296	-101	-4 759	0	-4 759	0	0	0
140	Non-financial corporations	1 035 137	1 027 743	7 393	6 998	0	-4 730	-3 622	-1 108	0	0	0	0	0	0	0
150	Off-balance-sheet exposures	82 779	82 779	0	0	0	-14	-14	0	0	0	0	0	0	0	0
160	Central banks	28 200	28 200	0	0	0	0	0	0	0	0	0	0	0	0	0
170	General governments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
180	Credit institutions	24 293	24 293	0	0	0	-6	-6	0	0	0	0	0	0	0	0
190	Other financial corporations	22 320	22 320	0	0	0	-5	-5	0	0	0	0	0	0	0	0
200	Non-financial corporations	7 987	7 987	0	0	0	-3	-3	0	0	0	0	0	0	0	0
210	Households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
220	<b>Total</b>	<b>2 713 699</b>	<b>2 704 698</b>	<b>9 001</b>	<b>15 364</b>	<b>0</b>	<b>8 366</b>	<b>-7 970</b>	<b>-6 760</b>	<b>-1 210</b>	<b>-4 760</b>	<b>0</b>	<b>-4 760</b>	<b>0</b>	<b>0</b>	<b>0</b>

Model CR1 of Implementing Regulation (EU) 2024/3172 of 29 November 2024

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

## 8. Environmental, social and governance risks (article 449-A)

This section supplements the information disclosed in sections 2.3, [NB10.1] [DB10.2], and 2.6 regarding risk management policies and describes, from a qualitative perspective, how environmental, social, and governance risks are considered in the Bank's business model, internal governance, risk appetite, and processes for identifying, assessing, monitoring, controlling, and mitigating risks.

Climate and environmental risks, as well as social and governance factors, are becoming increasingly important in the prudential framework applicable to credit institutions, given their potential impact on business models, risk profiles, and financial resilience.

In this context, the regulatory framework governing sustainability in the financial sector has been steadily expanding.

Key relevant frameworks in this area include, in particular, the prudential framework set forth in Article 449a of the CRR, Implementing Regulation (EU) 2024/3172, the European Central Bank's Guide on climate- and environment-related risks and the EBA Guidelines on ESG risk management (EBA/GL/2025/01), as well as the applicable supervisory guidelines and expectations of the Bank of Portugal.

Notable developments during the period include the formalization of investment analysis procedures incorporating ESG criteria, the monitoring of the carbon footprint of corporate and sovereign portfolios using methodologies aligned with the PCAF (Partnership for Carbon

Accounting Financials) standard, and the establishment of internal targets for decarbonization and sustainable investment.

This also includes assessing the financial materiality of ESG risks and conducting sensitivity analyses based on scenarios from the NGFS (Network for Greening the Financial System) for the main categories of financial risk deemed relevant.

## 8.1 Strategy and Business Model

Banco Finantia operates primarily in the areas of investment banking and private banking, with a portfolio focused on fixed-income instruments—both corporate and sovereign—and financial advisory services. Given that its business model is based primarily on investment in capital markets, rather than traditional direct financing, the Bank has a specific ESG risk exposure profile.

In this context, the integration of ESG factors into investment analysis and decision-making, as well as into the identification, assessment, and monitoring of ESG risks, is ensured in a manner commensurate with the nature, scale, and complexity of the activities carried out.

The Bank has a set of policies and procedures that integrate sustainability considerations into its business model, strategy, ESG risk management, and internal culture. In this context, the Sustainability Policy serves as the central guiding document, setting out general principles and guidelines in this area. The Policy is approved by the Board of Directors and is subject to periodic review.

The Sustainability Policy sets forth the general principles that guide the Bank's operations, with a view to mitigating adverse impacts and giving due consideration to opportunities related to sustainability.

These principles include the progressive integration of sustainability into strategy, culture, and decision-making processes; compliance with the applicable legal and regulatory framework; the incorporation of ESG risks and opportunities into management and control frameworks; reducing the environmental impact of operations, promoting sustainable investment, valuing employees, communicating transparently with stakeholders, and strengthening a culture of corporate responsibility aligned with the Bank's Code of Conduct.

With regard to the integration of ESG risks into the business model, the Policy establishes the framework for incorporating ESG factors into investment decision-making and portfolio monitoring processes, referring to the relevant internal policies and procedures in this regard. In particular, the Bank's Investment Policy, in conjunction with the investment analysis procedure, the exclusion procedure, and the controversy analysis and management procedure, implements the integration of ESG criteria into investment activities.

In addition, the Sustainability Policy provides for the consideration of sustainability factors in compensation policies, in the policy for selecting and assessing suitability, and in the policy regarding the integration of sustainability risks into the financial services provided to clients.

In the area of disclosure, the Sustainability Policy governs ESG transparency commitments, including compliance with applicable requirements, consideration of financial materiality assessments in the ICAAP, and disclosure of exposure to ESG risks in this Market Discipline Report.

ESG risks are being progressively integrated into the Bank's risk appetite through specific indicators and their incorporation into the RAF. In this context, the Risk Inventory and the Risk Management Policy have been revised to accommodate ESG risks. The Risk Department Manual includes transition risks, physical risks arising from climate change, and the risk of greenwashing as underlying risk factors. The Credit Manual provides for the consideration of ESG factors in the formal limit approval process, incorporating relevant ESG information into the credit proposal. Additionally, the Business Continuity Plan addresses physical risks and their potential impact on the Bank's operations and critical services.

The Bank has an ESG Investment Analysis Procedure, set forth in its Investment Policy, which establishes the operational framework for the investment analysis process, incorporating ESG criteria. This procedure is also based on specific exclusion and controversy analysis procedures. Taken together, it defines the criteria and mechanisms applicable both in the pre-investment phase (ex-ante) and in the subsequent monitoring of the portfolio (ex-post), distinguishing between corporate and sovereign issuers.

The exclusion analysis determines whether the issuer or the security is associated with sectors or activities that are excluded based on ESG criteria. For corporate issuers, exclusions cover sectors such as gambling, pornography, controversial weapons, and thermal coal, through the application of quantitative criteria—based on Bloomberg data—and qualitative criteria, including verification of human rights violations or inclusion on exclusion lists. In the case of sovereign debt, the exclusion criterion is based on the United Nations Human Development Index, restricting investment in countries with human development levels below the “medium” category, except for duly justified exceptions.

The controversy analysis assesses corporate issuers' exposure to environmental, social, or governance events that could have a financial or reputational impact. The analysis combines a qualitative component, based on public sources, with a quantitative component based on Bloomberg's ESG Score, used as an indicator of the issuer's aggregate exposure to ESG controversies. Controversies are classified by severity levels. Less severe situations, understood as isolated events with no material impact, do not influence the investment decision. More severe situations warrant an in-depth analysis and escalation to the Executive Committee to determine the measures to be taken. Sovereign debt falls outside the scope of this procedure and is assessed through the analysis of exclusions.

In addition to exclusion and controversy analyses, the ex-ante phase involves a structured process for gathering financial and non-financial information on each issuer or instrument. This process aims to assess the potential impact of the investment on the portfolio's ESG risk profile and its alignment with the Bank's strategic objectives and risk appetite.

At the same time, the collection of data in advance ensures continuous monitoring of the portfolio's aggregate ESG exposure and the availability of the information needed to comply with regulatory reporting requirements and to produce internal tracking metrics. For corporate issuers, data collected includes, among other elements, the Bloomberg ESG Score, exposure to sectors vulnerable to climate transition risks, exposure to sustainable debt instruments, and greenhouse gas emissions data. For sovereign issuers, the Government Climate Score, the World Bank Governance Indicator, and GHG emissions data associated with the public debt portfolio are used.

Once the investment has been made, the procedure establishes mechanisms for the ongoing ex-post monitoring of the portfolio. In this context, measures are defined to ensure compliance with the sustainability criteria applicable to the assets in the portfolio.

Ex-ante analysis and ex-post monitoring tasks are carried out by the Corporate and Investment Banking Department, in coordination with the Credit and Risk Departments, with the results and relevant events being submitted to the Executive Committee. These monitoring mechanisms maintain a framework based on exclusions, controversies, and ESG risk management, depending on the type of issuer and at the aggregate portfolio level.

As part of the monitoring of exclusions, the procedure establishes, for corporate issuers, an annual review of the portfolio's exposure to the defined exclusion criteria, based on quantitative data from Bloomberg and qualitative analysis supported by public sources, in order to confirm that eligibility conditions continue to be met. For sovereign issuers, an annual review of exposure to the exclusion criteria by country is also conducted, verifying compliance with the threshold defined for the Human Development Index and the applicable exceptions.

The monitoring of controversies applies exclusively to corporate issuers and is structured into three levels of review, each with different frequencies. On a weekly basis, relevant news and events are monitored to detect new controversies in a timely manner. Every six months, changes in the ESG Score of issuers in the portfolio are analyzed as an indicator of deterioration in their ESG profile. Finally, on an annual basis, each issuer's controversy profile is updated, combining changes in the ESG Score with a qualitative review of public sources. In cases where there is no ESG Score coverage, the review is based exclusively on the qualitative monitoring conducted throughout the period.

With regard to ESG risk management at the aggregate portfolio level, the Risk Department periodically updates a set of metrics aligned with the risk appetite and strategic objectives approved by the Board of Directors. Monitoring is structured around four key metrics:

- **Average ESG rating of the portfolio:** On a quarterly basis, the ESG rating of each issuer is updated, and we verify that the portfolio's weighted average ESG rating remains above the defined minimum thresholds.
- **Sector concentration:** On a quarterly basis, the portfolio's exposure to sectors vulnerable to climate transition risks is monitored, and its compatibility with the Bank's risk appetite is verified.
- **Investment in sustainable instruments:** On a quarterly basis, we verify that the weight of sustainable debt instruments in the total investment portfolio remains above the defined minimum target.
- **Decarbonization trajectory:** on an annual basis, the evolution of emissions from the corporate and sovereign debt portfolios is compared with the trajectory necessary to meet the targets approved by the Board of Directors for 2030.

In the event of any deviation from the established limits, tolerances, or targets, the CIB and Risk Departments submit an analysis to the Executive Committee to assess the severity of the issue and determine the necessary corrective measures.

The Bank has operational metrics for monitoring ESG risk integrated into the RAF for portfolio management purposes. Among the metrics associated with the investment portfolio, the percentage of assets not vulnerable to climate transition risks and the percentage of investment in sustainable instruments are formally integrated as key risk indicators in the RAF, subject to the risk appetite limits and tolerances approved by the Board of Directors.

The key ESG risk indicators integrated into the RAF are included in the corresponding monitoring dashboard, which is updated on a regular basis and included in the Finance and Risk Report, submitted to the Executive Committee, the Board of Directors, and the Audit Committee for review and monitoring, in line with the Bank's overall risk reporting framework. In the event of non-compliance with the defined limits or tolerances, the escalation process provided for in the RAF is activated, with monitoring of the situation until it is restored to the approved levels.

## **8.2 Governance and Organization of ESG Risk Management**

The Bank's Sustainability Policy establishes a governance and internal control model that explicitly assigns ESG responsibilities to the organization's various bodies and functions. This model is integrated into the overall corporate governance structure and aligned with the Code of Conduct.

The Board of Directors is responsible for the overall oversight of the Bank's sustainability strategy. It is responsible for approving the Sustainability Policy and any revisions thereto, defining strategic ESG principles and objectives, approving the ESG risk appetite and applicable disclosure reports, and ensuring that ESG risks are taken into account in the strategy and business model.

The Executive Committee, acting on behalf of the Board of Directors, ensures the implementation of the ESG strategy, promotes the gradual integration of ESG risks into internal processes and decision-making, and ensures that employees with specific responsibilities in this area possess the necessary skills.

The Audit Committee oversees the provision of ESG information (preparation, consolidation, and reporting) within the internal control system and monitors compliance with the applicable regulatory framework regarding ESG.

The Nominating Committee, as part of its duties regarding suitability assessments, evaluates the adequacy of the ESG knowledge of members of the governing bodies, promoting appropriate training initiatives whenever necessary.

The Risk Management Function, supported by the Risk Department, coordinates matters related to sustainability and the management of ESG risks—particularly climate and environmental risks—ensuring their gradual integration into the overall risk management framework, the RAF, the ICAAP, and the ILAAP, and reports periodically to the relevant bodies in accordance with the Bank's general governance and reporting model.

The Compliance Function ensures monitoring of the applicable regulatory framework regarding sustainability and verifies the compliance of the products and services offered by the Bank in this area.

ESG risk management is integrated into the internal control model based on the three lines of defense principle. The business units and support areas, as the first line of defence, are responsible for identifying and assessing ESG risks in their respective activities, collecting sustainability data and indicators, and implementing the defined plans.

The Risk and Compliance Departments, as the second line of defence, perform oversight and control functions with regard to ESG risks. The Internal Audit Function, as the third line of defence, ensures the independent review of the framework of policies, methodologies, and procedures related to sustainability.

### **8.3 Identification, assessment, and management of ESG risks**

The Bank has developed a structured methodology for assessing the financial materiality of ESG risks, in line with applicable supervisory expectations and EBA Guidelines EBA/GL/2025/01. The methodology is based on two main components: the identification and prioritization of relevant ESG risk factors, and the assessment of their potential impact on the Bank's risk profile through scenario analyses.

The analysis covers the banking book, including positions classified as “Hold to Collect” and “Hold to Collect and Sell,” encompassing exposures to corporate and sovereign issuers.

In addition, the analysis covers the Bank's own-use properties, taking into account their vulnerability to physical events and the potential impact on the Bank's operational continuity. The scope of the exercise also includes, in addition to climate risk, social and governance factors, in line with Guidelines EBA/GL/2025/01.

The methodology identifies the ESG risk factors relevant to the Bank's business model, classified in to four categories:

- **Transition risks:** Transition risk factors are identified in accordance with the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures), in line with industry best practices and applicable supervisory guidelines. These include regulatory and legal factors, such as increasing regulatory pressure on polluting activities or emissions reporting obligations, technological changes, shifts in consumer and investor market preferences, and greenwashing risks.
- **Physical risks:** To identify physical risks, the Bank uses the classification of climate hazards set forth in Appendix A.II of Delegated Regulation (EU) 2021/2139 as a reference, which serves as the starting point for assessing climate vulnerabilities and risks in accordance with the European Commission's guidelines. A distinction is made between acute risks associated with extreme weather events, such as floods, fires, or episodes of water stress, and chronic risks linked to gradual changes such as rising average temperatures, shifts in precipitation patterns, or sea-level rise.
- **Social risks:** their identification is consistent with the definitions of ESG risks set forth in CRR III and the EBA Guidelines on ESG risk management. They include factors related to the impact of inadequate labor practices, human rights violations, or deficiencies in consumer protection—including cybersecurity and data breach risks—on the financial capacity of counterparties and the Bank's operational stability.

- Governance risks: Their identification is also aligned with the definitions set forth in CRR III and the EBA guidelines on ESG risk management. These risks are associated with weaknesses in corporate governance, both within the institution itself and among its counterparties. Risks considered include those related to corruption, conflicts of interest, lack of accounting transparency, or exposure to sectors and countries with controversial practices, which can impair credit quality and generate reputational and operational risks.

The Bank uses internal and external data to measure the portfolio's exposure to ESG risks. These metrics are incorporated into a monitoring framework that enables the identification, assessment, monitoring, control, and mitigation of the portfolio's exposure to ESG risk factors, in alignment with the Sustainability Policy, Risk Appetite, and ESG Investment Analysis Procedure. The metrics are included in regular internal financial and risk reporting, in conjunction with the general reporting framework established for other risk categories.

Among the key performance metrics used, the following stand out:

- Portfolio ESG ratings: tracking of the portfolio's weighted average ESG rating, calculated separately by issuer type. For corporate and financial issuers, the Bloomberg ESG Score is used. For sovereign issuers, two public indicators are used: the Bloomberg Government Climate Score, which measures countries' climate performance, and the World Bank Governance Indicators Percentile, which assesses governance dimensions such as institutional effectiveness, regulatory quality, and the rule of law. The percentage of investment in instruments without ESG rating coverage is also measured.
- Sectoral concentration: monitoring the corporate portfolio's exposure to sectors vulnerable to climate transition risks, in accordance with the ECB's classification based on Delegated Regulation (EU) 2020/1818.
- Sustainable debt instruments: monitoring the share of sustainable debt instruments in the total investment portfolio, in line with the minimum strategic target set by the Bank.
- Carbon footprint and financed emissions: monitoring of absolute emissions attributable to the portfolio (carbon emissions) and the carbon footprint, expressed in tons of CO<sub>2</sub> equivalent per million euros invested and calculated separately for the corporate portfolio and the sovereign portfolio. Emissions data comes from recognized public sources (EDGAR, ASCOR) and specialized providers, following PCAF (Partnership for Carbon Accounting Financials) methodologies and TCFD recommendations.
- Decarbonization trajectory: annual monitoring of the evolution of weighted emissions from the corporate and sovereign portfolios against the decarbonization targets approved by the Board of Directors for 2030.

Two of these metrics are formally incorporated into the RAF as key risk indicators: concentration in sectors not vulnerable to climate transition risks and the percentage of investments in sustainable debt instruments, both of which are subject to limits and tolerances approved by the Board of Directors. The remaining metrics support the monitoring and management of ESG risks, both in the context of strategic objectives and in the assessment of the portfolio's ESG exposure and profile.

As part of its materiality assessment methodology, the Bank identifies the transmission channels through which each ESG risk factor can materialize into traditional financial risks.

Transition and physical risks primarily affect credit risk and market risk and may also have an impact on liquidity risk and operational risk. Social and governance risks are transmitted mainly through controversies involving counterparties, impacting credit and market risk, and through the Bank's own reputational and operational risk.

The materiality analysis of ESG risks is conducted for three time horizons: the short term (through 2026), aligned with the relevant prudential horizon; medium term (through 2030), in line with the goals of the Paris Agreement and the Sustainable Development Goals; and long term (through 2050), consistent with the European Union's carbon neutrality trajectory.

In addition, climate scenarios from the NGFS (Network for Greening the Financial System) are used as a reference for the analysis: High Way to Paris (orderly transition), Sudden Wake-up Call (disorderly transition), and Disaster and Policy Stagnation (Hot House World).

In the materiality assessment, the Bank assigns greater relative weight to the disorderly transition scenario, followed by the orderly transition scenario as the target scenario, and the Hot House World scenario as the least likely but most severe in terms of physical risks.

The financial materiality of each correspondence between an ESG risk factor and a financial risk category is determined as the product of two main components: the magnitude of the impact and the probability of that impact occurring, both assessed on a four-level qualitative scale.

The assessment of the magnitude of the impact reflects the potential economic impact on solvency, liquidity or profitability should the risk factor materialise, assessed on a scale ranging from low, moderate, high to extreme.

The probability of occurrence reflects the likelihood that the risk factor will materialise and impact the Bank, depending on the specific characteristics of the portfolio, such as sector concentration, the maturity and type of assets, or the geographical location of owner-occupied properties.

The ESG metrics described above provide a quantitative basis for calibrating this probability, meaning that a more favourable ESG profile of the portfolio tends to result in a lower probability of impact. This dimension is assessed on a scale of unlikely, unlikely, likely and very likely.

In addition, for credit risk, a combined sector- and portfolio-exposure approach is adopted, breaking down the impacts and probabilities according to sectoral sensitivity to the identified ESG risk factors.

The product of these two dimensions determines short-term materiality; this result is a numerical value classified into three levels of materiality — low, medium and high — for all ESG risk factors and time horizons. For the assessment of medium- and long-term horizons, materiality is adjusted by applying the risk trend, which can be assessed as increasing, stable or decreasing. This trend reflects how the probability of materialisation of each factor evolves over each time horizon.

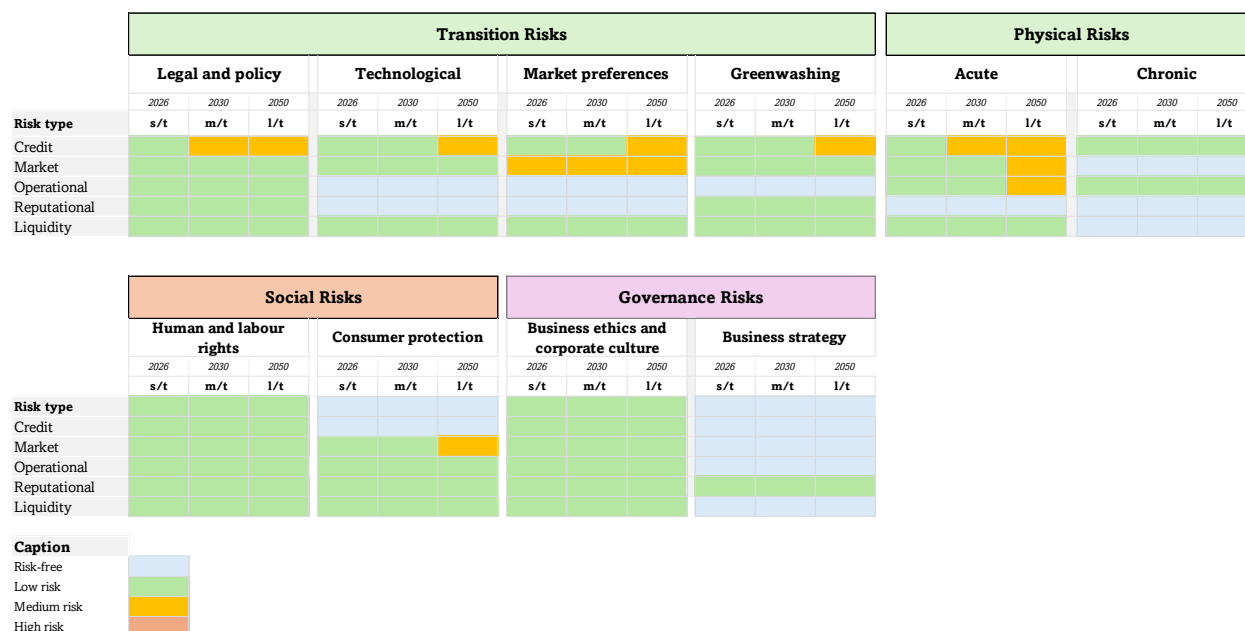
For environmental factors, the trend is determined through expert judgement applied to the narrative and assumptions of each NGFS scenario. In this way, the probability of each factor occurring is adjusted according to the climate trajectory under consideration.

For social and governance factors, the trend reflects the best available understanding of how each issue is evolving at any given time.

The results of the materiality assessment are presented in an overall materiality matrix, shown below, which classifies the vulnerability of each financial risk in relation to each ESG risk category

into four levels: no risk, low risk, medium risk and high risk. The ‘no risk’ rating applies to instances where, based on the methodology adopted, no material transmission channel was identified between the ESG risk factor and the financial risk category analysed.

Figure 1 — Overall results of the ESG risk materiality analysis



**Credit risk:** credit risk represents the most significant material exposures for the financial year. In the medium and long term, the key risks include regulatory and legal transition risks; and, in the long term, technological changes, market preferences and the risk of greenwashing. Furthermore, acute physical events are material in the medium and long term, given their potential impact on issuers’ ability to pay.

Given the Bank’s business model, there are mitigating mechanisms that limit long-term exposure to more vulnerable sectors. These include the portfolio’s short average maturity, the high liquidity of the instruments, geographical and sectoral diversification, and the decarbonisation and sustainable debt strategy.

**Market risk:** material exposures are concentrated in transition factors linked to changes in market preferences and acute physical risks over the long term, due to their potential to cause abrupt impacts on credit spreads and episodes of volatility.

**Financial risks of less significant materiality:** liquidity risk, operational risk and reputational risk are generally of lesser materiality over the time horizons analysed. However, an exception is identified regarding operational risk in the long term in the face of acute physical risks, due to the potential impact on the Bank’s own assets and business continuity. These aspects remain under review, given their cross-cutting nature and relevance to the Bank’s business model.

**Social and governance risks:** the results of the assessment generally point to lower materiality. The exclusion criteria set out in the Bank’s investment strategy and the controversy screening processes applied to investments support this conclusion for factors relating to human rights, labour practices and business ethics. An exception was nevertheless identified regarding long-

term consumer protection, against a backdrop of increasing digitalisation and rising technological and cyberattack risks with the potential to affect customers and service delivery.

In line with the findings of the materiality matrix, the Bank conducts sensitivity analyses under different climate scenarios to quantify the potential impact of ESG risks on the key categories of financial risk identified as material, thereby assessing its resilience in the event of tail risk events materialising.

These exercises are used as tools for sensitivity analysis and resilience assessment and do not constitute forecasts. To this end, the NGFS scenarios referred to above are used, applied using methodologies consistent with the Bank's internal frameworks, namely ICAAP and ILAAP, and with the applicable prudential expectations.

The exercises focus on credit risk and market risk, as these are the categories showing the greatest materiality. In addition, a sensitivity analysis is carried out for liquidity risk, based on the principles of prudence and proportionality, given its relevance to the Bank's business model.

The credit risk exercise quantifies the climate impact by adjusting internal probabilities of default (PDs), applying incremental factors derived from NGFS scenarios at the level of individual exposures, with mappings by sector and geography. The adjusted PDs are integrated into the Bank's internal economic capital model under a constant balance sheet assumption, recalculating capital requirements by scenario and time horizon.

For sustainable debt instruments and sovereign issuers with low country risk (OECD Tier 1), no climate adjustment is applied, and a conservative neutrality criterion is adopted.

The results obtained show a modest increase in the capital requirement in the scenarios analysed, without, within the scope of the assumptions considered, compromising the Bank's solvency position or exceeding the relevant thresholds considered in the ICAAP.

The market risk exercise is carried out using the same methodology and calculation engine as those used by the Bank in its internal stress tests, replacing the standard shocks with NGFS scenario trajectories, applied at instrument level, with sector and geographical mappings consistent with the credit risk exercise.

The impact is quantified by revaluing future cash flows, combining impacts on risk-free interest rates and credit spreads. In line with the credit risk exercise, sustainable debt is excluded.

Valuation under climate scenarios results in limited adverse changes in the value of positions; within the scope of the assumptions considered, this does not indicate any material vulnerability from a capital perspective. In particular, the most severe scenario in terms of valuation remains within the Bank's absorption margins and does not exceed the economic capital thresholds considered in the baseline scenario, which covers the projected capital requirements for the financial years 2026 to 2028.

The liquidity risk exercise is conducted using the same methodology and calculation engines as those employed in the ILAAP, replacing standard impacts with NGFS scenario trajectories. The application logic is consistent with the credit and market risk exercises: impacts on risk-free rates across the entire range of instruments, and impacts on credit spreads exclusively for unsustainable instruments.

In addition, the exercise incorporates a scenario of extraordinary deposit outflows, calibrated using expert judgement based on the sector's recent experience of ESG-related stress events.

The overall impact is assessed on the liquidity buffer, taking into account the liquidity classification of each asset (HQLA/non-HQLA) and its transmission to relevant operational components, such as repo collateral, risk-mitigating instruments, unencumbered assets and deposits.

The results of the exercise indicate that, even under the most adverse stress scenario considered, the liquidity buffer and the internal and regulatory metrics monitored under the ILAAP remain above the levels defined in the Bank's combined stress scenario; under the assumptions adopted, there is no depletion of the buffer or strains incompatible with risk appetite.

In summary, the approach adopted for ESG risks is aligned with the general risk management model described in sections 2.3, [NB11.1] [DB11.2] and 2.6, particularly with regard to the framework within the RAF, integration into the ICAAP and ILAAP processes, internal reporting mechanisms and the monitoring of mitigation measures. Without prejudice to the ongoing methodological strengthening and improvement of data quality, the Bank considers that the progressive integration of ESG risks remains consistent with its overall framework for governance, control and risk management.

## **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.