

Banco Finantia
Customer Asset Protection Policy

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1 Introduction

The regulations in force require institutions to protect customers' rights in relation to the financial instruments and funds belonging to them, and more specifically the protection of customers in the event of insolvency of the institution, as well as the prohibition on using their financial instruments for its own account.

To this end, Banco Finantia (hereinafter the Bank) considers the protection of its customers' assets as a key element in the protection of its asset interests and has developed this policy to ensure the distinction between the assets deposited by its customers and the Bank's own assets, also maintaining precise internal procedures for cases in which these assets are deposited in accounts opened with third party entities.

For the purpose of this Asset Protection Policy (hereinafter "the Policy"), the financial instruments defined in Articles 306 to 306-G of the Securities Code (Portugal), as well as in Article 2 of the Securities Market Law (Royal Decree-Law 4/2015, of 23 October, which approves the Consolidated Text of the Securities Market Law) and Decree-Law 217/2008 (Spain) on the safeguarding of financial instruments are considered to be the property of the Bank's customers.

2 Purpose

The purpose of this Policy is to describe the Bank's procedures and mechanisms for the protection of customers' financial instruments. The criteria described meet the requirements established by the regulations in force.

3 Applicable Legislation

- > Articles 306 to 306-G of the Securities Code (Portugal).
- > Royal Decree 217/2008 of 15 February 2008 on the legal framework for investment services firms and other entities providing investment services and partially amending the Regulation of Law 35/2003 of 4 November on Collective Investment Undertakings, approved by Royal Decree 1309/2005 of 4 November (Spain).
- > Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II).
- > Articles 1 to 8 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the safeguarding of financial instruments and funds belonging to customers, product governance obligations, and rules applicable to the provision or receipt of fees, commissions or other monetary or non-monetary benefits.
- > Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

- > The Securities Market Law, applicable in Spain, approved by Law 6/2023, of 17 March 2023 (hereinafter "LMV").
- > Circular 5/2009 of 25 November 2009 of the National Securities Market Commission (CNMV) regulating the Auditor's Annual Report on the Protection of Customer Assets (Spain).

4 General Principles for the Protection of Financial Instruments

The Bank has taken appropriate measures to protect the rights of customers in relation to financial instruments belonging to them, complying, inter alia, with the following requirements:

- > Maintenance of records and accounts that allow, at any time and promptly, a clear distinction between assets belonging to one customer and those held on behalf of any other customer, as well as the Bank's assets;
- > Maintaining records and accounts in such a way as to ensure that they are true, sufficiently accurate and correspond to the financial instruments that are held by the Bank on behalf of the customer;
- > Maintenance of detailed information on the accounts opened with the depositary entities;
- > Protection of customers' property rights, especially in the event of the Bank's insolvency;
- > Ensuring accuracy of data, keeping records and accounts, in particular correspondence with financial instruments and customer money;
- > Not using customers' financial instruments on its own behalf, except as required by law;
- > Regularly reconciling internal accounts and records with those of third parties that hold customer assets;
- > Taking the necessary organisational measures to minimise the risk of loss, in whole or in part, - of the value of customer assets as a result of misuse of those assets, fraud, mismanagement, inadequate record-keeping or negligence.
- > Carrying out regular assessment under the terms of which information made available by national and international regulators and supervisory bodies is consulted in order to assess the existence of possible non-compliance and administrative offences.

With regard to regular evaluation, the following mechanisms are envisaged:

- > Consultation of the websites of national regulators and supervisory bodies, namely the Bank of Portugal, the Bank of Spain, the CMVM and the CNMV, particularly in the areas relating to very serious administrative offences and market crimes and the alerts relating to this document.
- > Consultation of the websites of the world's main supervisory authorities, namely the FCA (Financial Conduct Authority), the SEC (Securities and Exchange Commission), FINRA (Financial Industry Regulatory Authority) and the Swiss Financial Market Supervisory Authority (FINMA), to learn about possible non-compliance and the respective penalties applicable to the appointed third parties.

- > Receipt of any alerts sent by the Bank of Portugal, the Bank of Spain, the CMVM, the CNMV, the Financial Action Task Force (FAFT), the US Treasury or any other supervisory or supranational entities, regarding financial intermediaries that are in default or with which the Bank is prohibited from maintaining any type of business relationship.

5 Reporting

Two types of reports are prepared, with a different nature and periodicity.

- > Initial Report - At the time of initial selection and appointment of the third party entities, a report must be prepared that justifies the choices made, in which the matters described in point 8 of this policy must be analysed. This report shall be prepared by the Operations Department, and the Compliance Department and the Internal Audit Department shall be immediately informed.
- > Annual Report - On an annual basis, by 30 April of each year, a report must be prepared containing the periodic assessment of the appointed third party entities, which, in addition to analysing the matters described in point 4, must also report any occurrences of which Banco Finantia or the branch has become aware. This report is prepared jointly by the Compliance Department, which analyses the matters described, and the Operations Department.

6 Distinction of Assets

The Bank has the mechanisms and adopts adequate internal measures to establish and maintain the distinction between its assets and those belonging to each of its customers, in accordance with the applicable rules for the registration and deposit of financial instruments and other customer assets, with the aim of ensuring due protection of the respective assets.

For this purpose, the Bank has established deposit accounts and depository/registration and administration accounts for its customers in which:

- > It keeps the records and accounts in such a way that, at any time and immediately, it can distinguish the assets belonging to each customer;
- > Collections and payments made in execution of the contract entered into with customers are credited and debited to the linked accounts assigned when the contract for the deposit, custody and administration of securities is signed, unless the customer expressly states otherwise;
- > Frequently, and at least on a monthly basis, it performs reconciliations between its internal customer accounts and the accounts opened with third parties for deposit or registration of goods from those customers;
- > It adopts organisational processes and procedures to minimise the risk of the total or partial loss of value of customer assets or of rights related to those assets, as well as to minimise the risk associated with the misuse of assets through fraud, mismanagement, inadequate record-keeping or negligence;

- > The differentiation of assets is maintained with special and unique denominations in each account opened with third party entities;
- > There are separate areas and information barriers for (i) proprietary portfolio management operations, (ii) discretionary management of customer portfolios and (iii) intermediation of customer portfolios, as well as the areas of (iv) Capital Markets, (v) Personal Banking and Operations, with specific human and technical resources for each operation.
- > It keeps a record of orders and transactions, where instructions received from the customer are recorded, and confirmations are subsequently sent to customers of movements on their securities account with the relevant details. A reconciliation is also carried out between own account balances and customer account balances.

7 Sub-custody - Omnibus Accounts

In providing custody (depository) services for its customers' financial instruments, the Bank may in certain cases use sub-custodians for the deposit, and its customers' financial instruments or cash may be held by a third party on behalf of the Bank. The aim is to provide a better service to its customers and to allow its financial instruments to be marketed under the best market conditions.

In accordance with current legislation, in cases where the Bank makes use of sub-custodians, the financial instruments in the depository account in the name of the customer may be held by them in omnibus accounts opened in the name of the Bank.

The operation of third-party omnibus accounts may entail operational and legal risks due to the lack of identification of positions with individual investors. However, the Bank has internal records that allow and ensure the identification of ownership of customers' financial instruments deposited in omnibus accounts.

The operation of omnibus accounts may entail the following risks:

- > Operational risks or risks of temporal restriction in availability, deterioration of the instrument, unforeseen losses as a result of human errors, deficiencies in internal controls or failures of the systems implemented;
- > Legal risk of possible unenforceability of contracts;
- > General application of a law other than Portuguese law relating to the place where the instruments or subcontractors are located;
- > Application of legislation that differs from that of Portugal in matters of ownership and the insolvency process - as a result of which the measures for segregating or identifying customer financial instruments to separate them from those of third parties may prove insufficient;
- > Lack of identification of positions with each of the investors on an individual basis;
- > Risk of the existence, in favour of the third party, of rights of retention, guarantee or disposal over the financial instruments as a means of guaranteeing the obligations arising from the sub-custodian contract;

- > Settlement risk arising from transactions carried out by other customers in these financial instruments;
- > Risk of theft or fraud by the sub-custodian or its representatives, employees and/or directors.

Thus, the acts, omissions, default or insolvency of the sub-custodian may result in the loss of the Customer's financial instruments and other losses. The Bank does not guarantee nor is it obliged to be liable for the return of the financial instruments delivered to the sub-custodian in the event of bankruptcy, insolvency or loss by a third party.

In order to mitigate the risk, the Bank verifies that:

- > Each third-party bank acknowledges that all money to the credit of the customer's account is held by the Bank as administrator;
- > The custodian is not entitled to combine the account with any other account;
- > The custodian does not exercise any right of set-off or counterclaim against the amount available in that account in respect of any sum due to the Bank in any of its other accounts;
- > It exercises the same precautions and fulfils its obligations as if it were a direct custodian, employing high standards of professional diligence in the selection, appointment and periodic evaluation of sub-custodians, taking into account their technical capacity and reputation in the market.

8 Selection of Depositary Entities

The Bank has defined the procedures to be adopted in the selection, nomination and periodic assessment of the third-party entities chosen to register and deposit its customers' financial instruments (sub-custodians), in compliance with article 306-A of the Securities Code.

In the selection of its depositary entities, the Bank acts with due skill, care and diligence. Indeed, in the selection, the Bank considers:

- > Their market presence, taking into account, among others, the following aspects: reputation, any membership of renowned economic groups, the services offered, their quality, audits carried out, and any legal requirements related to holding financial instruments that may adversely affect Customers' rights.
- > Greater volumes of securities under custody, which guarantees its experience and prestige.
- > The sub-custodian's IT systems must meet minimum requirements, in the Bank's judgment, in terms of quality control, maintenance, audits, business continuity plan, regular updating and reviews, protection of confidential information and legal security.
- > Regular assessment of the internal procedures of third-party entities regarding the safeguarding of third-party assets and, specifically, the registration and deposit of

financial instruments on behalf of third parties.

- > Comparative analysis of the pricing of potential third-party entities with regard to the provision of the service of registration and deposit of customers' financial instruments (with the support of the Operations Department).
- > The existence of a good prior institutional relationship with the potential third party entities is a factor to be considered in their selection.
- > When selecting a sub-custodian domiciled in a third country, the Bank will ensure that such entity is subject to specific regulation and supervision for safe custody.

The Bank ensures the diversification of the depositary entities selected in order to mitigate risks and minimise misuse.

The Operations Department (Customer and Custody Area) is responsible for preparing an annual report on the situation of the sub-custodians cooperating with the Bank (referred to in Article 5). By virtue of the conclusions contained in that report, the Bank assesses compliance with the aforementioned requirements for the purposes of continuing or not the relationship established with the sub-custodian.

9 Depositary Entities

With regard to its customers' assets, the Bank has contracted sub-custody services from custodian entities participating in the various international markets or settlement systems to ensure access to them:

- > INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A; - Preferred for shares and debt instruments issued by Portuguese issuers;
- > Euroclear Bank SA/NV - Preferred debt instruments whose transaction is settled through this entity;
- > CECABANK S.A. - Preferred for shares of debt instruments of Spanish issuers and shares issued outside Spain. In this case, the branch submits its financial instruments to CECABANK, creating individual accounts for each of its customers. For the settlement and custody of equity securities listed on international markets, CECABANK uses global depositories of recognised prestige.
- > ALLFUNDS BANK, S.A. - Preferred for investment fund units held by customers of the branch, subscribed/redeemed through this global distributor, maintaining individual accounts for each customer and global accounts for each manager.
- > Millennium BCP, S.A, Caceis Bank, Luxembourg Branch, HSBC France Luxembourg Branch, BNP Paribas Securities Services Luxembourg - Preferred for fund units held by Head Office customers;

10 Reconciliation of Accounts and Records

The accuracy of internal records of financial instruments held by third parties is ensured through:

- > Monthly reconciliations performed by the Operations/Reconciliations Department;
- > Internal audits which are carried out regularly;
- > External audits - annually, the Bank's external auditors review this reconciliation process. For that purpose, they request the relevant information from the sub-custodians held by the Bank, confirming that the internal records coincide with those of the entities that maintain the sub-custody of the Bank's customers' financial instruments and confirming the correct establishment of the measures adopted by the Bank in compliance with regulatory requirements. As a result of this audit, the external auditor issues a report on the asset protection policy, which is submitted to the CMVM.

11 Use of Customer Financial Instruments

In general, the Bank does not use its customers' financial instruments for its own purposes, and they are exclusively managed and held in custody.

Notwithstanding the above, in the event of entering into agreements with third parties for securities financing transactions, the Bank shall obtain the customer's prior written consent for the use of its financial instruments, in accordance with the specific instructions given by the customer to the Bank regarding their use.

Where operations or customary practice in the country so require, the Bank's depositories and/or sub-custodians will hold omnibus accounts for the custody of international financial instruments in accordance with its legislation.

In omnibus accounts and in the event of agreements with third parties for securities financing operations, the Bank shall obtain prior written consent from all customers whose instruments are held in the omnibus account, and the specific instructions for the use of the financial instruments will also be respected in their use.

12 Customer Information on Protection

The Bank guarantees its customers the necessary information on the protection of their assets:

- > By providing the customer with generic pre-contractual information about the Bank's information and policies.
- > By providing the customer with the contractual document for the deposit, custody and administration of securities, which expressly stipulates the possibility of using sub-custody, as well as the Bank's right to offset overdraft balances that the customer may generate.

The Bank periodically sends the customer a statement on a durable medium of the financial instruments and/or funds.

12.1 Deposit Guarantee Fund

The Bank participates in the Deposit Guarantee Fund (hereafter DGF).

This Fund aims to guarantee the repayment of deposits made with banking institutions should they become unable to repay customers' money, which may occur in the following situations: i) the Bank's financial conditions show a high level of deterioration and the supervisor (Bank of Portugal) confirms that the Bank is no longer able to repay its customers; ii) the supervisor revokes the credit institution's authorisation, prior to the deterioration of the Bank's financial conditions; or iii) Banco Finantia S.A. Sucursal en España receives a statement from the supervisory authority, confirming the Bank's inability to repay the customer's money.

The DGF, of which the Bank is a participant, guarantees:

- > the repayment of deposits in securities and financial instruments entrusted to the Bank up to a ceiling of 100,000;
- > it covers the following types of deposits: demand and term deposits;
- > the beneficiaries of the guarantee are the depositors, whether natural or legal persons;
- > the guarantee applies per depositor, even if the depositor has several deposits or if the same deposit has more than one holder.

With specific regard to Banco Finantia S.A Sucursal en España, the branch's depositors may be reimbursed by "*El Fondo de Garantía de Depósitos de Entidades de Crédito* (the Credit Entity Deposit Guarantee Fund)", which will make the reimbursement in accordance with the instructions of the Deposit Guarantee Fund, as provided for in Article 14(2) of Directive 2014/49/EU.

12.2 Investor Compensation Scheme

The Bank participates in the Investor Compensation Scheme (hereinafter ICS).

This system protects investors if the Bank proves unable to repay or return the money or financial instruments belonging to them.

The ICS may be activated in the same situations as those foreseen for the GDF.

The investor can only benefit from this cover if the following three requirements are met cumulatively:

- > the defaulting intermediary must be an entity participating in the ICS;

- > the investor must be a retail investor; and
- > the claim must relate to transactions on covered financial instruments - list of covered instruments available in Section C of Annex I to Directive 2014/65/EC of 15 May.

Under the ICS the maximum limit of compensation is 25,000 euros.

As a branch of the Bank, the investment operations carried out by Banco Finantia S.A Sucursal en España are included in the ICS.

Customers can obtain more detailed information about this Policy on the Banco Finantia Corporate Website (www.finantia.com), or obtain a copy of the Policy at the respective branches of the Bank.

13 Person responsible for customer asset protection

In accordance with the legislation in force, the Bank appoints the Compliance Officer as the official responsible for ensuring compliance with the obligations inherent in the protection of financial instruments and customer funds.

14 Adoption, entry into force and amendments

This Policy and any subsequent amendments are approved by the Executive Committee.

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.