Banco Finantia

Additional Information for Customers

24th May 2024

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1 Authorised Financial Intermediation Services

Banco Finantia is registered with the Portuguese Securities Market Commission (CMVM) under no. 109, with its head office at Rua Laura Alves, no. 4, 1050-138 Lisboa (cmvm@cmvm.pt, telephone: 21 3177000), and with the Bank of Portugal under no. 48 (www.bportugal.pt - Rua do Ouro, 27, 1100-150 Lisboa).

As part of its financial intermediation activity, it is authorised to provide the following services:

Services
Assistance with a public offering of securities
Trading on your own
Registration and deposit of financial instruments
Investment consultancy
Fitting without guarantee
Firm socket and guaranteed placement
Granting of credit, including the lending of securities, for the realisation of transactions in financial instruments in which the credit grantor intervenes
Consultancy on capital structure, industrial strategy and related issues, as well as on the merger and acquisition of companies
Currency exchange and safe deposit box rental services linked to the provision of investment services
Depositary for collective investment institutions
Receiving and transmitting orders on behalf of others
Portfolio management for third parties
Execution of orders on behalf of others

With regard to the provision of financial intermediation services to non-professional customers, the Bank provides at least the following services, after a contract has been signed between the Bank and the customer:

- **a** receiving and transmitting orders for shares, debt instruments and investment funds;
- **b** execution of orders for debt instruments;
- **c** non-independent investment consultancy;

In carrying out its services associated with financial intermediation, the Bank sends the following documents to its non-professional clients, among others:

In carrying out the services associated with financial intermediation, the Bank sends its non-professional customers the following documents, among others:

Monthly Statement of Financial Instruments containing information on positions and movements;

Execution notes - purchases, sales, transfers and events (including dividend distributions, changes in nominal value, capital increases and launches of offers);

> Information on events that depend on the client's expression of will for them to take place, namely Public Offers for Sale, Exchange, Subscription and Acquisition;

> Annual statement on costs and charges.

2 Client classification

The Bank categorises its customers according to the criteria defined by law. Customers are categorised according to their nature as investors:

- Unprofessional;
- Professional;
- Eligible counterparty.

Customers may request reclassification at any time, thus benefiting from a greater or lesser degree of protection depending on the classification requested. Any request for reclassification will be duly considered by the Bank, taking into account the criteria established by the legislation in force.

When requesting reclassification, the client should bear in mind that current legislation affords greater protection to non-professional clients, as they have greater rights to information and are subject to an assessment of the suitability of certain services.

Once the request has been analysed, the Bank will inform the Client whether the change of classification has been accepted.

The possible changes of classification allowed are:

- Non-professional clients: may request to be classified as Professional Clients, provided they complete a declaration regarding fulfilment of two of the three requirements necessary for the Bank to accept a change in classification and send documentation showing this fulfilment.
- Professional clients: may request to be treated as non-professional clients.
- Eligible Counterparties: may request to be treated as Professional or Retail Clients.

Non-professional clients

Customers (individuals or companies) who do not fit the criteria defined for the following categories. This is a generic category with no specific characteristics. Their level of knowledge and experience justifies a higher level of protection in assessing the risks inherent in investment operations and in the pre-contractual information provided.

Professional Clients

Persons providing investment services or carrying out investment activities and large companies whose size, according to their latest individual accounts, fulfils two of the following criteria:

- Total assets: €20,000,000;
- Net turnover: €40,000,000;
- Equity: €2,000,000.

> The non-professional investor who has been granted such treatment, under the terms of the Securities Code, having the knowledge and experience to do so, and fulfils two of the following requirements:

  - Have carried out transactions with a significant volume in the relevant market, with an average frequency of 10 transactions per quarter, during the last four quarters;
  - Have a portfolio of financial instruments, including cash deposits, that exceeds €500,000;
  - Hold or have held a position in the financial sector for at least one year that requires knowledge of the services or operations in question.

Clients classified as professionals benefit from the intermediate level of protection, their knowledge of the services, products and risks being presumed; without prejudice to the verification of the assumptions set out in article 317-B of the Securities Code. The classification of professional can be generic, limited to investment in certain products, and/or restricted to specific issuers.

Eligible counterparties

Investment companies, credit institutions, insurance companies, undertakings for collective investment in transferable securities and their management companies, pension funds, among others.

Clients categorised as eligible counterparties benefit from the lowest level of protection, as it is assumed that they have the experience, knowledge and competence necessary to make their own investment decisions and properly weigh up the risks they incur.

3 Investor Profile Questionnaire and Best Execution Policy

The Bank is required to ask its clients for information on their investment knowledge and experience with regard to the type of financial instruments or services provided, so that it can assess whether clients understand the risks involved.

The Bank collects this information through a questionnaire, which is carried out at the time of opening the custody account, which includes questions about:

> The types of services, transactions and financial instruments with which the client is familiar;
> The nature, volume and frequency of the client's transactions with financial instruments and the period during which they were carried out;
> The client's level of education and profession;

In certain situations, the Bank is not obliged to determine the suitability of the operation for the retail client's circumstances, so please be aware that the Bank may not carry out the suitability test when exclusively providing the services of receiving, transmitting and executing orders for non-complex financial instruments:

> Shares admitted to trading on a regulated market or multilateral trading facility, except shares in non-harmonised collective investment undertakings and shares incorporating derivatives;

- Bonds or other forms of securitised debt admitted to trading on a regulated market or multilateral trading facility, excluding those incorporating derivatives or whose structure makes it difficult to understand the risks involved;
- Units and shares in undertakings for collective investment in harmonised securities, excluding those that are structured;
- Money market instruments, excluding those incorporating derivatives or whose structure makes it difficult to understand the risks involved;

When providing the service of receiving, transmitting and executing orders relating to complex financial instruments to non-professional clients, the Bank will always check that the client is aware of the risks inherent in the specific financial instrument, by carrying out the suitability test. If the financial instrument is not suitable for the client, or if the Bank does not obtain sufficient information, the client will be warned in writing, although they may, after the warning, confirm that they still intend to carry out the operation.

Except in specific situations, all financial instruments traded by professional clients and eligible counterparties are presumed to be appropriate.

Orders must be executed under the conditions and at the time indicated by the client. In this context, and in the absence of specific instructions from the client, the Bank is obliged to comply with the principle of best execution, making every reasonable effort to obtain the best possible result for its retail and professional clients, taking into account price, costs, speed, probability of execution and settlement, volume and nature. To this end, the Bank has an Order Execution Policy applicable to retail and professional clients, available at www.finantia.pt.

The provision of investment advisory services and portfolio management depends on completing a second part of the questionnaire which aims to ascertain the client's risk profile, economic situation and objectives. This risk profile determines the risk of the personalised recommendations that will be communicated to the client as part of the advisory service or the risk level of the portfolio in the portfolio management service. If the Bank does not obtain the information, or if it is insufficient, the provision of consultancy or portfolio management services to non-professional clients will be subject to the limitations arising from the applicable legislation.

The risk profile is dynamic because it is controlled according to the risk of the portfolio, i.e. if the investments in the portfolio are less risky than determined in the profile, then it is possible to recommend riskier investments as long as the final weighted average risk of the portfolio is not riskier than the risk profile determined in the questionnaire. If, on the other hand, for some reason the portfolio is riskier than the profile, then only recommendations that lower the risk profile of the client's portfolio are permitted.

Consultancy and portfolio management also take into account their clients' knowledge and concerns about sustainability. The questionnaire has questions to determine the client's knowledge of sustainability, types of sustainable investments and negative impacts on sustainability. If the client demonstrates knowledge, they set the portfolio's sustainability rules in the questionnaire.

If services are provided to several holders of the same account, the suitability test will be based on the usual payer, with the Bank assuming that this is the subscriber to the Investor Profile Questionnaire, and the profile resulting from completing the questionnaire will apply to all account holders. However, any of the account holders has the right to request the Bank to proceed in a different way, giving such instructions in writing. Changes to the account's risk profile must be authorised by all account holders. In the event of a conflict, the account profile will be the most conservative.

4 Communication Channels

The means of communication used between the client and the Bank can be telephone, e-mail, Finantianet https://www.finantianet.pt/) or in person at the head office or branches. For orders see the Order Execution Policy at www.finantia.com.

Communications and documentation sent by the Bank to the client are written in Portuguese, without prejudice to the Bank being able to agree with the client that some documents may be written in English or Spanish, if the client is aware of these languages and agrees to receive them in one of these languages.

5 Products and Associated Risks

Products marketed to non-professional customers

As a rule, the Bank markets the following financial instruments to non-professional customers:

- Actions
- Bonds and other debt instruments
- Investment fund units (UP's).

The following text aims to explain, although not exhaustively, the products identified above in order to contribute to a better understanding of the concepts and risks of each type of financial instrument. It also aims to inform the client of the places where they can access complete and up-to-date information on the risks of each particular financial instrument, they wish to invest in. The client should always analyse this documentation carefully before making an investment decision.

Actions

A security representing a shareholding in a public limited company which, as a general rule, entitles its owner, among other things, to vote at general meetings, to receive dividends and to a share of equity in the event of the company's liquidation. They can be admitted to trading on the market and purchased by any investor, who becomes a shareholder in the company.

The profits made on an investment in shares can be of two kinds: capital gains, when the market price obtained on sale is higher than the purchase price; or dividends, regular remuneration consisting of the distribution of a percentage of the profits made by the company. On the other hand, investing in shares can generate losses (capital losses) when the market price is lower than the purchase price.

Information on the specific risks of each share can be found in the issue prospectus, which is available from the issuing company, the placing financial intermediaries and the market when the shares are admitted to trading, or on the Bank's website if it commercialises them.

Information on the prices charged for share transactions depends on their admission to trading on a regulated market. If they are admitted, share prices should be consulted on the websites of the markets where the shares are admitted to trading. If they are not admitted to trading, the information is usually only available on a bilateral basis.

Obligations

Bonds are debt securities issued by companies, whether public or private, or by the state. By purchasing bonds, the investor is entitled to interest and repayment of the capital invested on a certain date (maturity).

In certain cases, the issuer can exercise the right to early repayment of capital (when the issue has a *call option*) and the investor can also exercise the right to early repayment of capital (when the issue has a *put option*).

All the information on the specific characteristics and risks of each bond can be found in the issue prospectus, which is available from the issuing company, the placing financial intermediaries and the market when the bonds are admitted to trading, or on the Bank's website if it commercialises them.

Information on the prices charged for bond transactions is published on bloomberg's *website within* 15 minutes of the end of the transaction. Financial intermediaries also sometimes inform their counterparties of the indicative prices at which they are prepared to trade certain volumes of bonds. There are *inter-broker dealers* who publish firm prices for possible transactions, but the information on the operations carried out is only disclosed to the participating counterparties. When transactions are carried out on a regulated market, the respective *website* publishes information on the prices charged.

Investment Units (UP) - Investment Funds

Investment units are financial instruments representing part of the assets of an investment fund.

Investment funds are managed by a management company and give investors (known as participants) access to a portfolio of assets managed by professionals.

The decision to invest in investment funds should be supported by an analysis of the prospectus/key investor information (KII) and the fund's management regulations, published by the management company and made available by the financial intermediaries that market it. It should be borne in mind that there may be investment costs (subscription fee) and disinvestment costs (redemption fee), and management fees should also be taken into account.

Each unit has a value set according to the fund's total assets and the number of units in circulation. The units have a regular quotation, published by the management company on their respective websites. Fund prices are also published by the Portuguese Association of Investment, Pension and Property Funds (APFIPP). If the investment fund is commercialised by the Bank, all this information is also available to its clients on the Bank's website.

Associated Risks

The customer should be aware of the nature, risks and implications of the financial services/instruments provided by the Bank before making any investment or disinvestment decision, making choices according to the level of risk they are willing to assume. The specific information for each financial instrument can be found in the prospectuses and key customer information documents available at the Bank or on its *website* when it markets these financial instruments, or in the places where they are normally marketed.

The client should also be familiar with the functioning of the markets in which they intend to invest, the products available and the respective risks inherent in the investments. When deciding whether to invest, they should take into account the tax regime applicable to the investments and the inherent costs.

The client should also make use of additional information provided by supervisory bodies, organised forms of trading in financial instruments or professional associations. In this regard, they can turn to the CMVM for information on how the markets work and the characteristics of the products available. For this purpose, we recommend reading the information available on the Investor Portal managed by the CMVM, available at: investidor.cmvm.pt as well as the information available on the Todos Contam Portal, namely the specific information on securities (https://www.todoscontam.pt/sites/default/files/taxonomy_file/brochuracmvmvaloresmobiliarios.pdf).

General risks

The client may lose part or all of the capital invested due to general and specific risks.

Examples of the possible general risks that can affect financial instruments, either individually or in combination, include the following:

- Credit or insolvency risk: this is the risk that an issuer of an instrument will not be able to fulfil its payment obligations, whether interest or repayment of the capital invested.
- Market risk: refers to the possibility that when you want to sell the financial instrument, the selling price will be lower than the buying price. In general, the prices of financial instruments are sensitive to general expectations about the development and stability of the economy, the specific behaviour of certain sectors or companies, etc.
- Exchange rate risk: this arises from variations in currency exchange rates when the investment is made in a currency other than the source account.
- Interest rate risk: this translates into variations in market interest rates that affect the return on investments.
- Liquidity risk: this refers to a possible price penalty resulting from the cancellation of the investment in the event that a sale has to be made quickly. In extreme cases, it could involve the impossibility of recovering the money at the desired time, or the very solvency of the issuer.

Special risks

There are markets that present special risks, such as emerging markets. Investing in these markets involves taking into account the risks inherent in a more fragile economy and the fact that the financial market is still in its development phase, which means that the level of transparency, information, liquidity, efficiency and regulation in these markets is lower. These markets are also characterised by high volatility.

Transactions in financial instruments that are not admitted to trading on a regulated market, multilateral trading facility (MTF) or organised trading facility (OTF) depend on bilateral negotiations and are executed off-market (usually referred to as *"over-the-counter*" - OTC). Bonds, even if admitted to trading on a regulated market, may not be traded on that market due to a lack of liquidity of the bond in question on that market; OTC transactions depend on meeting another investor who wants to do business.

It is common for financial institutions to issue subordinated bonds in order to increase their own funds. In this case, repayment and interest payments are dependent on the settlement of the issuer's other non-subordinated debts, although there is a preference over shareholders. These bonds usually have a *call option* associated with them, giving the issuer the right to redeem the bonds, in part or in full, on predetermined dates, before they reach maturity, at the initially agreed value.

Specific risks of derivatives and structured products

The risk inherent in investing in derivative financial instruments is sometimes very significant, and investment in this type of instrument should only be made by investors who are informed and accept the possibility of very significant financial losses, which in some cases may exceed the amount invested. The risk of loss associated with trading in derivative financial instruments can be substantial. Transactions in *over-the-counter* (OTC) derivative instruments carry an increased risk. Some *over-the-counter* derivatives are leveraged, which means that a slight change in the market price of the underlying instrument has a more than proportional impact on the investors' position/portfolio. This effect can either work in favour of the investor, who may make large gains, or against the investor, who may also make large losses.

Another risk inherent to this type of instrument is the difficulty or even impossibility of liquidating/closing a position because the respective secondary market ceases to function or because there are restrictions or suspensions on trading these instruments.

Investors should therefore refrain from investing in these types of instruments if they do not understand the nature of these transactions, the extent of the risk exposure inherent in them and the potential losses they may incur.

Investors should always carefully read all available documents relating to the offer/sale of financial instruments, and it is particularly important in these instruments to read the information on risks, terms, commissions and other charges and seek clarification on any questions that may arise. Given the particular complexity of these instruments, investors should seek specialised advice if they consider it necessary. In the case of structured products, since they result, as the name suggests, from a combination of various financial instruments, the risk inherent in each instrument on its own must be added to the risk of the structured product as a whole.

Depending on the risk or combination of risks that may coexist in a financial instrument, we can talk about instruments with a lower or higher level of risk.

6 Policy for integrating sustainability risks.

Investment Consultancy

Banco Finantia carries out its investment consultancy activity taking into account aspects and criteria related to the sustainability of companies and underlying assets, which form part of the investment consultancy proposals.

To this end, the Bank is governed by the Policy for Integrating Sustainability Risks in Financial Services to Customers, available at www.finantia.pt, which determines the universe of investable assets. Thus, when a customer expresses a preference for an investment designated as "Socially Responsible Investment" (SRI) or "Sustainable Investment", the offer will include products and assets that, within the aforementioned universe of investments, promote the integration of sustainability factors in the development of their activity.

The environmental, social and governance criteria (hereinafter "SRI criteria") will be taken into account during the consultancy service. In this way, the universe of securities that are aligned with socially responsible investment criteria will be identified, which are defined through a set of practices described below:

Investment Strategy

Given that there are not always closed classifications or regulatory details on the classification of all the companies or assets that may be subject to consultancy, and that a relevant part of the information may not be available, the Bank.:

- It will consider the client's preferences, including both aspects and criteria (SRI), particularly when there is an express expression to this effect, and return and risk objectives, as well as the necessary diversification, trying to avoid the absolute prioritisation of any one of them over the others.

- It will use its best endeavours to select the assets that most closely match the SRI Integration Policy.

- It will promote companies or assets belonging to sectors or activities with potential for improvement, which encourage the inclusion of assets that support the transition to better social or environmental performance. This promotion will take place through the selection of companies or assets that present plans for said transition, with a gradual approach and always according to the information available.

- The selection of investments that take into account environmental, social and corporate governance criteria will be made using information that is accessible at any time and, where available, through sustainability assessments carried out by reputable organisations.

- When selecting financial instruments, such as investment funds, sustainability criteria (environmental, social and corporate governance) are taken into account, with information from management companies which, by analysing the current and historical composition of the portfolio of the different funds that make up the investment universe, establish classifications for each of the pillars and other environmental factors.

Control procedures

The monitoring of risk management will be supported by the analysis of the financial and "extra-financial" risk profile (ISR factors) of investments, using analytical tools, subject to the principle of proportionality according to the activity and products and analysing the evolution of the preferences expressed by the client during the course of the consultancy service.

7 Complaints

The Bank provides its customers with a complaints service that includes receiving, forwarding and processing the complaint to a person other than the one who carried out the act that is the subject of the complaint, with specific procedures stipulated for its assessment, decision and response.

Complaints can be submitted via the following communication channels:

> By post to the address:

Banco Finantia, S.A.
Rua General Firmino Miguel, 5 - 1st floor,
1600-100 Lisbon

- Electronically via the website https://www.finantia.pt, in the online form provided for this purpose, or by email to the following address: cliente_site_finantia@finantia.com
- Physical complaints book, available at the head office and branches of Banco Finantia S.A.
- Electronic complaints book: available at www.finantia.com - via the link https://www.livroreclamacoes.pt/inicio

Filing a complaint with the Bank is without prejudice to the possibility of filing a complaint with the Supervisory Authorities, namely with the CMVM (Portuguese Securities Market Commission), through the Investor Relations Department (DRI), at www.cmvm.pt, and with the Bank of Portugal (if the complaint relates to structured deposits).

Complaints files are kept for a period of 5 years.

8 Review

This supplementary information was revised on 24th May 2024.