

Policy on the prevention, reporting and resolution of conflicts of interest involving Related Parties

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1 Object

The Policy on the prevention, reporting and resolution of conflicts of interest involving Related Parties (hereinafter the “Policy”) aims to (i) safeguard the interests of the Banco Finantia Group in situations of potential conflict of interest; (ii) ensure that management decisions are not unjustifiably influenced by persons or entities with the capacity to influence, directly or indirectly, the management of the group or to benefit from specific acts of that management; and (iii) ensure that the financial statements transparently disclose business with Related Parties. Banco Finantia Group's Conflict of Interest Policy is set out in a separate document, and this special policy applies to related parties.

Banco Finantia will conduct businesses with Related Parties under market conditions, in full compliance with the internal control procedures in force at the institution, and shall promote compliance with this Policy by its branches and subsidiaries.

2 Applicable Legislation

This Policy has been drawn up in compliance with and based on the following provisions and legal instruments:

- > EBA/GL/2021/05, 2nd July 2021 - Guidelines on internal governance under Directive 2013/36/EU;
- > Regime Geral das Instituições de Crédito e Sociedades Financeiras, approved by Decreto-Lei 298/92 of 31 December (“RGICSF”) namely Articles 85 (“Credit to members of corporate bodies”), 86 (“Other operations”) and 109 (“Credit to holders of qualifying holdings”);
- > Bank of Portugal Aviso n.º 3/2020, of 29 June, specifically Article 33 (“Related Parties”).

3 Definitions

- a Banco Finantia:** comprises Banco Finantia, S.A. and its branch in Spain – Banco Finantia, S.A, Sucursal en España (hereinafter “Bank” or “Banco Finantia”).
- b Conflicts of Interest:** any situation that involves or may involve an overlapping of interests likely to compromise or prejudice the interests of Banco Finantia.
- c Controlled Entity:** companies controlled, directly or indirectly, by Banco Finantia, under the terms of Article 21 of the Portuguese Securities Code (“CVM”).
- d Banco Finantia Group:** Banco Finantia holds a full or majority stake in several companies, its subsidiaries, all of which together are hereinafter referred to as the “Group” or “Banco Finantia Group”.
- e Relevant Business:** any business or material act involving Related Parties, regardless of the legal form taken, with the exception of:
 - i Banking businesses that do not have the nature of credit businesses or do not result, directly or indirectly, individually or in together with other businesses or material acts that, together with them, from the point of view of time (3 months) or economics (operations with the same Related Party):

- > the constitution of a current or contingent obligation in the sphere of Banco Finantia or a Controlled Entity, with a value greater than or equal to €100,000 (one hundred thousand euros);¹
 - > the extinction of a legally protected right or interest, previously existing in the sphere of Banco Finantia or a Controlled Entity, with a value greater than or equal to €100,000 (one hundred thousand euros);
 - > in general, any form of allocation or encumbrance of the assets of Banco Finantia or a Controlled Entity, in an amount greater than or equal to €100,000 (one hundred thousand euros);
 - ii Business carried out with companies or other legal that are part of the consolidation perimeter, and therefore have no impact on the consolidated accounts;
 - iii Contracts for opening bank accounts (including demand deposits, term deposits and custody accounts), exclusive provision of intermediation services for receiving, transmitting and executing orders and purchasing standard insurance, in addition to other businesses that use standard contractual terms (without negotiation of specific terms), i.e. businesses in which the Related Parties take part in without any negotiation or adjustment and in which the Bank does not set a specific price or condition.
- f Members of the Governing Bodies:** the members of the management and supervisory bodies of Banco Finantia.
- g Related Parties:**
- i Natural or Legal Persons holding a Qualifying Holding in Banco Finantia and other persons or entities covered by the regime provided for in Article 109 of the RGICSF;
 - ii Natural persons who directly or indirectly control Banco Finantia;
 - iii Members of the management and supervisory bodies of Banco Finantia or of companies that directly or indirectly control the Bank;
 - iv Spouses, *de facto* partner, relative or kin to the first degree of the natural persons referred to in the previous paragraphs. In the Branch, spouses or persons related by direct or collateral bloodline, by consanguinity or affinity, up to the third degree;
 - v Legal person in which a member of the Bank's management or supervisory bodies or their spouse, *de facto* partner, relative or kin to the first degree holds a Qualifying Holding, or in which they exercise significant influence or hold senior management or supervisory positions;
 - vi Persons or entities, including, in particular, large depositors, large creditors, large debtors, entities in which the institution has a holding, whose relationship with the institution potentially allows them to influence its management in order to achieve a commercial relationship outside normal market conditions. For this purpose, the following are considered:
 - > **Large Depositors:** Individuals or corporate persons that hold a deposit contract with the Bank or Branch who, together with other entities with which they have a controlling

¹ The materiality threshold of €100,000 is established based on the impact on the Bank's balance sheet and/or activity (taking into account the Risks normally assumed by the Bank in capital market or credit operations).

or group relationship, hold an amount deposited that exceeds 10% of total deposits as at 31 december of the previous year;

- > **Large Creditors:** Individual or corporate persons who hold a loan granted to the Bank or to any entity with which it is in a control or group relationship and that, together with other entities with which they have a control or group relationship, have a group exposure exceeding 10% of total consolidated liabilities as at 31 december of the previous year;
 - > **Large Debtors:** Individuals or corporate persons that are beneficiaries of loans granted by the Bank or by any entity with which it has a controlling or group relationship, excluding eurozone sovereign issuers, which, together with other entities with which it has a controlling or group relationship, are beneficiaries of credit exceeding 10% of total consolidated assets as at 31 december of the previous year.
- vii Employees of the Bank or of another entity with which it has a controlling or group relationship who, by virtue of their duties, could potentially influence management to achieve a commercial relationship outside of market conditions. For the purposes of this Policy, this includes Employees identified by the institution as Key Function Holders (except when the relationship arises from an employment relationship).
- viii Companies that are in a control or group relationship with Banco Finantia and companies that are in a control or group relationship with them;
- h Typical Capital Market Businesses:** Purchases and sales of securities, commercial paper, repos, reverse repos, FX swaps and interest rate swaps carried out between counterparties or market professionals;
- i Most Relevant Related Party:** Related party that directly or indirectly controls the Bank, provided that it is not included in the consolidation perimeter;
- j Qualified Holding:** A direct or indirect holding representing 10% or more of the company's share capital or voting rights.
- k Application for Aggregate Prior Approval:** Document submitted to the management body with a view to applying the Simplified Procedure for Prior Aggregate Approval of business. The document identifies the entities and businesses covered, the specific conditions under which such businesses may be carried out, the terms of the approvals for carrying out such businesses and the terms of such approvals.
- l Simplified Aggregate Prior Approval Procedure:** A simplified procedure intended for the aggregate prior approval of less significant business or Typical Capital Market Businesses with the same related party.

4 Related Party Identification Procedure

- a** Banco Finantia shall identify its Related Parties in a list, to be updated quarterly. The list of Related Parties, including its updates, shall be approved by the management body and acknowledged by the supervisory body.
- b** The Legal Department is responsible for preparing, updating and maintaining the list of Related Parties by:

- > Ensuring that the Related Parties list includes, in accordance with the terms of Article 33(2) of Bank of Portugal Aviso n.º 3/2020, at least the following information: i) name or denomination of the Related Party; ii) tax identification number or corporate person number or equivalent; and iii) individual percentage of all direct and indirect holdings, when applicable;
 - > Include the aforementioned information in the Related Parties list and, at least quarterly: i) request, directly or through other areas of the Bank, that the identified Related Parties specify, confirm and/or update the information previously provided, as applicable; and ii) proceed with the corresponding insertion and updating of such elements in the Related Parties list;
 - > In case of doubt regarding the classification of a particular entity as a Related Party, consult the *Compliance* Department to verify whether or not it should be classified as such;
 - > Submit, when necessary, and at least quarterly, the updated Related Parties list to the supervisory body for review and to the management body for approval or notify them that there have been no changes to the list.
 - > After approval by the management body, store the Related Parties list in the folder G:\Partes Relacionadas, to be accessible by the Tax Department, the Risks Department, the *Compliance* Department and, at the Branch, the Technical Prevention Unit (TPU) and the Risks and Financial Control Departments.
 - > Without prejudice to quarterly updates and approval, the Related Parties list shall be updated whenever justified due to changes in any of the elements identified as a Related Parties, and the relevant areas and management bodies shall inform the Legal Department as soon as they become aware of such changes.
- c** The Related Parties list, concluded and updated as referred above, is made available by the Legal Department to the competent authorities whenever requested.

5 General Procedure for Approving Business with Related Parties

- a** If a not previously approved business between Banco Finantia or a Controlled Entity and a Related Party is being considered, those responsible for the business areas involved must immediately give prior notice of the proposed business with Related Parties.
- b** The Members of the Governing Bodies must cooperate in complying with this Policy, namely in providing information on Relevant Business.
- c** A prior notification shall be addressed to the management body, the supervisory body, the Risks Department and the *Compliance* Department, and shall include at least the main information about the business and the parties involved, identifying at least the following aspects: (i) the identity of the Related Party, (ii) the characteristics of the proposed business (object, term and agreements), (iii) reasoning for the business to be considered as carried out under market conditions², in accordance with Articles 85 and 109 of the RGICSF, and (iv) other relevant elements of the proposed business, which allow for a thorough assessment of

² If it is impossible to define market conditions, the procedure referred to in point 5(i) should be followed.

the interests involved and how it may affect the assets and business plan of Banco Finantia or the Controlled Entity.

- d** In exceptional cases where, for justified reasons, it is impossible to define the market conditions applicable to the business in question, the responsible department or business area must define a benchmark for comparability between the business in question and other similar businesses, in order to avoid benefiting the Related Party over another entity that does not have this type of relationship with Banco Finantia or the Controlled Entity.
- e** The responsible department or business area must store the prior notification and related documents, namely those that demonstrate compliance with the requirements on which the completion of businesses with Related Parties depends, in G:\Partes Relacionadas\Comunicação Prévia.
- f** The Risks Department and the Compliance Department shall issue a swift and reasoned judgement on the proposed business.
- g** After receiving the opinions of the Risks Department and the *Compliance* Department, and prior review by the supervisory body, the management body issues an opinion on the proposed business: (i) raising no objections; (ii) raising no objections but imposing conditions; or (iii) raising objections.
- h** The approval of businesses with Related Parties requires the approval of the management body by a qualified majority of at least two-thirds of the members of the management body. Members of the Governing Bodies who may have a conflict of interest in the business in question are prevented from participating and voting in the resolutions of the management body and in the appraisal of the supervisory body.
- i** In the cases provided set out in point (ii) of subparagraph g) above, the heads the business units involved have a duty, after completion of the business, to prove that the conditions imposed by the management body have been met. In the cases provided for in point (iii) of subparagraph g) above, the business is deemed to have been rejected and is not even submitted for approval by the competent body.
- j** Relevant Businesses with the Most Relevant Related Parties that are approved by the management body are subject to resolution by the general meeting.
- k** Failure to comply with the above-mentioned duty of prior notification of businesses with Related Parties, as set out above, as well as the conclusion of businesses to which objections have been raised, are considered a serious breach of duty.

6 Simplified Prior Approval Procedure Aggregated

- a** Less significant businesses and typical capital market businesses carried out with related parties may be subject to a simplified aggregate prior approval procedure. To this end, the Application for Prior Aggregate Approval must include the conditions under which such businesses may be carried out, whether they comply with Articles 85 and 109 of the RGICSF, the type of businesses covered, any limits and the criteria for defining the applicable market conditions.

- b** The Request for Aggregate Prior Approval is prepared by the heads of the business areas involved and submitted by them for prior review by the Risks Department, the *Compliance* Department, and the appraisal of the supervisory body.
- c** The responsible business area is incumbent for filing the Application for Aggregate Prior Approval and related documents in G:\Partes Relacionadas\Pedido de Aprovação Agregada
- d** The Request for Aggregate Prior Approval is approved annually by the management body, which must review the approval and respective conditions on a quarterly basis. In this review, the management body verifies whether the businesses were carried out in accordance with the approved terms and decides whether the criteria for aggregate approval remains appropriate. If it is found that the conditions in force are no longer appropriate, the Request for Aggregate Prior Approval must be revised, and a new approval must be issued.

7 Control procedure

- a** The business areas' heads ensure the monitoring of related party businesses, so as to enable the identification, at all times, of individual exposures to related parties, their total amount and compliance with the established limits.
- b** On a quarterly basis, the business areas' heads collaborate with the Tax Department in surveying all Related Party businesses carried out during the reference period.
- c** The Tax Department, with the support of the Financial Control Department, checks whether businesses with related parties within the consolidation perimeter of Banco Finantia, S.A. have been carried out in accordance with market prices, as set out in the Transfer Pricing Manual.
- d** Together, the above-mentioned departments prepare a report at least once every quarter, addressed to the Risks and Compliance Departments, with a list of businesses carried out with Related Parties containing the analysis performed, including businesses not covered by the transfer pricing matrix. This report shall provide the control functions with the necessary information to assess the specific conditions under which the businesses were carried out and to evaluate the extent to which the applicable approval conditions were observed, particularly with regard to values, compliance with market prices, exposure to the related party, among other relevant aspects.
- e** If it is impossible to define the market conditions applicable to a business, a process of comparability between the business in question and other similar businesses should be established in order to avoid benefiting the Related Party over another entity that does not have that type of relationship with the Bank.
- f** Whenever the Tax Department identifies any irregular situation related to transfer pricing, it must be immediately reported to the Risks Department and the *Compliance* Department.
- g** The Risks Department must verify, in accordance with the terms set forth in the Related Party Business Risks Management Manual, whether businesses were carried out at market prices, including any credit concessions, while the Compliance Department must verify whether the applicable regulations were complied with.
- h** The following control procedures are carried out at the Branch:

- > On a quarterly basis, the business areas' heads collaborate with the Control Financiero Department, which extracts and reviews businesses carried out with Related Parties, in accordance with the "Transfer Pricing Manual of Banco Finantia S.A., Branch in Spain", and sends the results of its analysis to the Tax and Gestión de Riesgos Department;
 - > The Gestión de Riesgos Department verifies that all other businesses with Related Parties were carried out at market prices and sends the results of its analysis to the Permanent Representatives, as well as to the Risks Department and the *Compliance* Department.
- i At least once every quarter, the Risks Department prepares a global report on businesses carried out with Related Parties, both within and outside the consolidation perimeter, and issues an overall opinion on these businesses, which must be communicated to the supervisory and management bodies. The *Compliance* Department shall issue its opinion on compliance with the provisions of this Policy and applicable legislation.
- j The risks and compliance functions' heads shall immediately report to the management body and the supervisory body any situation of non-compliance with the Bank's internal regulations in force, as well as with the provisions of applicable legislation and regulations, in relation to businesses with related parties.
- k On an annual basis, the Risks and Compliance Functions issue an express statement on, respectively, the compliance of businesses carried out with related parties with the Bank's Risks profile, and compliance with this Policy and the provisions of applicable legislation and regulations. These statements, with a reference date of 30 September each year, are addressed to the Board of Directors and are included in the Bank's Annual Self-Assessment Report, which is sent to the Bank of Portugal by 15 November each year³.

8 Disclosure of information

- a Banco Finantia shall disclose in its annual report and accounts the information required by law on Related Parties, namely the provisions of IAS 24 – International Accounting Standard.
- b The Board of Directors must ensure the communication to the Bank of Portugal, as provided for in Article 85(2) of the RGICSF, which is also applicable in the cases provided for in Article 109(4) of the same law. This communication shall be made in cases where the management body considers that the presumption of the indirect nature of the granting of credit to one or more entities covered by the provision has been refuted. The communication shall be made at least 30 days prior to the date on which the credit is granted, and must be accompanied by: i) a certified copy of the meeting's proceedings at which the decision was taken, which must include a description of the business concerned and the reasons for the decision, and ii) a copy of all the information and supporting documentation substantiating the refuted presumption⁴.

³ Subparagraph o) of paragraph 1 of Article 2 of Instrução 18/2020 of the Bank of Portugal

⁴ Article 33(7)(g) of Bank of Portugal Aviso 3/2020 and Article 13 of Bank of Portugal Instruction 18/2020

- c Any proposed changes to the businesses covered by the above notification, whether after approval of the credit or after completion of the business, must also be notified to Banco de Portugal at least 30 days before the date on which the change will take effect.
- d The Legal Department properly documents and makes available to the Bank of Portugal, upon request, data relating to loans to: i) members of the management and supervisory bodies, as well as their spouses, *de facto* partners or first-degree relatives, ii) companies in which a member of the management or supervisory body or the persons identified above holds a qualifying holding, exercises significant influence, occupies a senior management position or is a member of the management body.
- e The Risks Management and Compliance Function statements regarding the compliance of businesses carried out with related parties with the Bank's Risks profile, which are included in the Bank's Annual Self-Assessment Report, are sent to the Bank of Portugal by 15 November each year⁵.

9 Registration

The lists of businesses with related parties, included in the quarterly reports with opinions from the Risks management and compliance functions, as well as the respective reasonings, are part of the register of conflicts of interest, to be maintained annually by the *Compliance* Department.

10 Approval, entry into force and amendments

This Policy and any subsequent amendments are approved by the Board of Directors, following prior opinion from the Risks Management Function and the Supervisory Body.

The Policy shall be subject to periodic review at least every two years, based on a proposal and prior opinion from the *Compliance* Department, and whenever changes in legislation and regulations justify it.

This Policy is disclosed internally to Employees via the Bank's intranet and published on the Bank's website.

⁵ Article 2(1)(o) of Bank of Portugal Instruction 18/2020