

Banco Finantia Group

Know your Customer and Anti-Money Laundering Policies

1. Introduction

Banco Finantia Group (hereinafter Finantia) is an independent global financial Group, headed by Banco Finantia, which operates in key market niches: consumer finance, investment banking and private banking. Consumer finance and private banking activities are centred in Iberian Peninsula. The investment banking activities are focused in the Iberian Peninsula/Latin America corridor and Russian/CIS markets.

The main shareholders of Banco Finantia are Finantipar SGPS with 57%, Natixis (France) with 9.90%, VTB Capital PE Investment Holding Ltd. (Cyprus) with 8.91% and Portigon AG (Germany) with 8.21%.

This document was approved by Banco Finantia Executive Committee and establishes the anti-money laundering (hereafter AML) policies which apply to the whole Group including:

- a) Banco Finantia, S.A. (Portugal);
- b) Sofinloc – Instituição Financeira de Crédito, S.A. (Portugal);
- c) Finantia – Sociedade Gestora de Fundos de Titularização de Créditos, S.A. (Portugal);
- d) Banco Finantia Sofinloc SA (Spain);
- e) Finantia UK Ltd (a UK broker-dealer);
- f) Finantia USA Ltd (a US broker-dealer).

2. Customers' Admission Policy

Finantia has a customers' admission policy based on knowing its customers and identifying those who may represent a higher risk following certain indicators. Finantia does not accept customers in the following situations:

- When available information induces that the customer may be connected to criminal activity (e.g. public lists, etc);
- Whose funds origins and/or beneficiary owner are suspicious;
- Whose activity legitimacy or funds origin is impossible to verify;
- That refuse to facilitate required information;
- Which are non authorized Casinos, other gambling houses, non authorized financial entities or Shell Banks (financial entities without physical presence and not belonging to a regulated financial group).

There is also a category of customers which require higher level of authorisation and are subject to special control measures:

- Residents in offshore countries, non cooperative countries or territories subject to sanctions, embargos or similar measures issued by recognized international entities;
- Customers which activity is connected with gun production or distribution or similar products;
- Casinos or other duly authorized gambling entities;
- Board members of duly authorized casinos, gambling houses or entities with similar activity, provided Finantia is aware of such activity;
- Political Exposed Persons (PEP's), their family and close associates.

3. Risk assessment

Finantia has a risk based assessment of its customer base and their transactions. The customers are divided in categories and the appropriate level of enhanced due diligence is determined for those categories of customers and transactions that Finantia has reason to believe pose a heightened risk of illicit activities at or through Finantia.

- Category 1 – Not admitted customers;
- Category 2 – Customers with enhanced due diligence (entities described above)
- Category 3 – Customers with standard due diligence.
- Category 4 – Customers with simplified due diligence (normally only entities subject to Supervisory Authorities or listed companies of certain jurisdictions).

Finantia has selected certain indicators to determine the inherent risk of customers and has typified certain suspicious transactions. Whenever those typified transactions are performed, customers are analyzed and their inherent risk is considered. Whenever there is a suspicion of money laundering, the transaction is reported to the competent Authorities. Update of the assessment depends on the inherent risk and behaviour of customers.

Finantia does not supply typical private banking services which facilitate the anonymity of transactions. Therefore there is no specific risk of money laundering in this type of banking activity. As a rule, Finantia does not supply correspondent banking services either.

4. Know your Customer, Due Diligence and enhanced Due Diligence

All customers on whose behalf Finantia operates accounts or conducts transactions have to be identified, including eventual beneficial owners. If applicable, physical persons who effectively control legal entities, have also to be identified. Finantia may only negotiate with identified parties. Even for categories with simplified due diligence (category 4), Finantia will not initiate a business relationship or carry-out a transaction until the internal process of identification is completed. Records of such procedures are kept in accordance with local regulations.

The relevant Authorities create lists of entities that are either connected to money laundering, terrorism or that are under economic sanctions or restrictions. These lists are daily checked against Finantia customers.

Finantia collects and records information regarding its customers' activity, especially when opening accounts. Customers classified under category 4 have normally an activity publicly known or evidenced by respective Supervisory Authorities. Source of funds is verified on Customers classified under category 2 and whenever suspicious transactions are performed (or are to be performed). As a rule, account opening procedures require gathering of source of funds details.

Know your customer policy also includes the knowledge of the business relationship objectives, the understanding of customers normal and expected transactions and the creation of customer profiles. As services supplied differ from company to company, the customers risk profiles may also be different inside Banco Finantia Group. Thus, each company may define its own customer risk profiles, adapting them to its reality. Customers' profile results from the evaluation of all or some of the following factors: activity; transaction type; volume; and account objectives.

Customer information/documentation is reviewed on a regular basis and updated whenever necessary. On-site visits are also scheduled on a regular basis. Information of higher risk categories is to be reviewed and, where appropriate, updated, at least annually.

Finantia will assess its customers AML policies or practices if it decides to supply correspondent services or has doubts about the robustness' of AML procedures of a counterparty/market professional.

5. Reportable transactions and prevention and detection of transactions with illegally obtained funds

Finantia has put in place procedures and programs to identify suspicious transactions. Certain types of transactions or activities are considered as *red flags*. The monitoring process for each of those *red flags* may be automated, depending on the category and number of customers involved. Programs in place for cash transaction are able to identify transactions structured to avoid reporting obligations.

Whenever a transaction is considered suspicious it is reported to the competent Authorities.

6. Responsibilities and internal control

The Compliance Department is responsible for implementing these AML policies and procedures. Each jurisdiction has a Money Laundering Reporting Officer. The Internal Audit Department (or another independent entity, if required by law) assesses AML policies and procedures in a regular basis.

7. AML training

Finantia provides, directly or through outsourcing, AML training to relevant employees. It retains records of the training sessions, including attendance records and relevant materials used. Training themes include:

- a) Identification and reporting of transactions that must be reported to competent authorities;
- b) Examples of different kinds of money laundering involving Finantia products and services;
- c) Internal policies to prevent money laundering.

New AML laws or changes to existing AML policies or procedures are communicated to relevant employees and comply with local regulations.