

**Policy for the Selection and Assessment of
Suitability of Members of the Management and
Supervisory Bodies and Key Function Holders**

This is an unofficial translation of the Policy for the Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version of the Policy for the Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders, the Portuguese version shall prevail.

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1 Introduction

This document defines the Selection and Assessment Policy for the Suitability of Members of the Management Body, the Supervisory Body and Key Function Holders (hereinafter, the "Policy") of Banco Finantia, S.A. (hereinafter the "Company" or "Bank"), including: (i) the scope of application and body responsible; (ii) the required suitability requirements, the rules on prevention, communication and resolution of conflicts of interest and the professional training to be made available; and (iii) procedures for identifying staff with a significant impact on the Bank's risk profile

2 Scope of application and Body responsible for suitability assessment

2.1 Scope of Application

For the purpose of the proportionality principle referred to in Article 30, number 5 of the Legal Framework of Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*, hereinafter referred as "RGICSF"), this Policy takes into account the nature, size and complexity of the Bank's activity, and defines the procedures of selection and assessment procedures the Bank follows for identifying, assessing and reassessing the individual suitability, as well as the collective assessment regarding:

- i members of the management body and the supervisory body;
- ii staff responsible for the internal control functions as set forth in Bank of Portugal Notice No. 3/2020;
- iii staff whose total remuneration places them in the same salary range as members of the management and supervisory bodies, provided that their professional activities have a material impact on the Bank's risk profile;
- iv staff who meet the qualitative or quantitative criteria set out in Articles 3 and 4 of Commission Delegated Regulation EU 604/2014 of March 4, 2014 (hereinafter referred to as "Regulation");
- v managers of Branches established abroad.

In application of the criteria established in (ii) to (iv) above, the following relevant staff members are identified:

- a Responsible for the Risk Management Function;
- b Responsible for the Internal Audit Function;
- c Responsible for the Compliance Function;
- d Responsible for Accounting, Consolidation and Financial Information Department; and
- e Responsible for the Treasury Department.

For the purposes of this document, the persons exercising the functions indicated in items (ii) to (v) above shall be collectively referred to and considered as Key Function Holders. This Policy shall also apply to any other persons as identified by the Bank or as defined by the Bank of Portugal as Key Function Holders.

This Policy applies also to the adequacy assessment of members of the governing bodies and staff identified as key function holders of Banco Finantia's subsidiaries, regardless where they are

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located, with the necessary adaptations arising, namely from the activity developed and the nature of the functions, as well as to the extent necessary to comply with specific requirements, procedures or formalities set forth by applicable local legislation.

Responsible Corporate Body

The Bank's Supervisory Body (hereinafter referred to as the "Evaluation Committee") is responsible for ensuring the application of this Policy, for assessing the suitability of the persons and bodies concerned and for identifying staff as Key Function Holders.

3 Selection and Assessment Procedures

3.1 Selection and Assessment Procedures

The appointment and selection of members for the management and supervisory body is the responsibility of the Shareholders.

The appropriate succession of the members of the management and supervisory body must maintain a sufficient level of collective knowledge and experience. The rules regarding the indication of the persons and the applicable minimum requirements, at individual and collective level, for the Management Body and Supervisory Body, for the positions of key function holders or be appointed as managers of branches established abroad, are established for in the Succession Plan.

Vacancies occurring in the Board of Directors during a term of office may be filled by co-optation, in accordance with the Company's Articles of Association, by such person appointed for that purpose by the members of the Board of Directors. Shareholders must ratify the co-optation on the first General Meeting convened after such co-option.

The decision to replace any staff responsible for internal control functions must be taken by the Board of Directors and (i) the reasons for the replacement must be duly documented; (ii) the requires a binding prior opinion from the supervisory body; and (iii) must be accompanied by a substitution adequacy assessment report, pursuant to the provisions of article 30-A of the RGICSF.

Immediate communication of the decision of substitution to the competent supervisory authority, together with the reasons for the decision taken is necessary.

The Board of Directors is responsible to appoint staff as Key Function Holders, further to indication from the Human Resources Department.

The suitability to perform their respective functions of members of the management and supervisory bodies and of the Key Function Holders shall be subject to prior assessment by the Evaluation Committee and seeks to ensure that the members concerned meet the requirements of suitability, professional qualifications, independence and availability required and shall take into account the nature, size and complexity of the activity and the requirements and responsibilities associated with the specific tasks to be performed..

The assessment shall take into account the individual characteristics of the members of each body, as well as the safeguarding of the conditions under which these bodies function, in particular the diversity of qualifications and competences and the availability of all members of the management and supervisory bodies.

Members of the supervisory body shall be assessed by the other members and may not take part or participate in their own assessment.

Accordingly, the Evaluation Committee is required to receive the following documents, for purposes of appointing members to the management and supervisory bodies and of assessing their individual suitability:

- i A simple copy, of both sides, of the identification document;
- ii A written statement containing all the information considered relevant and necessary to assess their suitability as set forth in the template included in Schedule I to this Policy;
- iii An individual questionnaire to be sent to the Bank of Portugal, duly completed, or all the relevant and necessary information to assess suitability, as per template approved for such purpose by the Bank of Portugal;
- iv A valid and up-to-date criminal record certificate;

Within the scope of the assessment process of the members of the management or the distribution of relevant areas of responsibilities among the executive members of the Board, the Board of Directors or the Audit Committee may request, if it deems it necessary or convenient, that the Compliance Department executes an analysis, which may request the support of Risk Department, in order to identify situations that may potentially generate conflicts of interest, the existing mitigating controls and / or any additional mitigation mechanisms or cancellation of the risks identified.

The results of any such assessment/reassessment must be included in a report prepared by the Evaluation Committee ("Assessment Report"), which must be:

- a sent to the Chairman of the of the General Shareholder's Meeting for purposes of being made available to the shareholders as preparatory information for the General Shareholder's Meeting;
- b submitted for shareholder approval at the next General Shareholder's Meeting in the event members are co-opted to the management body;
- c sent to the Bank of Portugal together with the authorisation request, or, in the case of reassessment, made available to the Bank of Portugal upon request.

If the Assessment Report prepared by the Evaluation Committee considers that the individual does not meet the suitability requirements to perform the role, such individual may not be appointed.

As a minimum requirement, the Assessment Report prepared and presented by the Evaluation Committee must include an independent and justified analysis whether the eligible individual complies with suitability requirements as follows:

- i Suitability

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- ii Qualifications and Professional Experience;
- iii Independence;
- iv Availability;
- v Collective Assessment of the composition of the management body and the supervisory body.

3.2 Key Function Holders

Prior to their appointment, Key Function Holders must submit to the Evaluation Committee a written statement as set forth in Schedule I, adapted as necessary, which must include all relevant and necessary information to assess their suitability to exercise the functions which they are proposed to be appointed, whereas the above provisions shall apply, to the extent applicable.

The results of the assessment of Key Function Holders must be included in an Assessment Report, which may be in the form of minutes and which must be made available upon request to the Bank of Portugal in accordance with the law.

3.3 Reassessment Procedure

Individual assessment of members of the management and supervisory bodies and of the Key Function Holders, as well as the collective assessment of the relevant bodies, are performed throughout the term of the respective mandate whenever one or more supervening events occur and may reasonably give rise to a reassessment of suitability due to lack of compliance with any of the suitability requirements.

In any event, the individual and collective suitability of the management and supervisory bodies will be subject to reassessment in the case of a new term of office, even in case of reappointment and in the case of Key Function Holders every three years.

Any facts concerning the appointment of members of the Management Body and of the Supervisory Body and of Key Function Holders that may change the content of the information contained in the individual Questionnaire sent to the Bank of Portugal or which changes or may change - according to a reasonable judgement - the assessment of their individual suitability, experience, competence and knowledge, availability or suitability for their assigned duties, must be communicated to the Chairman of the Supervisory Body and to the Company.

For the purposes of this Policy, both facts occurring after the appointment and those occurring previously which knowledge thereof is only after such appointment are considered supervening.

In case the Evaluation Committee reached the conclusion in the Reassessment Report that the reassessed person or the body as a whole does not meet one or more of the required adequacy requirements, it shall, whenever possible, adopt the following measures, which may include, in particular:

- a adjustments of responsibilities between members of the management and supervisory bodies or of the Key Function Holders;
- b replacement of members of the management and supervisory bodies or of any Key Function Holder;

- c suspension of the duties of certain members of the management and supervisory bodies or of Key Function Holders;
- d professional training, both at the individual level and at the level of the body, to ensure that the collective professional qualification of the body is sufficient.

4 Suitability Requirements

The Evaluation Committee as the body responsible for assessing the suitability of the members of the management and supervisory board and the Key Function Holders must take into consideration the nature, size and complexity of the activities performed by the Company as well as the requirements and responsibilities of the specific function to be performed by the person under assessment.

4.1 Management and Supervisory Bodies

4.1.1 Individual suitability requirements

Suitability: The assessment of suitability will be performed in accordance with objective criteria using as much information as possible on the past professional functions of the member being assessed and the most important aspects of their profile.

The assessment of suitability shall take into account the way in which a person usually manages its business, whether professional or personal, or exercises a profession, especially in relation to their ability to decide in a thoughtful and considerate manner.

In general, a member of a management or supervisory body if there are no reasoned doubts nor documentation suggesting otherwise.

Professional Qualification: members of management and supervisory bodies must have the experience and professional qualifications necessary to perform their functions, taking into account the responsibilities conferred on them, the complexity of the activity and the size of the Company and the need to ensure sound and prudent management.

The assessment of the individual's experience takes into account both the theoretical experience obtained through academic and training courses as well as the practical experience acquired in previous jobs.

In particular, the non-executive members of the Board of Directors and the members of the supervisory body must have the skills and qualifications that allow them to carry out a critical assessment of the decisions taken by the Board of Directors and effectively supervise the function of this body.

Independence: the independence requirement intends to prevent the risk of members of the management or supervisory bodies being subject to the undue influence of other individuals or entities and to ensure that the conditions exist to allow such person to perform their functions with impartiality.

Independence should be assessed using information provided by the individual, specifically the information contained in the questionnaire.

For purposes of assessing members of the supervisory body, a person is considered to be independent if they are not linked to any group with specific interests in the Company and are not in a position that might affect their ability to provide impartial analysis or make unbiased decisions, in accordance with paragraph 5, Article 414 of the Companies Commercial Code. The supervisory body must have a majority of independent members and the Chairman must be independent.

When assessing independence, account is taken to all relevant situations, whether current or occurring in the past five years, which may affect the independence of the person concerned.

The existence of a conflict of interest does not necessarily mean that the person assessed cannot be considered adequate for the exercise of the function, and the Evaluation Committee is responsible for deciding in the assessment whether the risk is significant and/or suggesting possible mechanisms for mitigating or cancelling such risk.

Availability: members of management and supervisory bodies must have the ability to commit sufficient time to perform the respective functions.

In order to assess this requirement, the Evaluation Committee must take into account the legal regulations on the accumulation of directorships and must address the circumstances of any specific situation, in consideration to the requirements of the role to be performed and the nature and complexity of the Company's activity. For the purpose of this analysis the accumulation of directorships, the executive and non-executive positions in the management or supervisory bodies of credit institutions or other entities that are included within the same consolidated supervision, or companies within the same group, or in which the Company has a qualifying holding shall be considered as a single directorship.

4.2 Key Function Holders

The individual assessment of the suitability of Key Function Holders shall take into consideration the requirements of suitability, professional qualification and independence established for members of management and supervisory bodies and, in the case of branch managers, in addition to the aforementioned requirements, also that of availability, in both cases with the necessary adaptations.

4.2.1 Collective suitability requirements

The management and supervisory bodies must be composed of members who can collectively ensure a sound and prudent management of the Company.

Within the framework of the individual assessment of members for the management and supervisory bodies, the Evaluation Committee must collectively assess the body as a whole in order to check that the body has sufficient professional qualifications and experience in important areas and that there is an appropriate level of independence and time commitment to comply with the legal and statutory functions of such body, as follows:

Collective knowledge and expertise: management and supervisory bodies must include members who, collectively, have sufficient practical experience in banking and finance, among other areas.

Availability: as a whole, management and supervisory bodies must include members who may commit sufficient time to perform the duties assigned. The time commitment requirement must also be assessed in collective terms.

Diversity: the Bank shall promote the diversity in the composition of its corporate bodies in terms of gender, professional expertise and age in order to improve the performance of the relevant body and to ensure a better balance. Within the scope of this Policy, and in particular with regard to gender diversity, and in order to increase the number of the underrepresented gender, the objective set is to have at least one member of the underrepresented gender in the Bank's corporate bodies.

In addition to the collective assessment of the qualifications and professional experience of management and supervisory bodies, the Evaluation Committee must analyse and complete the "Collective assessment template for establishing management and supervisory bodies" in accordance with the current model approved by the Bank of Portugal, which must be attached to the Assessment Report as an appendix.

In the event of a new mandate within a management or supervisory body, a new collective assessment template must always be sent to the Bank of Portugal, even if there is no change to the composition the body.

5 Rules on prevention, communication and resolution of conflicts of interest

The members of the Management and the Supervisory Body, as well as Key Function Holders, must avoid any situation that may give rise to conflicts of interest. Conflict of interest situations will have the treatment defined in the internal rules applicable to the Company, namely in the Code of Conduct, in its Conflicts of Interest Policy, and in the internal regulations of the management and supervisory body.

The members of the Management and Supervisory Bodies and Key Function Holders must previously communicate the exercise of any activity exercised outside Banco Finantia, in order to allow the verification of potential conflicts of interest or incompatibilities.

In the event that the members of the Management and the Supervisory Body and Key Function Holders do not comply with the Bank's internal regulations on the prevention and management of conflicts of interest, the specific situation will be notified by the Compliance Department to the Audit Board, in order to promote the necessary measures to remedy the situation of conflict of interests, the possible accountability resulting from the action taken, and the adoption of additional measures considered adequate to strengthen the prevailing prevention mechanisms.

6 Training

The Company shall make external or internal training available to members of management and supervisory bodies and Key Function Holders as deemed necessary or adequate for the performance of their functions.

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The Company will also provide internal, face-to-face or remote training (*e-learning*) related to mandatory subjects (money laundering, data protection etc.) as well as others subjects identified as necessary or useful for the exercise of the relevant functions.

The Company will also promote internal meetings of the members of the management and supervisory bodies with the responsible for the internal control functions and other departments as considered relevant in order to ensure knowledge of the organizational and functional structure of the institution.

7 Procedures for the identification of staff with a significant impact on the risk profile

The Human Resources Department must carry out a self-assessment every year, during the month of November, to identify staff whose functions may have a significant impact on the Bank's risk profile in accordance with the criteria set forth in the Regulation and under the terms of this Policy. To this end, the Bank may also use additional internally defined criteria.

- a The self-assessment should be duly documented through a written report to be submitted to the Evaluation Committee, containing:
- b Name of identified staff, responsibilities, functions and respective business area;
- c Identification of staff who are identified according to the quantitative criteria but who are excluded because they do not have a function that has a significant impact on the Bank's risk profile;
- d Justification of the evaluation and justification of exclusions, if applicable.

It is the responsibility of the Evaluation Committee to review the report submitted by the Department of Human Resources and to decide on the staff identified as Key Function Holders, according to the conclusions and rationale presented.

Minutes, shall be drawn from the meetings of the Evaluation Committee where the identification of the relevant staff shall be duly registered.

The Human Resources Department is responsible for preparing the nominal list of identified staff and keeping it updated.

8 Communications to Banco de Portugal

The individual and collective initial assessment reports must accompany the authorization request for the exercise of functions submitted to the competent supervisory authority, in case the relevant regulations require its submission. Individual reassessment reports must also be sent to the competent supervisory authority as soon as they are completed, in case the relevant regulations require its submission.

The Legal Department is responsible for:

- (i) all communications and notifications resulting from the assessment of the roles and functions subject to the evaluation procedure provided for in the RGICSF, pursuant to Notice n.º 3/2020, in Instruction n.º 23/2018 and in this Policy, which must be addressed to the competent supervisory authorities;

(ii) ensure that the universe of staff identifies as having a material impact on the institution's risk profile is reported to the competent supervisory authority under the terms and with the information provided for in Instruction n.º 18/2020 of the Bank of Portugal.

9 Approval and Publication

The Evaluation Committee shall review this Policy annually.

The Evaluation Committee shall submit to the approval of the General Assembly proposals to amend or update this Policy whenever deemed appropriate.

This Policy is subject to publication on the Company's website.

Schedule I

Statement

I [name of candidate], in my capacity as [member of (name of body)/key function holder] of Banco Finantia, S.A. ("Banco Finantia"), hereby state, under the terms and for the purpose of items 3 and 5 of Article 30-A of the RGICSF that I comply with all the suitability, independence, professional qualification and availability requirements needed to adequately perform the functions to which I am appointed and that, in said capacity, I shall contribute to the sound and prudent management of Banco Finantia.

There are no events or circumstances of a personal or professional nature that prevent me from performing the position in accordance with the required standards and I commit to immediately notify Banco Finantia of any supervening events.

Attached are the required elements for purposes of assessing verification of my suitability and to obtain authorisation to perform the relevant functions, including those required under the authorisation process with the Bank of Portugal.

[location], [date]

Signature

Appendices:

[Include identification of appendices]