

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

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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"), which, among other: (i) sets the scope of application and the body; (ii) identifies the suitability requirements, the rules on prevention, communication and resolution of conflicts of interest and the vocational training that may be made available, and (iii) procedures relating to identification of Key Function Holders.

2 Scope of Application and Body Responsible

2.1 Scope of Application

This Policy takes into account the nature, size and complexity of the activities performed by the Bank for the purpose of the principle of proportionality stipulated 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"), and defines the selection and assessment procedures the Bank must observe primarily to identification, assess the individual suitability as well as to perform the collective assessment of the management and supervisory body and applies to:

- i members of the management body and supervisory body;
- ii employees responsible for the internal control functions provided for in Notice 5/2008 of Bank of Portugal;
- iii employees whose total remuneration places them on the same pay scale as members of the management and supervisory bodies, provided their professional activities have a material impact on the Bank's risk profile;
- iv employees who meet the qualitative or quantitative criteria established in Articles 3 and 4 of Commission Delegated Regulation (EU) 604/2014 of 4 March 2014 (referred to below as "Delegated Regulation").

Through application of the criteria established in items (ii) to (iv) above, the following employees were identified as relevant (Key Function Holders):

- a Head of Risk Management Function;
- b Head of Internal Audit Function;
- c Head of Compliance Function;
- d Head of Accounts, Consolidation and Financial Information; and
- e Head of Financial Markets.

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

This Policy may also be applied to the suitability assessment of members of the corporate bodies and key function holders comply in respect of the Company's subsidiaries, regardless where they are located, with the necessary adaptations arising, inter alia, from the activity carried out and the nature of the duties to be performed, as well as to the extent necessary to comply with specific requirements, procedures or formalities set forth by applicable local legislation.

2.2 Body Responsible

The body responsible for ensuring application of this Policy, for assessment of the adequacy of the persons and bodies and question and for identifying employees as Key Function Holders is the Bank's Supervisory Body (referred to below in this capacity as "Evaluation Committee").

3 Selection and assessment procedures

3.1 Selection and assessment procedure

Members of the management and supervisory body shall be identified and selected by the Shareholders of the Company.

Suitable persons must replace members of the management and supervisory bodies and changes to the management and supervisory body must be planned with a view to maintaining a sufficient level of collective knowledge and experience.

Pursuant to the Company's Articles of Association, vacancies that arise in the management body during the course of a mandate may be occupied by means of co-option of an individual selected by the Board of Directors for this purpose. Said co-option shall be subject to ratification for the Shareholders at the first General Meeting convened after the co-option.

The Board of Directors shall select individuals considered as key function holders, further to the recommendation of the Human Resources Department.

The suitability of members of the management and supervisory bodies, and Key Function Holders, as regards their ability to perform their respective functions shall be subject to prior assessment by the Evaluation Committee. Adequacy and seeks to ensure that the members in question meet the necessary requirements of good standing, professional qualification, independence and availability, and will take into account the nature, scale, complexity of activity and the demands and responsibilities associated with the specific functions to be performed.

The assessment will taken into account the individual characteristics of the members of the bodies, and also whether the underlying conditions for the functioning of these bodies are met, namely diversity of qualifications and expertise and the availability of the members of the management and supervisory bodies as a group.

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

Accordingly, for purposes of appointing members to the management and supervisory bodies and to assess their individual suitability the following documents must be submitted to the Evaluation Committee:

- i An uncertified photocopy of both sides of the person's identity document;
- ii A written statement containing all the information considered relevant and necessary to assess 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;

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 Chair of the of the General Meeting for purposes of being made available to the shareholders as preparatory information for the General Meeting;
- b submitted for shareholder approval at the next General Meeting in the event members are co-opted to the management board;
- 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.

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
- ii Qualifications and Professional Experience;
- iii Independence;
- iv Time Commitment;
- v Collective Assessment of the composition of the management and supervisory board.

3.2 Key Function Holders

Key Function Holders are required to submit to the Assessment Board, prior to their appointment, all the documentation listed above, duly adapted, as well as all other information relevant to an assessment of their adequacy for the post for which their appointment is being proposed, the requirements set out above, duly adapted, applying.

The results of the assessment of Key Function Holders must be set out in an Assessment Report, which may take the form of minutes, and must be furnished to Bank of Portugal, whenever it so requests.

3.3 Reassessment Procedure

Individual assessments of members of the management and supervisory bodies and Key Function Holders, and collective assessments are performed throughout the term of the respective mandate if the Company becomes aware that one or more supervening events have occurred that may reasonable give rise to a reassessment of suitability due to lack of compliance with the suitability requirements. In any case, the individual and collective adequacy of the management and supervisory bodies shall be subject to reassessment in the event of a new term of office, even in the event of re-election, and Key Function Holders shall be reassessed every three years.

Any supervening facts coming to light subsequent to the appointment of the members of the Management Body and Supervisory Body and of the Key Function Holders which alter the content of the responses to the individual Questionnaire sent to Bank of Portugal, or which alter or may in future alter - in accordance with a reasonable assessment - the assessment of their individual fitness, good standing, experience, competence and expertise, availability or suitability to the functions assigned, must be communicated to the Chairman of the Supervisory Body and to the Company.

For the purposes of this Policy, supervening facts are deemed to be both those occurring after appointment and prior facts which only become known after such appointment.

If the Assessment Board concludes in its Reassessment Report that the person reassessed, or the body as a whole, does not meet one or more of the adequacy requirements, it shall take, whenever possible, one of the following measures in order to remedy the situation, which measures may include:

- > adjustments to responsibilities between the members of the management and supervisory bodies or Key Function Holders;
- > substitution of certain members of the management and supervisory bodies or Key Function Holders;
- > suspension from office of certain members of the management and supervisory bodies or Key Function Holders;
- > training, for the individual or the body as a whole, to ensure that the body's collective professional skills are 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 individual 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 regarding the professional background of the member being assessed and the most important aspects of their profile.

The assessment of good standing must take into account the manner in which the person habitually manages his or her professional and affairs, or exercises his or her profession, especially aspects which reveal his or her capacity to reach considered and careful decisions.

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 posts.

Independence: the independence requirement intends to prevent the risk of members of the management or supervisory bodies being subjected 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 the 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 Article 414, number 5, of the Commercial Companies Code ("*Código das Sociedades Comerciais*"). The supervisory body must have a majority of independent members and the Chair must be independent.

Time Commitment: 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.

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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, availability and independence established for members of management and supervisory bodies 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.

Time Commitment: 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 seek to promote diversity in the composition of its company bodies, in particular diversity of gender, professional expertise, and generation, in order to improve the body's performance, and to ensure a greater balance in its composition. With regard in particular to gender diversity, and in order to increase the number of the under-represented gender, this Policy establishes the objective of including no less than one member of the under-represented gender on 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

Conflicts of interest shall be dealt with in the terms defined in the Company's internal regulations, specifically, in the Policy on Conflicts of Interest and the internal regulations regarding the functioning of the management and supervisory body.

6 Vocation provided

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.

The Company will also provide internal training, including both face-to-face and remote training (e-learning), dealing with both obligatory topics (money laundering, data protection, etc.) and others which may be identified as necessary or useful for the exercise of their functions.

The Company will also promote internal meetings between members of the management and supervisory bodies and the heads of the control function and other sectors deemed relevant in order to ensure they are familiar with the institution's organisational and functional structure.

7 Procedures relating to identification of Key Function Holders

The Human Resources Department must conduct a self-assessment every three years in order to identify employees whose functions may have a significant impact on the Bank's risk profile, in accordance with the criteria established in the Delegated Regulation and with this Policy. For this purpose, the Bank may also use additional criteria defined internally.

The self-assessment must be duly documented by drawing up a report for submission to the Assessment Board, which shall indicate:

- > Name of employees identified, responsibilities, functions and business area to which they are assigned;
- > Identification of employees who may be identified in accordance with the quantitative criteria, but who are excluded because they do not have a function with a significant impact on the Bank's risk profile;
- > Grounds for assessment and grounds for exclusions, as applicable.

The Assessment Board is responsible for assessing the report submitted by the Human Resources Department and for deciding on the employees identified as Key Function Holders, in line with the findings and grounds presented.

Minutes are drawn up of the Assessment Board meeting, identifying the Bank's Key Function Holders at that date.

8 Publication

This Policy is published on the Company's website.

Schedule I - Statement

I [name of candidate], in my capacity as a member of [name of body] of Banco Finantia, S.A. ("Banco Finantia"), hereby state, under the terms and for the purpose of numbers 3 and 5 of Article 30-A of the Legal Framework of Credit Institutions and Financial Companies ("*Regime Geral das Instituições de Crédito e Sociedades Financeiras*"), that I comply with all the suitability, independence, professional qualification and availability requirements needed to correctly perform the function assigned to me 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 requirements established for it and I commit to immediately communicate to Banco Finantia any supervening events in connection with my appointment or authorisation that raise doubts about these statements.

Attached are the elements required to verify suitability through assessment in order to obtain authorisation to perform the functions at issue, including those required under the authorisation process with the Bank of Portugal.

[location], [date]

Signature

Appendices:

[Include identification of appendices]