

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

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## 1 Object

- a The Policy on prevention, reporting and resolution of conflicts of interest involving Related Parties (hereinafter the "Policy") aims to safeguard the interests of the Banco Finantia Group in situations of potential conflict of interest regarding the interests of persons or entities with the possibility of, directly or indirectly, influencing its management or benefiting from specific acts of that management, and to allow the financial statements to disclose business with Related Parties.
- b The Conflicts of Interest Policy regarding the financial intermediation activity carried out by Banco Finantia is set out in a separate document.
- c Banco Finantia shall conduct transactions with Related Parties under market conditions, fully observing the internal control procedures in force in the institution and shall promote compliance with this Policy by its branches and subsidiaries.

## 2 Definitions

- a **Banco Finantia:** comprises Banco Finantia, S.A. and its branch in Spain - Banco Finantia, S.A, Sucursal en España (hereinafter referred to as the "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, directly or indirectly, controlled 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 of 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 operations that do not have the nature of credit operations or do not result, directly or indirectly, in isolation or together with other business or material acts that, with them, form a unit 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);<sup>1</sup>
    - > 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);

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

> in general, any form of allocation or encumbrance of the assets of Banco Finantia or of the 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 entities 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 intermediary services for receiving, transmitting and executing orders; and the purchase of standard insurance.

**f Members of the Governing Bodies:** the members of the management and supervisory bodies of Banco Finantia.

**g Related Parties:**

- i) Natural or legal person 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) Spouse, *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 of the natural persons referred to in the preceding paragraphs will be considered;
- 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 positions or management or supervisory functions;
- vi) Persons or entities, including, in particular, large depositors, large creditors, large debtors, entities in which the institution has a holdings, whose relationship with the institution potentially allows them to influence its management in order to achieve a transaction relationship outside normal market conditions, meaning for this purpose:
  - a Large Depositors:** A individual or corporate person holding a deposit contract with the Bank or Branch who, together with other entities with which they are in a control or group relationship, hold an amount deposited that exceeds 10% of the total deposits as at 31 December of the previous year;
  - b 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 are in a control or group relationship, has a group exposure the value of which exceeds 10% of the total consolidated liabilities as at 31 december of the previous year;

- c **Large Debtors:** Individual or corporate persons who are beneficiaries of loans granted by the Bank or by any entity with which it is in a controlling or group relationship, excluding eurozone sovereign issuers, which, together with other entities with which they are in a controlling or group relationship, are beneficiaries of loans 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 the functions performed, could potentially influence management to achieve a commercial relationship outside 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 Operations:** Purchase and sale of securities, commercial paper, repos, reverse repos, FX swaps and Interest Rate Swaps carried out between counterparties or market professionals.
- i Most Significant Related Party:** A related party that directly or indirectly controls the Bank, provided it is not included in the consolidation perimeter;
- j Qualifying holding:** a direct or indirect holding representing 10% or more of the company's share capital or voting rights.
- k Request for Prior Aggregate 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 terms of the approvals for carrying out such business and the deadline for said approvals.
- l Simplified Aggregate Prior Approval Procedure:** a simplified procedure intended for the aggregate prior approval of less relevant business or Typical Capital Market Transactions with the same related party.

### 3 General procedure for approving business with Related Parties

- a** If a business deal, not previously approved, is being considered between Banco Finantia or a Controlled Entity and a Related Party, those responsible for the business areas involved must immediately carry out a prior communication of business with Related Parties.
- b** The prior communication must be addressed to the management body, the supervisory body, the Risk Department and the *Compliance* Department and includes at least the main information on the parties, object, term, guarantees and other relevant elements of the planned deal, which allow a full assessment of the interests involved and how it may affect the assets and business plan of Banco Finantia or the Controlled Entity. It is the responsibility of the business area responsible for the deal to file the prior notification and the documents listed in G:\Partes Relacionadas\Comunicação Prévia.

- c** The Risks Department and the *Compliance* Department make a swift and reasoned judgement on the projected deal.
- d** The management body, after receiving the opinions of the Risk Department and the Compliance Department, and after prior assessment by the supervisory body, decides on the proposed deal: (i) raising no objections; (ii) raising no objections but imposing conditions; or (iii) raising objections.
- e** The approval of business 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.
- f** In the cases set out in point (ii) of paragraph d) above, the heads of the business units involved have a duty, after the deal has been finalised, to prove that the conditions imposed by the management body have been met. In the cases set out in (iii), the deal is deemed to have been rejected and is not even submitted for approval by the competent body.
- g** The Most Relevant Related Party Transactions approved by the management body are subject to a resolution by the general meeting.
- h** Failure to fulfil the duties of prior communication of business with Related Parties in the terms set out above, as well as the conclusion of business to which objections have been raised, are considered a serious breach of duty.

#### **4 Simplified Prior Approval Procedure Aggregated**

- a** Less relevant business and Typical Capital Market Transactions with Related Parties may be subject to a Simplified Aggregate Prior Approval Procedure, which defines the business covered, any limits and the criteria to be applied to define the applicable market conditions.
- b** The Request for Aggregate Prior Approval is drawn up by the heads of the business areas involved and submitted by them to the prior opinion of the Risks Department, the Compliance Department, as well as prior appraisal by the supervisory body.
- c** It is the responsibility of the business area concerned to file the Aggregate Approval Request and the documents listed in G:\ Pedido de Aprovação Agregada.
- d** The Request for Prior Aggregate Approval is approved annually by the management body and subject to quarterly review by the same.

#### **5 Other procedures**

- a** Those responsible for the business units must inform the management body and the supervisory body as soon as possible of any facts, including, for this purpose, contracts and the provision of services of any nature which, with reasonable probability, may constitute or give rise to a conflict between their interests and the interests of Banco Finantia and/or the Subsidiaries.

- b** Members of the Governing Bodies, directors and other employees, consultants and authorised representatives who have or may have conflicts of interest may not interfere in the process of assessing and deciding on the act in which they, their spouses, unmarried partners, relatives or first-degree relatives, or companies or other collective entities that they directly or indirectly control, are directly or indirectly interested, without prejudice to the duty to provide information and clarifications requested.
- c** The Members of the Governing Bodies have a duty to co-operate in complying with this Policy, namely in providing information on Relevant Business.
- d** Banco Finantia must identify its Related Parties in a list to be updated quarterly. The list of Related Parties, including its updates, is approved by the management body and the supervisory body takes cognisance of it.
- e** The Legal Department (Corporate Governance area) is responsible for drawing up, updating and maintaining the list of Related Parties:
  - i) Ensure that the list of Related Parties includes, under the terms of Article 33(2) of Banco de Portugal Notice 3/2020, at least the following information: i) the name or denomination of the Related Party; ii) its tax identification number or legal person number or equivalent; and iii) the respective percentage of all direct and indirect holdings, where applicable;
  - ii) Include this information in the register of the list of Related Parties, and for this purpose: i) request, directly or through other areas of the Bank, on a quarterly basis, from the identified Related Parties the indication, confirmation and/or updating of the information previously provided, as applicable; and ii) proceed with the corresponding insertion and updating of such elements in the list of Related Parties;
  - iii) If there is any doubt about the classification of a particular entity as a Related Party, refer the matter to the Compliance Department so that it can check and validate whether or not it should be classified as such;
  - iv) Submit, when necessary, at least quarterly, the updated list of Related Parties for the attention of the supervisory body and the approval of the management body, or inform them that there have been no changes to this list.
  - v) Following approval by the Board of Directors i) archive the list of Related Parties in the network folder G:\Partes Relacionadas, for access by the Tax Department, the Risks Department, the Compliance Department and, at the Branch, the Technical Prevention Unit (UTP) and the Risk Management and Tax Departments.
- f** The Compliance Department shall draw up and keep updated a list of situations in which conflicts of interest occurred, including how they have been resolved, and shall provide this list to the board of directors and the supervisory body whenever they request it.
- g** The Tax Department must monitor, with the support of the Accounting, Consolidation and Financial Information Department, that the transactions with Related Parties within the consolidation perimeter of Banco Finantia, S.A. were carried out according to market prices,

in accordance with the Transfer Pricing Manual, and send a report with the list of transactions with Related Parties containing the analysis carried out, including transactions not included in the transfer pricing matrix, to the Risk Department for assessment and to the Compliance Department for their awareness. The Risks Department must monitor, under the terms foreseen in the Risk Management Manual for Transactions with Related Parties, that the transactions with Related Parties outside the consolidation perimeter of Banco Finantia, S.A. were carried out at market prices and that the credit concessions to Related Parties and comparable transactions are in compliance with Articles 85 and 109 of RGICSF.

- h** If it is impossible to define the market conditions applicable to an operation, a process of comparability between the operation in question and other similar operations must be established to avoid favouring the Related Party over another entity that does not have this type of relationship with the Bank.
- i** The following procedures are developed at the Branch: the UTP periodically enters the data on the list of Related Parties provided by the Legal Department into the system; the Tax Department extracts and reviews the transactions carried out with Related Parties in accordance with the Transfer Pricing Manual of Banco Finantia S.A., Sucursal en España and sends the results of its analysis to the Tax Department; the Risk Management Department checks that all other transactions with Related Parties have been carried out at market prices, sending the results of its analysis to the Permanent Representatives and the Bank's Risk Department.
- j** Whenever any abnormal situation relating to transfer pricing is identified by the Tax Department, it must be reported immediately to the Risk Department so that this department may issue an opinion and to the Compliance Department for recording purposes.
- k** Whenever the Risks Department identifies any abnormal situation related to operations with Related Parties outside the consolidation perimeter of Banco Finantia, S.A., and with credit concessions and transactions comparable to the concession of credit to Related Parties, it must be communicated to the Compliance Department for recording purposes.
- l** Every six months, the Risks Department draws up a global report on operations carried out with Related Parties, both inside and outside the consolidation perimeter, and issues a global opinion on them, which must be communicated to the supervisory and management bodies and to the Compliance Department.
- m** Banco Finantia will disclose the information legally required on Related Parties, namely the provisions of IAS 24 - International Accounting Standard.

## **6 Approval, entry into force and amendments**

This Policy and any subsequent amendments are approved by the board of directors, following a prior opinion from the supervisory body.

The Policy should be subject to periodic review at least every 2 years and should be disseminated internally to Employees via the intranet and published on the website by the Compliance Department.