Investment Services and Products Booklet

October 2021

Information on the provision of Investment Services
Bankinter, S.A. – Sucursal em Portugal

9515 (03) (10) 2021

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1.Introduction and general information about Bankinter

In accordance with securities market regulations in Portugal and the European Union, Bankinter, S.A. – Sucursal em Portugal (hereinafter, 'Bankinter' or the 'bank') has prepared this **Investment Services and Products Booklet** to provide Customers with certain information about the bank and the investment services and products it offers. This information does not substitute the necessary or appropriate documents for subscribing to any service or product. Its purpose is to introduce the most significant aspects of the legal framework in place for companies and other entities that provide investment services to the bank's Customers and the general public. The acquisition of an investment service or financial instrument implies acceptance of the terms set out in this document. Therefore, you are advised to read it carefully. In addition to the banking and financial services and products and the insurance brokerage Bankinter offers to its Customers, it generally provides the following services, investment activities and ancillary services:

- Reception and transmission of Customer orders regarding one or several financial instruments.
- Execution of Customer orders.
- Portfolio management.
- Non-independent investment advice.
- Placing and underwriting financial instrument issues.
- Preparing investment studies, financial analysis, and other means of general advice on transactions with financial instruments.
- Safekeeping and managing financial instruments for Customers.

The content of this document may be supplemented with Bankinter's regularly updated website (bankinter.pt); or with the information provided to Customers in brochures and presentations on the various services and/or financial instruments provided by the bank.

1.1. Information about the bank

Bankinter, S.A. – Head office: Paseo de la Castellana, no 29, 28046 Madrid, Spain.

Bankinter, S.A. – Sucursal em Portugal: Praça de Marquês de Pombal, no 13, 2nd floor, 1250-162, Lisbon, Portugal, registered with the Lisbon Company Registry under single registry and legal entity number 980 547 490.

Branch office registered with the competent supervisory authorities in Portugal (Banco de Portugal, registry no. 269; the Portuguese Securities Market Commission, registry no. 369; and the Portuguese Insurance and Pension Funds Supervisory Authority, registry no. 0V-0028) to engage in banking and financial activities relating to investment services and insurance brokerage in Portugal. Bankinter, S.A. is authorised and regulated by the Single Supervisory Mechanism (SSM) led by the European Central Bank (ECB). It is also a member of the deposit guarantee system instituted in Spain and managed by the 'Fondo de Garantía de Depósitos de Entidades de Crédito' (the Spanish Deposit Guarantee Fund of Credit Institutions).

1.2. Notices to Customers

All notices will be made in writing or electronically, under the terms set out in the 'General Terms and Conditions for Bankinter Customers'.

2.Customer categorisation

2.1. Classification system

In accordance with securities market regulations in Portugal and the European Union, Bankinter is required to classify its Customers into several categories, each of which are associated with a particular protection level. These categories are:

- **Eligible counterparties:** Eligible counterparties are investment companies, credit institutions, insurance companies, undertakings for collective investment and their fund managers, pension funds and their fund managers, national governments, central banks, and international and supranational organisations (e.g., the World Bank, IMF, ECB, EIB), amongst others.
  This Customer category has a basic level of protection and is not subject to certain obligations with respect to information disclosure to Customers, order execution and management, and knowledge, experience and suitability assessments.

- **Professional Customers:** As regards all investment and financial instrument services and activities, professional Customers are any large companies that individually meet two of the following size criteria:
  - Balance sheet: 20,000,000 EUR
  - Net turnover: 40 000 000 EUR
  - Equity: 2,000,000 EUR

  Bankinter considers this type of Customers to have the experience, knowledge and expertise necessary to take their own investment decisions and properly assess the related risks. This category has an intermediate level of protection.

- **Retail Customers:** Bankinter considers as retail Customers all those who do not fit within the previous categories. This category benefits from a higher level of protection and guarantees the utmost information rights in the time before and after an investment service is provided.

Accordingly, Bankinter notifies its Customers of their categorisation in writing, informing them of any rights available to them in order to apply for a different category as well as any related limitations concerning their level of protection.

2.2. Right to apply for a different category

According to the 'Customer categorisation policy', Customers may apply for the following category changes:

Changes that imply a lower Customer protection level
From retail Customer to professional Customer

Retail Customers may apply to Bankinter for professional Customer treatment, provided that they mention the family of products for which this treatment is intended.

They must submit their requests in writing, stating that they wish to be treated as professional Customers and are aware of the consequences of waiving any level of protection and rights that may no longer extend to them.

Accordingly, Bankinter will not consider such Customers to have market knowledge and experience comparable to those of professional Customers as set out in the previous section.

As the professional Customer category implies a lower level of protection, a Customer application for professional Customer treatment will be subject to an assessment undertaken by Bankinter of the Customer's expertise, experience and knowledge that gives reasonable assurance, considering the nature of the transactions or services envisaged, that he or she is capable of making his or her own investment decisions and understanding the risks involved with a particular family of products.

During this assessment, Bankinter requires the Customer to satisfy at least two of the following criteria:
- the Customer has carried out transactions for an average amount of over €125,000 at an average frequency of over ten transactions per quarter, over the previous four quarters;
- the size of the Customer's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds €500,000;
- the Customer works or has worked in the financial sector for at least one year in a professional position that requires knowledge of the transactions or services envisaged.

Customers must keep Bankinter informed about any changes that may affect their categorisation. Nonetheless, if Bankinter becomes aware that a Customer no longer fulfils the initial conditions to be eligible to be treated as a professional Customer, it must take appropriate action, at which moment the Customer will be categorised as non-professional for all intents and purposes.

Changes that imply a higher Customer protection level

From professional Customer to retail Customer

Professional Customers have the right to apply for retail Customer treatment. This request is subject to a written agreement to the effect that the Customer will not be treated as a professional Customer for the purposes of the applicable conduct of business regime. The agreement must also specify the types of products this re-categorisation applies.

From eligible counterparty to professional or retail Customer

Eligible counterparties have the right to apply for professional or retail Customer treatment.
In any event, this request must be made in writing, stating whether treatment as a retail or professional Customer concerns one or several families of products.
If a Customer no longer satisfies requirements, the Customer will be notified and subsequently re-categorised in accordance with his or her actual circumstances.

3. Knowledge, experience and suitability assessments

For certain investment services, Bankinter is required to obtain certain information about its Customers, as described under sections 3.1 and 3.2 above. In both cases, Customers undertake to provide Bankinter with accurate information, as Bankinter will rely on the information customers give.

Customers are responsible for the information they provide. They must keep it updated and notify the bank through any of the channels enabled for this purpose, of any change that may affect how they are assessed in a particular sense.

Customers will be responsible for any failure to comply with their information obligations.

3.1. Knowledge and experience assessments

A knowledge and experience assessment are carried out whenever a Bankinter Customer intends to acquire a financial instrument or an investment service other than investment advice or portfolio management, irrespective of the channel used for this purpose.

The bank must collect information on investment knowledge and experience regarding the family of the financial instrument that is offered or requested. Customers must also provide information about their age, level of schooling and professional background so that the bank will be able to assess their knowledge and experience for a given transaction.

Nonetheless, Customers do not need to complete a knowledge and experience questionnaire whenever they wish to acquire a product, financial instrument or service. Customers' information will remain valid for a maximum period of two years unless they decide to change the latest information, they have given the bank. Information on knowledge and experience is used for each family of investment products defined by Bankinter and listed at the end of this document. Customers must complete a questionnaire for each investment product family prior to subscription. The length of the questionnaire varies depending on the complexity of the family in question.

The bank will directly notify Customers whenever a prior assessment reveals that a particular financial instrument is not appropriate for them.

If Customers do not provide the requested information or fail to give sufficient details about their knowledge and experience, the bank must inform them that the result of their assessment is deemed indeterminate and, thus, it cannot confirm whether the service or product under consideration is suited to them.

For subscriptions under solidary liability accounts, the bank considers the information of the Customer/attorney who signs for the transaction for purposes of the knowledge and experience assessment.

For subscriptions under joint or mixed liability accounts, the bank considers the information of the Customers/ attorney signing for a transaction for purposes of the knowledge and experience assessment, in accordance with account access rules in order to ensure that the investment product or service in question is suited to all account holders that sign the transaction.

In the case of legal entity Customers, questions about age, studies and professional background will be asked in regard to their legal representative(s)/ attorney(s), whilst the other questions about knowledge and experience will be with respect to the legal entities themselves.

However, the bank is not required to obtain the information for assessing the appropriateness of a given transaction when providing investment services that only involve executing or receiving and sending Customer orders, provided that all of the following conditions are met:

- Such services concern financial instruments defined by regulations as non-complex, such as shares, bonds and other debt instruments listed on regulated markets, money market instruments, UCITS, etc;
- The services are provided on the Customer's own initiative;

- The Customer was clearly informed that, when providing the service, the bank is not required to assess the suitability of the financial instrument being offered or the service being rendered; and, therefore, the Customer is not entitled to the corresponding level of protection set out in the relevant rules of conduct;
- Bankinter's policy on conflicts of interest is followed.

3.2. Suitability assessments

Before providing any portfolio management or investment advisory services, the bank must obtain from Customers the required information on their investment knowledge and experience in regard to a specific type of product or service, and on their financial situation and investment objectives (including their risk tolerance level), in order to recommend investment services and products that are suited to them and, in particular, commensurate with their risk tolerance level and their financial ability to withstand losses. Therefore, Customers must answer the suitability questionnaire, as this information may need to be updated from time to time depending on the service provided.

For subscriptions under solidary liability accounts, the bank considers the information of the client/attorney who signs for the transaction for purposes of the suitability assessment.

For subscriptions under joint or mixed liability accounts, the bank considers the information of the Customers/Attorneys signing for a transaction for purposes of the suitability assessment, in accordance with account access rules in order to ensure that the investment product or service in question is suited to all account holders that sign the transaction.

For individual Customers represented by an attorney, knowledge and experience will be asked about the attorney, and the financial situation and investment objectives will be ascertained regarding the Customer being represented.

For legal entity Customers, the questions on the suitability questionnaire will concern the legal entity itself (except for those questions about age, studies and professional background, which should be answered by the entity's legal representative(s)/attoney(s)).

If Customers fail to provide Bankinter with the information required to conduct the suitability assessment, the result of their assessments will indicate that the investment product/service in question is not appropriate for them. Therefore, the bank will not be able to provide them with the related portfolio management or investment advisory services.

On the other hand, the suitability assessment form is based on a matrix that relates the maximum investment percentage allowed for each risk profile based on a Customer's financial situation.

The maximum investment amount is limited by this percentage calculated with respect to a Customer's financial assets and by any remaining positions that the Customer may have with the institution (i.e., the total investments in a Customer's portfolio and the consumption thereof with respect to the Customer's financial means).

This form is only for acquiring a service that is subject to the suitability questionnaire. Hence, it applies to non-independent investment advisory services (one-off advice or the Advisory service) or portfolio management. In the specific case of the Advisory service and the Portfolio management service, the suitability questionnaire will be administered in accordance with the access rules for the associated current account, even if all account holders are signers of this agreement.

4. Services, investment activities and ancillary services provided by Bankinter to Customers

The bank provides the following investment services and ancillary services in accordance with the applicable regulation:

4.1. Reception and transmission of Customers' orders

Through the order reception and transmission service, Customers may issue orders to carry out transactions in financial instruments by sending them to Bankinter in a clear and precise manner, through the communication channels Bankinter makes available for this purpose, without the bank's involvement in any decision to buy or sell.

In accordance with section 3.1 above, before a Customer subscribes to a financial instrument, Bankinter must verify if it is appropriate for the Customer based on the answers given in his or her knowledge and experience questionnaire, in order to ensure that the Customer previously understands or has clearly understood the characteristics of the product that he or she will purchase.

Upon receipt of an order, the Bank must provide all the pre-contractual information required in the regulation, which varies according to the type of financial instrument, so that the Customer can analyse it before proceeding with it. If any doubt arises, the Customer must consult before proceeding with the contract.

The Bank may validate that the Customer has sufficient liquidity in the current account associated with the securities to face the execution plus all inherent expenses and only comply with the customer's instructions.

Some instruments may have a minimum trading value which will be indicated in the instrument's characteristics at the time the service is provided.

The Bank may request confirmation from the Customers related to the telephone orders. However, the Bank shall have the right to consider and treat as valid any order or instruction that it reasonably believes comes from the customer or a person authorized by it.

Customers' instructions may be sent in person or through means of distance communication, namely electronically or by telephone or through any other means that may become available, provided that they comply with the terms and conditions accepted and established by Bankinter. Bankinter will be expressly authorised by Customers to register and record any communications received or made using the appropriate means and keep them for as long as is necessary, in accordance with current legislation and regulations.

Bankinter sends orders to third parties in accordance with the policy on executing and sending orders, which is delivered to Customers at the account opening process.

Bankinter may decline any orders or instructions issued by Customers, whenever it understands that complying with, executing or monitoring them runs counter to current regulations or is subject to certain limitations or restrictions.

For more details, please refer to the information available in the General Terms and Conditions for Bankinter Customers and the policy on executing and sending orders.

4.2. Execution of orders

Bankinter has the power to execute orders sent by Customers or their legal representatives/attorneys; or to send them, when necessary, to other Financial Intermediaries with the power to execute them, thereby settling completed transactions and complying with the settlement dates defined for each market.

Bankinter executes Customer's orders for third parties in accordance with the execution and transmission of orders policy.

Bankinter takes the necessary measures to achieve the best possible result for Customers' transactions, in the terms set out in the execution and transmission of orders policy.

If Customers submit specific instructions about how they want a certain order to be executed, Bankinter will follow them if it accepts them as valid. In this case, in accordance with its execution and transmission of orders policy, Customers understand and accept that their specific instructions may prevent Bankinter from achieving the best possible result regarding the items covered by such instructions.

Bankinter sends an execution notice to Customers via the means of communication described in this document, and in the time frame and with the content stipulated by current regulations.

For more details, please refer to the information available in the General Terms and Conditions for Bankinter Customers and the execution and transmission of orders policy.

4.3. Portfolio management service

Through the portfolio management service, Customer's delegate investment decisions regarding a portion of their assets to Bankinter. Bankinter may delegate certain functions of the service in third parties without this implying any reduction in its responsibility towards the Customer.

Before Customers subscribe to the portfolio management service, Bankinter will use the suitability questionnaire to assess their suitability exclusively for the selected service.

If the service agreement contains more than one beneficiary, Bankinter will consider the information of one of them (namely, the information about the beneficiary who signs the questionnaire) in order to assess their suitability for the service.

For subscriptions under joint or mixed liability accounts, the bank considers the information of the Customers/attorneys signing for a transaction for purposes of the suitability assessment, in accordance with account access rules in order to ensure that the investment product or service in question is suited to all account holders.

For individual Customers represented by an authorised agent, knowledge and experience will be asked about the authorised agent, and the financial situation and investment objectives will be ascertained with regard to the Customer being represented.

For legal entity Customers, the questions on the suitability questionnaire will concern the legal entity itself (except for those questions about age, studies, and professional background, which should be answered by the entity's legal representative(s)/ attorney(s)).

This service is based on a suitability questionnaire completed by Customers as well as Customers' instructions.

To subscribe to this service, Customers provide Bankinter with their own investment criteria. Bankinter proposes the appropriate model portfolio, consisting of certain assets that the bank understands will meet Customers' criteria. After Customers subscribe to the service, Bankinter may change the composition of a portfolio at its discretion and in accordance with the same risk profiles.

Bankinter guarantees that investments are always maintained within Customers' risk profiles. Whenever that is not possible, it will cancel the service in the terms provided in the related service agreement.

This is a delegated portfolio management service for investment funds and other securities, in which Customers designate Bankinter to take decision on their managed assets. Bankinter provides customers with a monthly statement on the status of their managed asset portfolio.

In terms of associated costs and charges, the service only has a fixed management fee, which is paid annually.

As regards contractual documents, Customers sign a delegated portfolio management agreement and a suitability questionnaire.

This management aims to obtain the highest returns from a portfolio through decision-making based on a fundamental macroeconomic, geographic and sectoral analysis of market conditions, seeking to take advantage of the best opportunities identified by managers.

In order for customers to assess the results obtained by Bankinter, the values of the financial instruments that make up a portfolio are taken daily, except in the case of any financial instruments that cannot be valued daily because of their legal consideration. Such financial instruments are valued according to their own valuation time frames. The assessment method uses a benchmark that varies depending on risk levels defined by Customers and according to any preferences, limitations and exclusions indicated by Customers in the particular terms and conditions.

Bankinter will consider the negative impacts of investment decisions on sustainability factors in the provision of the portfolio management service, as per the Due Diligence Policy Statement, which is available for consultation at https://webcorporativa.bankinter.pt

4.4. Investment advice service

Bankinter provides non-independent advice services.

Through such advising services, Customers receive personalised recommendations on products that best serve their investment objectives, on an occasional or recurring basis depending on the type of service or product to which they have subscribed. Accordingly, before issuing any recommendation, Bankinter administers the suitability questionnaire to Customers in the manner described above.

Investment advice service for a specific product
The advising service Bankinter provides for a specific product (occasional)

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Investment advice service for a set of products ("Investment Platform")

One-off advice service provided by the bank for a set of products (product portfolio). Irrespective of its regular reporting duties and depositary/registering entity duties, Bankinter will not follow up on its recommendations or regularly assess the suitability thereof.

Bankinter will consider the negative impacts of investment decisions on sustainability factors in the provision of the portfolio management service, as per the Due Diligence Policy Statement, which is available for consultation at https://webcorporativa.bankinter.pt

4.5. Placing and underwriting financial instrument issues

Bankinter is authorised to provide services in order to place equity and fixed income products (both proprietary and third-party securities) for eligible counterparties, professional Customers and retail Customers, in accordance with the limitations and requirements put in place by the Portuguese Securities Market Commission (CMVM) and any other internal restrictions defined by Bankinter regarding product suitability for certain types of Customer. The types of product are as follows:

- Fixed income securities: securities issued by government institutions (the State and other state-run entities) or private institutions. Transaction examples: commercial paper issues; plain vanilla or subordinated bonds; mortgage or asset-backed securities;
- Equities: shares issued by listed companies in both primary and secondary markets. Transaction examples: stock exchange listings through public offers for sale or initial public offerings (IPO); private placements prior to stock exchange listing and admission to trading; capital increases with and without preferred subscription rights; placement of blocks of shares; hybrid products with both equity and fixed income components, such as preferred shares and convertible bonds.

These services may be provided through the underwriting of issues, when there is a guarantee that ensures the success of a placement; or through a placement without guarantee, when carried out with best efforts.

In any event, associated transaction fees and charges that will be attributed to Customers must be disclosed prior to investing. Any incentives to be received by Bankinter in providing this service to an issuing entity will also be disclosed to the Customer prior to investing.

4.6. Financial analysis service (research)

Bankinter's financial analysis team is responsible for preparing recommendations and opinions about the various types of assets and financial matters that concern its Customers: macroeconomic scenario, equity markets, exchange rates, interest rates and property. The financial analysis service deals with the main investment vehicles available for the various types of assets: bonds, shares, currencies, investment funds, or ETFs, etc.

Opinions are issued through various types of reports and published at different intervals. These reports include notes on macroeconomic indicators from all over the world, daily reports, the weekly investment strategy report, the quarterly investment strategy report, individual reports on companies, bimonthly notes on exchange and interest rates, model equity portfolios and investment funds, etc.

These opinions and recommendations are prepared internally and are based on public sources of information deemed reliable. Published reports and notes on which such opinions and recommendations are based have simultaneous, unrestricted access for Bankinter Customers and the general public on Bankinter's website. The daily, weekly, and quarterly investment strategy reports are also sent to Customers by email.

4.7. Safekeeping and administration of financial instruments

The registration, deposit and order transmission service on behalf of third parties takes place with the initial registration, deposit and order transmission transaction regarding financial instruments, opening a 'financial instrument registration and deposit account' linked to a main current account with the same characteristics (holders, access terms and conditions and address for notification purposes). These financial instrument registration deposit accounts may be accessed by any of the main current account holders, through an authorisation that is granted to all account holders for access purposes.

Registered and deposited financial instruments are kept under identical joint ownership between all holders of the financial instrument registration and deposit account. They may only be accessed for reception and transmission services for orders regarding financial instruments requested by Customers, as a result of the execution of rights on financial instruments under safekeeping.

Financial instrument safekeeping and administration services are insured by Bankinter in the terms described under section '5. Registration, deposit and order transmission services for third parties in the General Terms and Conditions for Products and Services Offered to Bankinter Customers.

As part of the safekeeping service, Bankinter is required to follow the asset safekeeping policy set out below.

For more details, please refer to the information available in the General Terms and Conditions for Bankinter Customers.

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5. Information provided to Customers

Bankinter offers an array of information at the various stages of its relationship with a Customer:

- Pre-contractual information: all current or potential Customers receive detailed information about Bankinter, the products and services that interest them, spaces for order trading and related costs and fees, so that they may understand how they work before subscribing to them;
- Post-contractual information: likewise, Bankinter Customers may receive detailed information about the status of their investments and orders, in order to follow-up precisely on their performance. Furthermore, Customers receive information on the status of their investment positions at least every quarter, in addition to information about fees and charges no less than once every year.

Bankinter provides Customers with several means to access this information, namely though the online banking service or through regular post sent to their listed address with the required information for several cases.

5.1. Information on incentives, fees and charges

5.1.1. Incentives

Incentives are understood as fees, commissions and non-pecuniary benefits that Bankinter pays or receives from a third party, for providing Customers with an investment service for a financial instrument envisaged under securities market regulations.

For example, the placement fees that Bankinter collects from a fund manager for distributing its investment funds amongst the bank's Customers are considered 'incentives', even if they are not included in the costs borne by Customers.

Bankinter's effort to promote the best interests of its Customers motivates it to provide the best financial products available in Portugal and abroad. Bankinter's duty to act honestly, impartially and professional is not compromised by any incentive it may receive, as Bankinter has mechanisms in place to safeguard the appropriateness of the products it offers to its Customers. Accordingly, Customers are notified when necessary in order for them to be aware of a potential 'incentive' relating to the service that is being provided to them.

For more information on incentives, please refer to the incentive management policy, available through all order reception channels.

5.1.2. Fees and charges

5.1.2.1. Information on costs and charges

In accordance with current regulations, Bankinter provides Customers with information on all costs and charges associated with an investment product or service they intend to acquire, sufficiently in advance for customers to analyse them. In particular, these fees and charges include: (i) costs and charges collected by both Bankinter and third parties; (ii) all related costs and charges for preparing and managing financial instruments; and (iii) amounts received from third parties. Bankinter also provides Customers with a price list, with the maximum fee and expense amounts, in the terms set out in the next section below.

Every year, Bankinter provides information on all costs and charges relating to any investment products and services and ancillary services recommended or sold to Customers. This information is based on current costs and is provided in a personalised manner.

5.1.2.2. Price list

Bankinter receives from Customers the fees set out in each price list for the investment services described in this document, on account of its activity and provision of services.

The price list, which includes detailed information on the fees it contains, is available to current and potential Customers, either posted in its own place within Bankinter branch offices or on Bankinter's website (www.bankinter.pt/precario).

6. Information on the Customer asset protection policy

In accordance with current regulations, Bankinter has a financial instrument safekeeping policy, which aims to describe the main measures the Bank takes in order to ensure that Customer's property rights are protected in relation to any assets they own; prevent them from being misused; and to know the position of the financial instruments and ongoing transactions of each Customer immediately at any time.

The protection and safekeeping measures for Customers' property rights only refer to financial instruments entrusted by Customers to Bankinter for activities and services for providing the financial instrument safekeeping and administration service. Irrespective of their categorisation as professional, retail or eligible counterparties, all Customers are subject to these measures.

6.1. General protection and safekeeping principles for Customers' financial instruments

Bankinter adopted a series of general measures in order to fulfil its duties to safeguard Customers' property rights. These measures are described below:

- Distinction between own assets and Customer assets: Bankinter has implemented and follows a series of principles and rules with a view to guaranteeing the appropriate segregation of its Customers' assets. Accordingly, it ensures to the fullest extent that its Customers' assets are separated from the securities that make up its own portfolio. This is done through a structure of accounts identified by a special code from the time the service is acquired, in which the assets purchased by a Customer are recorded. Therefore, it ensures that information is broken down by Customer;
- Account reconciliation: Bankinter ensures that the information from its registries and accounts and the information obtained from sub-custodians or settlement institutions are regularly reconciled; and analyses and regularises any discrepancies that are identified. It also carries out regular reviews through internal controls that it has in place, including the quarterly external audit that covers reconciliation;
- Guarantee that Customers' instruments deposited with a sub-custodian (if any) can be differentiated from the financial instruments of the sub-custodian and Bankinter; and guarantee that Customers' cash equivalents are recorded by the sub-custodian in an account or accounts other than those in which Bankinter's securities are recorded;
- Creation of organisational measures to implement permanent controls in order to minimise risk of loss or decreased value in Customers' assets if these are misused or in the event of fraud, mismanagement, improper registry maintenance or negligence.

6.2. Use of Customers' financial instruments

In case of any standing agreements for securities borrowing transactions for Customers' financial instruments or for any other use thereof, both on the bank's own initiative or on behalf of another Customer, the following requirements must be met:

- Prior and express authorisation from the Customer to use the related financial instruments, in accordance with the terms and conditions specified and approved by the Customer;
- Systems and controls in place that guarantee the use of financial instruments as per the Customer's instructions;
- An internal registry maintained for transactions carried out with a Customer's money, which includes the information of the authorising Customer, the instructions the Customer gave and the quantity of financial instruments.

Bankinter has adopted a number of measures and controls that aim to guarantee that Customers' financial instruments are not misused:

- Segregation of areas: the operational areas for managing the bank's own portfolio and for brokering other's portfolios are separate, with the necessary information barriers, distinct operating systems and special human resources for each activity;
- Order and transaction registration: Maintenance of an order and transaction registry:

- Reconciliation procedures: Balance reconciliation on the bank's own initiative or on behalf of Customers, in accordance with the section on account reconciliation;
- Sending of confirmations: Confirmations sent to Customers for each transaction carried out in a given securities or investment fund account, indicating specific information about the transaction or transaction(s).

Bankinter provides Customers with a thorough document on the financial instrument safekeeping policy, which includes an explanation about procedures, Customers' rights and Bankinter's responsibilities with respect to safekeeping the assets and funds Customers have deposited with the bank.

6.3. Global accounts

Whenever necessary, appropriate or otherwise determined by local practices in the jurisdiction where it is operating, Bankinter registers Customers' instruments in a global account opened in the bank's name, on the behalf of its Customers, with a sub-custodian that is either hired for this purpose or a member of the central securities depository, acting with due diligence, competence and attention to how the third-party entity is selected, designated and regularly re-evaluated.

Thus, Bankinter ensures that it meets the following requirements before opening the global account:
- Absolute separation between any positions of the bank and those of Customers, so that they cannot be registered in the same account. The global account's name should explicitly reflect that it is a 'Customers' account';
- Internal procedures to fully separate the position of each Customer by accounts as well as to separate Customers' positions from the bank's own account;
- Prior to the start of the business relationship with Customers, these should be informed of the potential use of global accounts and any inherent risks, as well as the identity and credit quality of the financial institution acting as the depositary institution of the global account.

7. Information on the policy on execution in the best conditions.

7.1. Scope

In accordance with current regulations, Bankinter has a policy on executing and sending orders that applies to the service for executing and/or receiving and sending orders on behalf of professional and retail Customers.

Both services are provided to Customers based on various financial instruments and in accordance with:
- Order reception and transmission: to trade financial instruments listed on international markets in which the bank is not a broker, Bankinter sends orders to a third-party institution (intermediary) to be executed. This institution is currently Crédit Suisse in Zurich;

- Order execution: to trade financial instruments listed on the regulated Euronext market (Lisbon, Paris and Amsterdam), where the bank is a member and directly executes Customers' orders.

Bankinter will review the Order Execution and Transmission Policy annually and may also update it whenever necessary to reflect important changes that affect the ability to continue to obtain the best possible result in the execution of client orders.

7.2. Execution and transmission of orders policy

Bankinter adopts the measures considered necessary and sufficient to obtain the best conditions for executing Customers' orders through its own means and access and according to the various types of financial instruments. In this regard, it takes into account such factors as price, costs, execution time, likelihood of execution and settlement, the volume and nature of an order, as well as any other aspect that is deemed important to broker or execute an order.

To determine the relative importance of the factors listed in the previous paragraph, the entity will consider the characteristics of the client, including its categorization as a professional or non-professional client, the characteristics of the client's order, the characteristics of the financial instruments object of the referred order and the characteristics of the places of execution to which it can be directed.

For trading instruments on the money market, bonds or other debt instruments outside the stock market (public, private, national, international, preferred shares and structured bonds) or OTC derivatives, Bankinter always follows the agreed price principle. Therefore, the obligations of both parties are governed by the terms set out in the related agreement.

In the case of retail Customers, the best possible result is determined with respect to total monetary consideration, namely the price of a given financial instrument and all execution-related costs, especially any fees borne by Customers that may be directly related to executing an order, including trading venue fees, clearing and settlement fees and other fees paid to third parties involved in executing the order.

When an order is executed on behalf of a non-professional client, in the absence of specific instructions, the best possible result will be determined in terms of total consideration, consisting of the price of the financial instrument and the costs related to the execution, which will include all expenses incurred by the customer that are directly related to the execution of the order, including the place of execution fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the order.
If deemed necessary to achieve the best possible result in terms of full consideration for the non-professional client, other factors such as speed, probability of execution and settlement, volume and nature of the order, market impact and other transaction costs implied as factors priority factors that replace price and execution costs factors. For professional clients, the Bank may consider price and

execution costs as the most relevant factors, however, at its discretion, give priority to other factors that it considers contributed to a better overall result for the client.

The main factors that are taken into account in the selection of execution sites are the following: price, transaction costs, liquidity of the execution site, open position, depth, volume, efficiency in pricing, freedom of access, center integrity of execution, investor protection, transaction settlement centers, speed of execution, reputation and professionalism of the execution center, and other qualitative factors. In cases where the Bank acts as a receiver of its clients' orders and transmits them to third parties authorized to execute them by itself or also with the help of other entities, the latter is responsible for executing the orders in the respective execution centers .

Bankinter will ensure that its intermediaries have execution systems that allow them to fulfil the obligations established in this Policy. To achieve these goals, it established that it will only go to intermediaries who meet the following criteria: professionalism, presence in execution centers, capacity to execute client orders, incident resolution capacity, agility in order processing, settlement capacity, transaction cost, reputation and solvency, homogeneity in the optimal execution policy and existence of reciprocity agreements.

Bankinter, in order to ensure that it acts in the maximum interest of its clients, will publish annually and for each class of financial instrument, the five main investment services companies, in terms of volume of operations, in which it placed or to which it transmitted orders. clients for execution in the previous year, as well as information on the quality of execution obtained. This information will be available to customers on the Bankinter website.

The list of execution sites to which Bankinter has direct or indirect access through its intermediaries, as well as the details of information regarding the transmission and execution of orders for each class of financial instruments and the factors that influence the choice of the center Execution Policy will be permanently updated in the Order Execution Policy available on the Bankinter website.

This does not mean that Bankinter is required to obtain the best possible result when executing each and every order it receives from Customers. However, it does undertake to apply its policy to all Customer orders.

In general, Bankinter directly executes orders in any trading venue where it is a member. In other cases, it must resort to intermediaries in order to execute Customer orders.

Below is a list of trading venues where Bankinter has direct or indirect access through its intermediaries:

Equity/ETF trading venues:

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Market	Description	Access type
Frankfurt	German stock exchange	Intermediary
XETRA	German stock exchange	Intermediary
Brussels	Belgian stock exchange	Intermediary
Helsinki	Finnish stock exchange	Intermediary
Paris	French stock exchange	Broker
Amsterdam	Dutch stock exchange	Broker
Milan	Italian stock exchange	Intermediary
Lisbon	Portuguese stock exchange	Broker
Madrid	Madrid stock exchange	Intermediary
Copenhagen	Danish stock exchange	Intermediary
London	UK stock exchange	Intermediary
Stockholm	Swedish stock exchange	Intermediary
Oslo	Norway stock exchange	Intermediary
Virt-x	Swiss stock exchange	Intermediary
Toronto	Canadian stock exchange	Intermediary
NYSE	US stock exchange	Intermediary
AMEX	US stock exchange	Intermediary
NASDAQ	US stock exchange	Intermediary

Below is a list of the intermediaries currently selected by Bankinter:

Intermediary	Financial instruments	Trading venues
Credit Suisse Zurich	Equity, ETFs	International
Morgan Stançey	Equity, ETFs	International

Fixed income securities

Platform	Description	Access type
BMTF	Bloomberg Multilateral Trading Facility	Intermediary

In general, liquidity is a factor that Bankinter prioritises in order to select trading venues for Customers' orders. It considers that the larger volume of transactions favours better prices.

7.3. Proof of execution

Bankinter carries out all necessary processes in order for Customer orders to be executed in accordance with the rules set out in the execution and transmission of orders policy. Furthermore, it provides Customers with detailed information on their executed orders at their request.

Bankinter provides Customers with the execution and transmission of orders policy through all the channels used to receive orders.

8. Information on the conflicts of interest management policy

In accordance with current regulations, Bankinter has a conflicts of interest management policy, which provides reasonable measures to prevent the occurrence of conflicts of interest in the provision of investment services to Customers. If it is not possible to prevent a conflict of interest, a management procedure is defined to avoid a significant risk of detriment to Customers' interests.

8.1. Detection of conflicts of interest

When detecting conflicts of interest, Bankinter generally takes into account all circumstances pertaining to a specific case and, in particular, seeks to determine whether the institution or individual providing the service:

- Can obtain a financial gain or avoid a financial loss at the Customer's expense;
- Has an interest in the results of a service provided to the Customer or a transaction undertaken on the Customer's behalf, that does not match the Customer's interest in such results;
- Has a financial or other incentive in order to prioritise the interests of one Customer or group of Customers over another or others;
- Carries out the same activity as the Customer;
- Receives or will receive an incentive aside from the normal fee or compensation for a given service provided to a Customer, from an individual other than the Customer, in the form of money, goods or services.

In this respect, Bankinter pays particular attention to situations in which it works with other Bankinter Group entities when providing services to Customers.

Furthermore, for there to be a conflict of interest, it is not enough to Bankinter to be able to obtain a benefit if there is also no detriment to a Customer.

8.2. Measures for preventing, mitigating and correcting conflicts of interest

Once the circumstances that may lead to conflicts have been identified, Bankinter defined a number of reasonable measures to prevent conflicts of interests, whenever possible, when providing investment services to Customers; and to manage them, whenever they cannot be prevented, in an appropriate manner so as to protect Customers' interests.

Bankinter also defined other procedures and measures for managing conflicts of interest in order to ensure that Bankinter employees involved in the activities mentioned perform their duties independently and without detriment to Customers' interests.

Below is a general description of the most significant measures put in place by Bankinter:

- Tools to market investment products with the highest possible level of objectivity by seeking out products that best suit Customers and their respective risk profiles;
- Specific measures in place to avoid an improper flow of information between various critical departments in Bankinter, such as the financial analysis department;
- Procedures to control the use of privileged or confidential information about Customers, by separating areas that prevent improper flows of information between individuals involved in any activities that may pose a risk of potential conflict of interest if the exchange of information flows might be detrimental to the interests of one or more Customers;
- Separate oversight of any areas and departments with major functions that involve carrying out activities or providing services on the behalf of Customers with opposing interests or potentially conflicting interests, including those of the company;
- Measures to ensure that the compensation policy does not lead to conflicts in terms of how people provide investment services;
- Measures to prevent or control the simultaneous involvement of one person in various investment or ancillary services and activities if it may be detrimental to the interests of Customers;
- Measures that aim fair equal treatment between Customers so that:
    - The transactions undertaken by others will not be disclosed to certain Customers;
    - Rules on proportional allocation or distribution of executed orders, defined by the entity as a guarantee of fair and equal treatment of Customers, will always be followed;
    - Direct or indirect gifts and incentives that may create conflicts of interest with other Customers will not be accepted.

Bankinter provides Customers with the complete version of its conflicts of interest management policy on its website and at its branch offices.

9. Information on financial instruments and investments insurance

Acquiring a financial instrument bears certain risks that Customers must consider beforehand.

Risk is inherent to financial instruments. It represents uncertainty and implies the possibility of obtaining returns below those initially estimated. In some cases, depending on the financial instrument (eg, certain derivative financial instruments), it may lead to a loss greater than the capital initially invested.

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For example, shares that represent equity in a company are variable income securities, in which it is not possible to know beforehand how much income will be obtained from a given investment since the sale price and the dividends to be distributed during the investment period are uncertain. Share prices always depend on the assessments made by market participants of an issuing entity. Such an assessment depends on several factors: expectations about the entity's future earnings, its growth rate, changes in interest rates, etc.

Significant potential risks that may affect financial instruments include:

- **Price or market risk:** It implies that a share price of a financial instrument may have performed poorly for a Customer's position. Therefore, when the Customer intends to close his or her position with the financial instrument, the market price at which the Customer may close it causes a loss (e.g., the sell price of stock is below the price at which it was initially bought).
- **Foreign exchange risk:** It affects financial interests denominated in a currency other than the euro. Therefore, the risk results from changes in the exchange rate between the euro and the reference currency of the investment.
- **Interest rate risk:** It reflects how changes in market interest rates affect the returns on investments**.**
- **Credit risk:** It is the risk that the issuer of a security cannot satisfy its obligations to pay interest or repay capital.
- **Liquidity risk:** It refers to potential penalties on the price obtained when divesting, due to difficulties in finding a counterparty to close out a position.

Depending on the risk or combination of risks that may exist with a certain financial instrument, there are products with a very low level of risk (e.g., government bonds) and products with a very high level of risk (e.g., futures on the price of oil).

When an investment advice service is provided to a client with a personalised investment recommendation, the risk of the related investment product or set of products (product portfolio) is analysed in order to adjust it to the risk profile indicated by the Customer.
In accordance with regulations, products must be classified as complex or non-complex. Complex products are those that involve risks that are difficult for a Customer to understand, regardless of the products' actual risk level. Bankinter also categorises financial products by product family. These product types are classified as complex or non-complex. For some products, Bankinter even stipulates subscription by channel/network, certain services and/or a specific Customer type. Based on this structure, below is a description of the main features and risks of the most common financial instruments.

9.1. Fixed income securities

Companies mainly have three sources of financing:

- Loans from credit institutions;
- Capital increases;
- Bond issuances;

Bond issuances involve 'fixed income products', which imply a debt owed by the issuing entity. Fixed income products generally have a specific maturity date and returns that are pre-defined (or derived from a formula) if held to maturity, hence the name 'fixed income'.

It is important to note that a bond investor is a creditor of the issuing entity, while a shareholder owns a portion of a company's share capital. Therefore, if a company undergoes liquidation, its creditors have priority over its shareholders.

The interest rate on fixed income securities may be fixed in a precise manner from the time they are issued until they reach maturity (redemption). Otherwise, they may be tied to a benchmark, such as the Euribor, a stock market index, or to the performance of a share or a basket of shares.

9.1.1. Main risks with fixed income securities

One of the most common misconceptions is that investing in fixed income securities does not carry any risk or potential losses on an initial investment. All investment products imply risk to a greater or lesser degree.

In particular, the main risks assumed are:

- Market risk: the possibility that a security will be quoted below the price paid for it; this risk affects a Customer when he or she decides (or is obliged) to sell of an investment before its maturity date. Price fluctuations of fixed income securities depend mostly on changes in interest rates, market circumstances and the issuer's general and particular financial conditions;
- Liquidity risk: risk resulting from the difficulty to find a counterparty in the market and, thus, not be able to sell a product; or to find one but with a negative impact on its price;
- Credit risk: risk associated to potential failures to pay interest and/or repay invested capital on an issue's maturity date, due to the fact that the issuer has declared insolvency and is not able to satisfy its payment obligations.

9.1.2. Main fixed income instruments

- Public debt:

  Public debt is securities issued by governments or other state-run bodies.

  The most well-known issues are those carried out by governments and are divided into two categories depending on their terms: Treasury bills (short-term issues) and treasury bonds (medium and long-term issues).

- Bonds:

  Bonds are fixed-income investment products issued by private entities that intend to finance themselves through investors.

  In other words, a bond is a loan granted by an investor or creditor (in this case, the Customer) to entities who are seeking financing.

  Bonds are negotiable debt instruments. As such, they imply that the investor will deliver a sum of money; and represent the issuer's contractual obligation to pay interest (coupons) during the life of the obligation and to pay the investor the invested sum on maturity.

  Bond characteristics may vary amongst issuers, or even between issues carried out by a single entity. Based on each issue's specific characteristics, certain aspects may vary, such as the maturity date, interest rate, coupon frequency, issue and redemption price, conversion options (if any), pecking order in the event of the issuer's liquidation and provided guarantees.

  There are many types of bonds:

  - Senior or subordinated bonds (based on pecking order);
  - Indexed bonds or bonds linked to a benchmark (based on type of remuneration);
  - Bonds with coupons (fixed or variable rate) and without coupons (zero-coupon bonds).

- Structured bonds:

  Structured bonds are fixed income securities issued by financial institutions. Their yield is linked to the performance of indices, shares or any other type of benchmark asset. Based on the specific characteristics of each structured bond, there is either a guarantee on all or part of the invested amount on maturity or there is no guarantee on the investment. Structured bonds are PRIIPS products as per the Law 35/2018 of 20th July.

- Covered bonds:

  Covered bonds are fixed income securities backed by the issuer's non-securitised mortgage portfolio. Covered bond holders have creditor privileges over the issuer.

  Entities have an issue limit set at 80% of their portfolio of mortgage loans that meet the conditions set out in mortgage legislation.

9.2. Investment funds

Investment funds are collective investment schemes (CIS) created by the wealth from units of a variable number of investors, who are called unit-holders. A fund is created by a fund manager, an institution responsible for collectively investing units in various financial assets (bonds, equity, derivatives or a combination of these assets) in accordance with a number of previously defined rules.

Therefore, each unit-holder owns a portion of the fund's assets in proportion to the total amount he or she has invested. Increases and decreases in the value of these assets are assumed proportionally between unit-holders.

The investment funds, with the exception of the retirement saving plans, are PRIIPS products as per the Law 35/2018 of 20th July.

9.2.1. Main investment fund risks

Similar to any other investment product, funds imply a certain level of risk. Depending on their specific characteristics and the assets in which they invest, each fund has a greater or lesser degree of risk.
When selecting different types of funds, it is important for an investor to consider his or her ability and willingness to take on risk, as well as the time frame (the length of time up to the moment when the investor will have to recover his or her money).

If the markets or assets in which he or she has invested do not perform as expected, the fund may generate losses. Therefore, when an investor selects a fund, he or she must analyse the risk inherent to it and decide the extent to which he or she is willing to assume that, when redeeming the investment, it may be worth less than what it was worth at the time the related units were purchased or subscribed to.

9.2.2. Main investment fund categories

- **Money-market funds:**
  Money market funds are investment funds that are mainly focuses on acquiring short-term fixed income financial assets (such as treasury bills) in order to minimise investment risk for Customers.

- **Bond funds:**
  Bond funds are investment funds that are mainly focuses on acquiring fixed-income assets (bonds, treasury bills, commercial paper, etc). This group may include short-term bond funds that have an average portfolio life of less than 2 years, as well as long-term bond funds, with an average portfolio life of more than 2 years.

- **Equity funds:**
  Equity funds are investment funds that are focused on investing most of their wealth in variable income securities. They may invest up to 100% of their wealth in these securities. Investments may be in Portuguese or foreign securities and relate mainly to totally liquid securities that are selected based on reliability and diversification criteria. Depending on the situation of markets, it is possible to hold a portfolio with a greater or lesser degree of allocation in equity, with its non-invested portion

put toward the short-term public debt market. These funds usually have sub-categories by country, sector and other characteristics of the securities, based on the markets in which the funds invest.

- **Mixed funds:**
  Mixed fund are investment funds that are focused on simultaneously investing in equity and bonds. This fund category differentiates mixed fond funds (in which no more than 30% of their investment is in equities) and mixed equity funds (in which between 30% and 75% of their investment is in equities).

- **Real estate funds:**
  Real estate funds are funds that mainly aim to invest their wealth to acquire properties (homes, offices, business spaces, warehouses or industrial spaces, etc), in order to generate revenues by renting them. Therefore, the returns they generate comes both from the revenue from rented properties and price changes.
  These funds can invest in different types of properties, each with its own cycles, in order to offer the highest level of security and profitability. This is compatible with investing in any securities and liquid assets that are specifically envisaged in current regulations. These funds must have a required minimum 70% of their investment in properties. They may invest up to 90% of their wealth in real estate.

- **Alternative investment funds:**
  Alternative investment funds are investment funds that are mainly focuses on using alternative management techniques that aim to obtain absolute returns in upward and downward market trends. They seek to provide their investors with protection against market downturns to make up for not necessarily investing during all market upturns.

- **Guaranteed funds:**
  Guaranteed funds are investment funds that ensure that the investor will be reimbursed for all or part of an initial investment on a specific date. Their investment policy aim to obtain certain returns by this date.
  The unit for investment is the fund unit and unit-holders are investors that buy fund units.
- **Exchange-traded funds (ETFs)**
  ETFs are investment funds that, like equities, are admitted to listing and trading in stock markets.
  Unlike traditional investment funds, it is not necessary to wait until the net asset value (NAV) is calculated in order to carry out buy or sell transactions, since they can be traded at any time while the trading market is open through the same types of orders used to buy and sell equities.

ETFs aim to replicate the performance of a certain indicator it uses as a benchmark. The most common ETFs are indexed to stock indices (Euro Stoxx 50, Ibex 35, etc); however, they can also replicate the performance of indices in a specific geographic area, a sector or a specific type of asset (commodities, bonds, etc).

In the financial sector, ETFs are categorised under the widest group of exchange-traded products (ETPs, or products traded on the stock market), which also includes exchange-traded commodities/currencies (ETCs, or commodities or currencies traded on the stock market, as the case may be), and exchange-trade notes (ETNs, or debt instruments traded on the stock market). Even though the ultimate purpose of ETCs and ETNs is to replicate the performance of an index or a specific asset, they cannot be considered investment funds, but rather as debt instruments of an issuer, since they are products issued in this manner and, thus their main associated risk is credit (or issuer's) risk in addition to market risk.

With these fund categories, there can be types of investment vehicles based on funds of funds, which invest in other investment funds instead of investing directly in assets. What all funds have in common is the designation of an investment unit as the fund unit, whereby unit-holders are investors who buy or subscribe to fund units.

9.3. Structured deposits

Bankinter structured deposits are a type of bank deposit with returns linked to the performance of indexes, equities, currencies or any other benchmark asset.

With structured deposits, Customers have the guarantee of receiving the total amount they initially invested on maturity.

Structured Deposits are PRIIPS products as per the Law 35/2018 of 20th July.

9.3.1. Main risks of structured deposits

If assets used as a benchmark for a structured deposit do not perform as expected, it will not bear any returns.
However, they do not bear any market risk, since over the life of a structured deposit, its valuation in the Customer's position will always be based on deposited capital. Thus, the Customer will not be subject to fluctuations resulting from the performance of financial markets. Therefore, the performance of financial markets may only have a negative effect on the ultimate performance of the product, which may bear no returns at its limit. Structured deposits do not allow capital to be transferred early. Therefore, Customers can only recover their capital on maturity.

9.4. Equities

The main variable income instrument is a share, for which future returns on an investment cannot be accurately known.

Shares represent a portion of a company's share capital. Thus, they give shareholders the status of co-owners of the company proportionally to their equity. This status entails a number of rights as well liabilities related to exercising such rights.

Shares may be represented by physical instruments or book entries. Shares must be represented by book entries in the case of publicly traded companies on stock markets.

Preferred shares: Preferred shares are atypical instruments that represent ownership of share capital and confer upon holders the right to receive an amount of remuneration that is predefined and generally non-cumulative, provided that the issuer earns enough distributable profit in the year before dividends will be paid. This remuneration is also subject to limitations imposed by banking regulations on share capital. Customers should never confuse these special instruments with an issuer's ordinary shares.
Holders of preferred shares do not have voting rights, except for in the exceptional cases set out in the issue prospectus. Furthermore, they never have pre-emptive subscription rights in capital increases carried out by the issuer.

Remuneration or dividends will be paid provided that there are sufficient distributable profits. They will be paid after creditors with common and subordinated debt have been paid.
Holders of preferred shares have the right to receive remuneration before holders of ordinary shares.

9.4.1. Main risks with variable income securities

A main characteristic of variable income securities, like shares, is that it is not possible to accurately know the future returns on an investment. Both the share price and the dividends to be received during the shareholding period are not certain. More importantly, risk – as the inherent characteristic of variable income securities – means uncertainty. Therefore, it is also possible to have returns that are lower or higher than expected.

A share's listing price depends on the assessment made by market participants of its issuing entity. This assessment, in turn, depends on several factors, such as the company's expected future earnings, its growth rate, the expected interest rate performance (particularly, the remuneration on a given risk-free asset generally relating to public debt on its various coupon dates).

9.5. Derivatives

9.5.1. OTC derivatives

Derivatives that are not admitted to listing on regulated markets are called over-the-counter derivatives. Therefore, transactions with such derivatives are carried out with a counterparty, and not in a market setting, with the differences that this entails (credit risk, liquidity risk, etc, described below in the following chapter).
The OTC Derivatives are PRIIPS products as per the Law 35/2018 of 20th July.

9.5.2. Bankinter's main OTC derivative products

Foreign exchange forwards:
Foreign exchange forwards are hedging derivatives to mitigate the effect of changes due to exchange rate fluctuations.
They imply an obligation to buy or sell a currency on a certain date set at the time of purchase.
Therefore, they are hedging instruments that eliminate exchange rate fluctuations.
With foreign exchange hedging, it is possible to:

- Establish a fixed exchange rate for buying or selling currencies;
- Select a hedge time period;
- Buy or sell a currency early on dates prior to the end of hedge period.
  In these cases, the trading price of a currency is calculated using the spread between interest rates for the two currencies up to the end of the spot exchange rate period.

9.5.3. Main risks with derivative products

These products carry a high level of risk, even when their purpose is to hedge another risk position.

9.6. Investments insurance

According to current legislation, investment insurance is a type of packaged retail and insurance-based investment product (PRIIP). It is categorised as a type of financial insurance or investment insurance. Although they have the same legal treatment as life insurance, they are not used to insure against any financial risk stemming from loss of life. Instead, they serve as an opportunity for wealth accumulation.
There are two types of investments insurance:

- Savings insurance, or insurance with a minimum guaranteed capital and interest, whereby the insurer undertakes to pay a predefined amount and assumes the related investment risk;
- Unit-linked insurance, or insurance linked to investment funds, whereby risk is entirely transferred to the policyholder, in the extent to which there is no guaranteed capital or interest rate.

9.6.1. Savings insurance

Savings insurance is usually subject to two types of remuneration:

- Guaranteed yield: a fixed interest rate that is guaranteed for a set time frame (usually yearly). It can vary every year or at the end of the set time frame. This information is disclosed by the insurer prior to the end of the timeframe;
- Share in the insurer's profits: some policies include a variable and uncertain component that results from a calculation formula over the insurer's earnings.

In terms of risk, investments insurance policies with minimum guaranteed capital and interest are considered safe, due to the supervision of insurance companies and the guarantees offered by the insurance products themselves. Therefore, a minimal level of safety when investing always depends on the specific guarantees of each product. A company's ability to pay its investors is ensured by its own provisions (money reserved for paying any potential expenses in the future), as required by the Portuguese Insurance and Pension Funds Supervisory Authority (ASF). The ASF is the body that regulates and supervises the activity of insurance and reinsurance, pension funds and insurance brokerage firms. It also oversees the so-called 'solvency margin', which gauges a company's ability to honour the obligations it assumes.

9.6.2. Unit-linked insurance

Unit-lined insurance plans (e.g., insurance linked to investment funds) is variable life insurance plans, in which the amount to be received by a beneficiary depends totally or partially on a 'benchmark value' consisting of one or more 'fund units'.

Similar to investment funds, these products do not normally have a guaranteed return minimum and tend to be close to the securities to which they are pegged. Their investment amounts may fluctuate, since the listing price of their fund units may freely increase or decrease. However, since they are medium- and long-term products, this risk tends to decrease over time.

The following risks are normally associated with unit-linked insurance plans: market risk, capital risk, credit risk, counterparty risk, interest rate risk, liquidity risk, conflict-of-interest risk and legal and tax risk.

10. Investment product family matrix

Macro-family	No	Product family	Complex	Non-complex with risk	Non-complex Low risk
Sovereign bonds	1	Public debt			X
Private bonds	2	Bonds	X		
	3	Structured bonds	X		
	4	Guaranteed structured bonds	X		
	5	Commercial paper		X	
	6	Covered bonds	X		
Fixed income (Sovereign/Private)	7	Structured bonds	X		
	8	Convertible bonds	X		
	9	Securitisations	X		
Investment funds	10	Money market funds			X
	12	Bond funds		X	
	11	Equity funds		X	
	13	Mixed funds		X	
	14	Guaranteed funds		X	
	15	Real estate funds	X		
	16	Alternative management funds		X	
	17	Alternative investment funds (AIF)	X		
	18	Venture capital funds	X		
	19	Exchange-traded funds (ETFs)	X		
Complex deposits	20	Indexed deposits	X		
	21	Dual deposits	X		
Variable income	22	Shares		X	
	23	Preferred shares	X		
	24	SOCIMI	X		
Derivatives - Organised market	25	Options, futures and rights	X		
	26	Warrants	X		
	27	Certificates	X		
Mortgage hedging products	28	Swaps	X		
	29	Caps	X		
Interest rate swaps	30	Interest rate swaps	X		
Other hedging derivatives	31	Foreign exchange options	X		
	32	Foreign exchange forwards	X		
	33	Interest-rate 'clips' (hedge)	X		
	34	Personalised hedging products	X		
Investment insurance	35	Savings insurance	X		
	36	Unit-linked insurance	X		
Securities lending products	37	Securities loan	X		

This chart represents how Bankinter categorises its various financial products and instruments. Nonetheless, there may be product families that are unavailable to Customers.

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11. Procedure for updating the Investment Services and Products Booklet

The information found in this document is available on the Bankinter website (www.bankinter.pt) so that Customers may access the latest version of it at any time. Upon accessing this information, Customers authorise and accept expressly that it will be provided through this means.

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If you decide to file a complaint regarding agreements, contracts, terms and conditions or any other matter or service, you may do so in person, in writing (letter or email) or by telephone, preferably with your Relationship Manager. You may also contact the Customer Relation. You may obtain information about our procedures for addressing complaints by requesting it at a branch office, calling +351 210 548 000*, or visiting our website bankinter.pt.

* Call to domestic landline network. The cost of the call will depend on the specific prices that you have agreed with your telecom operator.