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## 1 | INTRODUCTION

- Under the terms and for the purposes of article 317(1) of the Securities Code, the Client categorisation policy adopted by BPI is detailed herein.
- Without prejudice to the provisions of this Policy, BPI may, on its own initiative, categorise any professional investor as a retail investor and treat any eligible counterparty so qualified under the terms of Article 317-D (1) as either a professional investor or a retail investor.
- The Client categorisation policy adopted by BPI is based, among other aspects, on the specificities of the segment through which the business relationship with the Client is established. BPI's Clients are segmented in the following manner:
  - Personal, Business and Premier Network.
  - Private Banking.
  - Corporate and Institutional Banking.
- For the purposes of applying a higher or lower level of protection, namely regarding compliance with the duties of information or the proper execution of orders, a distinction is made between retail Clients, professional Clients, and eligible counterparties.

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## 2 | OBJECTIVE

- The objective of this Policy is to specify how Clients are categorised when a business relationship is established between BPI and the Client in accordance with the legally defined criteria.

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## 3 | ELIGIBLE COUNTERPARTIES

- BPI classifies the following entities as eligible counterparties:
  - a) Credit Institutions.
  - b) Investment companies.
  - c) Insurance companies.
  - d) Collective investment institutions and their management companies.
  - e) Pension funds and their management companies.
  - f) Other authorised or regulated financial institutions, namely credit securitisation funds, their management companies and other financial companies envisaged by law, credit securitisation companies, venture capital companies, venture capital funds and their management companies.
  - g) Financial institutions of States that are non-EU members engaged in similar activities to those referred to in the preceding subparagraphs.
  - h) National governments, central banks and public bodies at national level that manage the public debt, or that manage funds intended for the financing of social security, pension, or protection

schemes for employees, supranational or international institutions, particularly the European Central Bank, the European Investment Bank, the International Monetary Fund, and the World Bank.

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## 4 | PROFESSIONAL INVESTORS

- BPI classifies the following entities as professional investors by nature:
  - a) Entities trading in commodity financial instruments.
  - b) Governments at regional level and public bodies at regional level that manage public debt or that administer funds intended for the financing of social security, pension, or protection schemes for employees.
  - c) Persons who provide investment services or perform investment activities consisting exclusively in dealing for their own account on forward or spot markets, in the latter case solely for the purpose of hedging positions on derivatives markets, or in trading or participating in the formation of prices on behalf of other members of those markets and which are guaranteed by a clearing member operating on those markets, where responsibility for ensuring the performance of contracts concluded is assumed by one of those members;

BPI may also classify as Professional Investors, Legal Persons whose size, on the date of the request for change of categorisation and the date on which the request is considered by the Bank, according to their last annual accounts, meets two of the following criteria:

  - i. Equity of € 2 million.
  - ii. Total assets of € 20 million.
  - iii. Net turnover of € 40 million.
- Under the terms of the law, retail investors who request such treatment may also be treated as professional investors (professional investors on request) provided they meet at least two of the following requirements:
  - i. Having carried out operations of significant volume in the relevant market, with an average frequency of ten operations per quarter, during the last four quarters.
  - ii. Having a portfolio of financial instruments, including cash deposits, that exceeds € 500,000 on the date of the request for change of category and the date on which the request is assessed by the Bank.
  - iii. Working or having worked in the financial sector for at least one year in a position that requires knowledge of the services or operations concerned.
- The solicitation by a retail investor for treatment as a professional investor on request must be made in writing, and BPI shall decide whether to grant such request. The Client must declare in writing, in a separate document, that he/she is aware of the consequences of his/her choice.
- Clients categorised as professional investors (professional by nature or professional on request) may request in writing a similar treatment to that of retail investors. The treatment as retail investor to be conferred on a professional investor by nature depends on a written agreement, to be concluded between BPI and the Client who has requested it.

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## 5 | RETAIL INVESTORS

- The entities which cannot be included in the categories identified in the preceding paragraphs or which come to be classified as such on their own initiative or that of BPI are classified as retail investors.
- As mentioned in the previous paragraph, Clients classified as professional investors or eligible counterparties may request in writing a similar treatment to that of retail investors. In these cases, treatment as a retail investor depends on a written agreement between the BPI Group and the Client who has requested it.
- Clients who no longer meet the conditions to be classified as professional investors may be classified as retail investors. In these cases, the Bank will inform the Client, but treatment as a retail investor will not depend on the Customer's written agreement.

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## 6 | REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW

- This Policy is subject to the applicable legislation and regulations in force, as well as any updates or repeals that may occur in the future. The following is a non-exhaustive list of the legislation and/or other documents that constitute the regulatory context of this Policy:
- Securities Code, approved by Decree-Law 486/99, of November 13, as amended by Law 23-A/2022, of December 9.

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## 7 | GOVERNANCE FRAMEWORK

The governance structure at BPI, in matters of Client Categorisation is as follows:

### 7.1 Board of Directors

- BPI's Board of Directors is ultimately responsible for compliance with the provisions of this Policy and consequently for the management of conduct risk regarding the categorisation of Clients.
- It is responsible by law for determining BPI's management policies and strategies. Within the scope of conduct risk management in matters of Client categorisation, it is responsible particularly for:
  - Defining a system of governance which ensures the sound and prudent management of BPI, including an appropriate division of functions in the organisation and prevention of conduct risk in the matter of Client categorisation, monitoring the implementation of the system and the periodic control and evaluation of its efficiency, adopting, if necessary, the appropriate measures to address possible disputes.
  - Establishing the general principles of action, supervision, and communication of conduct risk in matters of Client categorisation which serve as a reference to enable BPI to develop the necessary organisational measures and procedures.

## 7.2 Risk Committee

- In the performance of its duties as an advisory and support body to the Board of Directors, the Risk Committee is responsible, namely, for advising the Board of Directors and the Audit Committee on the Company's risk policy and, within that framework, on BPI's general, current and future risk appetite and strategy, and for assisting the Board of Directors in overseeing the execution of BPI's risk strategy by the Executive Committee.
- In the context of conduct risk management in matters of client categorisation, the Risk Committee:
  - Proposes approval of this Policy to the Board of Directors.
  - Monitors the degree of adequacy of the risk assumed to the previously decided profile and ensures that the Bank's actions are consistent with the tolerance levels established.
  - Determines, along with the Board of Directors, the information that these bodies must receive, so that knowledge of exposure to this risk is sufficient for decision-making purposes.
  - Assesses the risk of compliance with applicable legislation and/or regulations in force in this area of action and decision, detecting any risk of non-compliance and monitoring and analysing any shortcomings in accordance with ethical or deontological principles.
  - Verifies whether BPI has the means, systems, structures, and resources in accordance with the best practices that allow it to implement its conduct risk management strategy in terms of Client categorisation.

## 7.3 Audit Committee

- The Audit Committee supervises the effectiveness of the internal control system, ensuring that the established Policies and Systems are effectively applied, and evaluates the effectiveness of the financial and non-financial risk management systems, to fulfil its role as a supervisory Body, within the scope of the Client Categorisation Policy, namely proposing to the Board of Directors the approval of this Policy.

## 7.4 Executive Committee of the Board of Directors

- The Executive Committee of the Board of Directors is responsible for approving the procedures necessary for implementing this Policy, as well as the decisions to be adopted within the scope of the management of the conduct risk in categorising Clients.

## 7.5 Global Risk Committee

- BPI's Global Risks Committee is a body dependent on the Risks Committee responsible for managing, controlling, and monitoring in an overall manner the risk resulting from possible defaults in terms of Client categorisation, among others, as well as assessing the respective implications for the management of liquidity, level of solvency and consumption of regulatory and economic capital.
- For this purpose, it must analyse the Bank's overall position in relation to this risk, establishing, directly and/or through its possible Delegated Committees, the policies and/or procedures which optimise its management, monitoring and control, in line with BPI's strategic objectives.
- Accordingly, the specific objective of this Committee is to adjust the strategy in this matter to that established by the Board of Directors within the scope of the risk appetite, to coordinate the measures to mitigate non-compliance and the response to early warnings, keeping the Board of

Directors informed, through reports to the Risk Committee, on the main lines of action and their situation at BPI.

## 7.6 Transparency Committee

- The Transparency Committee is a body dependent on the Executive Committee of the Board of Directors responsible for assessing and approving in first instance the Customer Classification Policy.

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## 8 | CONTROL FRAMEWORK

- BPI promotes a risk culture which favours risk control and compliance, as well as the establishment of a solid internal control framework which covers the entire organisation and enables fully informed decisions to be taken on the risks assumed.
- BPI's internal control framework is structured according to the Three Lines of Defence model, which ensures a strict division of duties and the existence of several independent levels of control:
- **The first line of defence** comprises the business areas, business support and central services, and is responsible for:
  - Applying the regulations in force, including this Policy, as well as any manuals on specific operating procedures for the activity.
  - Establishing procedures and proactively implementing measures to identify, mitigate and manage conduct risk regarding client categorisation.
  - Establishing and implementing appropriate controls to ensure compliance with the obligations regarding client categorisation.
- The Compliance Department, as the **second line of defence** for conduct risk in matters of customer classification, has the following functions:
  - Promoting the approval of the Policy by the Board of Directors, as well as any substantial change thereto, in alignment with the Policy defined by CaixaBank.
  - Reviewing the satisfactory compliance and effectiveness of the measures adopted by BPI, within the scope of the general procedures for action in matters of client categorisation described in this Policy.
  - Reviewing and evaluating the policy every three years or less if the situation so requires, taking into consideration possible changes to CaixaBank's corporate policy for classifying customers, applicable regulations, and internal procedures.
  - Issuing recommendations for improvement or adoption of additional measures concerning the general operating procedures for categorising Clients, resulting from the review procedure.
  - Informing the Board of Directors, in a timely manner, of any relevant event or occurrence regarding possible non-compliance in terms of client categorisation.
  - Clarifying any doubts about the Policy that may arise during its application by BPI.
  - Ensuring adequate communication and awareness of the Policy, through campaigns, awareness-raising actions, and training programmes.

- The Internal Audit Department acts as the **third line of defence**, with the role of supervising the performance of the first and second lines of defence. It is an independent and objective function, which ensures the following functions:
  - Including in the audit plans reviews of the effectiveness of management, control, and governance procedures concerning the categorisation of Clients at BPI.
  - Issuing relevant recommendations and monitoring their proper implementation to ensure the achievement of strategic objectives and the improvement of the control environment.
- Informing the Compliance Department, among other areas, of the risks of non-compliance in terms of client categorisation that it detects during its activity.

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## 9 | INFORMATION AND REPORTING

- Achieving an appropriate reporting structure is essential for managing the risk of client categorisation.
- The main reporting objectives are the following:
  - Providing the Governing Bodies, whenever necessary and in a timely manner, with accurate, clear, and sufficient information aimed at supporting decision-making and verifying whether BPI is acting in accordance with the legal and regulatory provisions in force, as well as complying with the applicable internal rules.
  - Satisfying the information requirements of Supervisors/Regulators.
  - Keeping the sole shareholder informed, as well as BPI's stakeholders, on the principles of action in matters of client categorisation.
  - Providing the managers of the different areas, especially the management and control areas, with the necessary data to monitor compliance with the strategy defined for BPI in matters of client categorisation.

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## 10 | POLICY UPDATE

- This Policy will be submitted to the Board of Directors for review every three years.
- The Compliance Department (DC), as the body responsible for the Policy, shall review its content annually and, whenever deemed relevant, may propose modifications which shall be submitted for approval by the Board of Directors, after hearing the Risk Committee and the Audit Committee.
- In addition, the Policy may be updated at any time when the DC has identified the need for amendment for the following reasons:
  - Changes in legislation and/or regulations.
  - Changes in business objectives and strategy.
  - Changes in management processes.
  - Changes stemming from results obtained in monitoring and control activities.
  - New Policies or amendments to existing ones, which affect the content of this Policy.

- Modification of the organisational structure that implies a change in the functions of management of the conduct risk inherent to the classification of Customers.
- As a review procedure, the DC will:
  - Share the result of the analysis carried out with the other BPI structures involved in the management of the conduct risk inherent in the categorisation of clients and implement any necessary changes to the Policy.
  - Submit a proposed revision to the Policy which will include a summary of the review conducted in the "Changes to Latest Version" section at the beginning of this Policy.
  - Propose to the Global Risk Committee, to submit the revision of this Policy to the Risk Committee and to the Audit Committee, which will analyse its compliance prior to consideration by the Board of Directors.
- In situations where updates are made outside the established period (triennial review), if they are immaterial, they may be approved by the Global Risk Committee. For these purposes, immaterial updates are considered those resulting from organisational changes without implications for the conduct risk management functions of the client categorisation, typographical corrections or due to the updating of documents referenced in this Policy. The Risk Committee and the Audit Committee will always be informed of the updates approved by the Global Risk Committee. These Committees, in turn, will decide whether to inform the Board of Directors of these updates.
- The Organisation and Presidency Department is responsible for archiving and accessibility of this Policy, ensuring the correct functioning of the processes of archiving, distribution and, where appropriate, publication.

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