BANKING CIRCLE

Pillar 3 Report

For the financial year ending 31 December 2025

Moneyball BidCo S.a.r.l.
Parent Company of Banking Circle S.A.

June 2026

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1. Introduction

This document outlines the Pillar 3 disclosures of Moneyball BidCo S.à.r.l. (herein referred to as "the Company") in compliance with the regulatory requirements set forth at the European and Luxembourg levels.

This document reports the consolidated financial statements of the Company and its branches and subsidiaries (collectively, the Group) for the year ended 31 December 2025.

The Company is a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg.

While the Company is reporting its financial data at a consolidated level, the operational and functional frameworks that mitigate the risks, such as the risk management and governance frameworks described within this document, are implemented at the level of Banking Circle S.A, including its branches and subsidiaries, (hereinafter "the Bank" or "Banking Circle"). This ensures that specific operational protocols and governance standards are tailored to the distinct requirements and regulatory environment of Banking Circle S.A., while still maintaining a comprehensive and cohesive financial overview at the consolidated group level.

The disclosures are made in accordance with Part Eight of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (also referred to as the "Capital Requirements Regulation" or "CRR") as amended, and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (also referred to as the "Capital Requirements Directive IV" or "CRD IV"). The Pillar 3 disclosure framework is primarily based on the CRR and is further specified by the Implementing Technical Standards (ITS) issued by the European Banking Authority (EBA), which establish uniform templates and formats for public disclosures.

In particular, Commission Implementing Regulation (EU) 2021/637 and its subsequent updates define the detailed disclosure requirements applicable to institutions, ensuring consistency, comparability and transparency of information across the European banking sector. These standards are aligned with the Basel Committee on Banking Supervision (BCBS) Pillar 3 framework and promote consistency between disclosure and regulatory reporting.

At the Luxembourg level, the Commission de Surveillance du Secteur Financier (CSSF) Circular 23/830 clarifies the applicable public disclosure framework following the introduction of the EBA ITS and the repeal of earlier circulars, including Circular 17/673, which had previously implemented the EBA Guidelines on disclosure requirements (EBA/GL/2016/11).

This document aims to enhance transparency, market discipline, and comparability by providing stakeholders with comprehensive insights into the Bank's risk management practices, capital adequacy, and overall risk profile.

Furthermore, in accordance with Article 434a of the CRR III, the EBA ITS establish uniform disclosure formats aligned with the Basel Committee on Banking Supervision (BCBS) Pillar 3 standards. The framework also incorporates several proportionality measures, with the CRR III providing specific definitions for 'small and less complex institutions' and 'large institutions.' These definitions are crucial for ensuring the proportionality of Pillar 3 disclosures, enabling the Bank to comply in a manner that reflects its activities at risk, size and complexity.

1.1 Regulatory Framework

European Union Level:

- Regulation (EU) No 575/2013 (CRR): Establishes prudential requirements for credit institutions and investment firms, focusing on capital adequacy, risk management, large exposures and Pillar 3 disclosure requirements.
- Directive 2013/36/EU (CRD IV): Governs the access to the activity of credit institutions and their prudential supervision, enhancing financial stability and depositor protection.
- EBA ITS on Pillar 3 disclosures: Define uniform templates and formats for public disclosures in accordance with Part Eight of the CRR, ensuring consistency, transparency and comparability across institutions.

Luxembourg Level:

- CSSF Circular 23/830: Defines the specific sections of the EBA ITS applicable to Luxembourg credit institutions, ensuring local compliance with European standards.

1.2 Purpose of Pillar 3 Disclosures

The primary objective of Pillar 3 disclosures is to promote market discipline by making key information available to the public. These disclosures cover areas such as:

- Risk Management Objectives and Policies;
- Capital Structure and Adequacy;
- Credit Risk;
- Market Risk;
- Operational Risk;
- Liquidity Risk;
- Remuneration; and
- Other risk areas e.g. Environment, Social and Governance Risk (ESG).

Banking Circle aims to enhance its stakeholder understanding of its risk profile and capital adequacy, fostering confidence and trust in its financial soundness and management practices.

1.3 Scope and Frequency of Disclosures

The Company commits to publishing its Pillar 3 disclosures on an annual basis, as required by regulatory standards, in line with the publication of its financial statements. This document represents the latest comprehensive disclosure, reflecting the Company's position as of 31 December 2025. The disclosures made in this document are made at a consolidated supervision level, showing financial data at the Bank's parent level, Moneyball Bidco S.à.r.l. – as imposed by the CSSF in compliance with Article 6 (3) and Article 13 (1) of the CRR. A presentation of the group structure can be found in the section 2.1.

1.4 Policy and Verification

This document has been approved by the Company's Board, undergone internal quality checks from Internal Audit, but has not been subjected to an external audit, as this is not a requirement of the regulations.

1.5 Attestation by Chief Financial Officer (CFO)

The Pillar 3 disclosures are a critical component of the Company's transparency and risk management framework. The Company ensures it meets the standards and expectations of disclosures and market discipline by adhering to both European and Luxembourg regulatory requirements, contributing to the stability and integrity of the financial system, and financial soundness of the Bank.

I confirm that the Company has taken reasonable measures to ensure that the information presented in this disclosure complies with the requirements of Part 8 of EU Regulation No.2013/575, as amended by EU Regualtion No. 2019/876 (and its subsequent amendments) and the disclosures have been prepared in accordance with the Bank's Disclosures Standard, internal control processes, systems and policies detailed in the Bank's internal control framework.

Michael Hansen

Chief Financial Officer, BCSA S.A.

1.6 Key metrics

The purpose of the Pillar 3 disclosure report is to give information on the risk management of the Company as at end December 2025. All figures presented within this document are shown in EURs.

Template EU KM1[1] - Key Metrics

Unit: EUR		Amounts	
Available own funds		2025	2024
1	Common Equity Tier 1 (CET1) capital	281,227,511	236,822,969
2	Tier 1 capital	281,227,511	236,822,969
3	Total capital	281,227,511	236,822,969
Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	661,547,554	471,125,142
4a	Total risk exposure pre-floor	661,547,554	471,125,142
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	42.51%	50.27%
5a	Not applicable		
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	42.51%	50.27%
6	Tier 1 ratio (%)	42.51%	50.27%
6a	Not applicable		
6b	Tier 1 ratio considering unfloored TREA (%)	42.51%	50.27%
7	Total capital ratio (%)	42.51%	50.27%
7a	Not applicable		
7b	Total capital ratio considering unfloored TREA (%)	42.51%	50.27%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.13%	1.13%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.50%	1.50%
EU 7g	Total SREP own funds requirements (%)	10.00%	10.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution specific countercyclical capital buffer (%)	0.53%	0.50%
EU 9a	Systemic risk buffer (%)		
10	Global Systemically Important Institution buffer (%)		
EU 10a	Other Systemically Important Institution buffer		
11	Combined buffer requirement (%)	3.03%	3.00%
EU 11a	Overall capital requirements (%)	13.03%	13.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	32.51%	40.27%
Leverage ratio			
13	Total exposure measure	5,187,920,886	4,212,403,074
14	Leverage ratio (%)	5.42%	5.62%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	of which: to be made up of CET1 capital (percentage points)		
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%

[1] Numbering of all tables and templates included herein in accordance with disclosure requirements as per EBA/GL/2016/11

Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)		
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,014,353,475	2,167,651,271
EU 16a	Cash outflows - Total weighted value	2,012,683,435	1,533,546,139
EU 16b	Cash inflows - Total weighted value	248,496,729	187,516,522
16	Total net cash outflows (adjusted value)	1,764,186,707	1,346,029,617
17	Liquidity coverage ratio (%)	170.56%	161.82%
Net Stable Funding Ratio			
18	Total available stable funding	1,680,992,881	1,262,139,838
19	Total required stable funding	430,248,229	297,886,286
20	NSFR ratio (%)	390.70%	423.70%

2. Presentation of the Bank

2.1 Structure

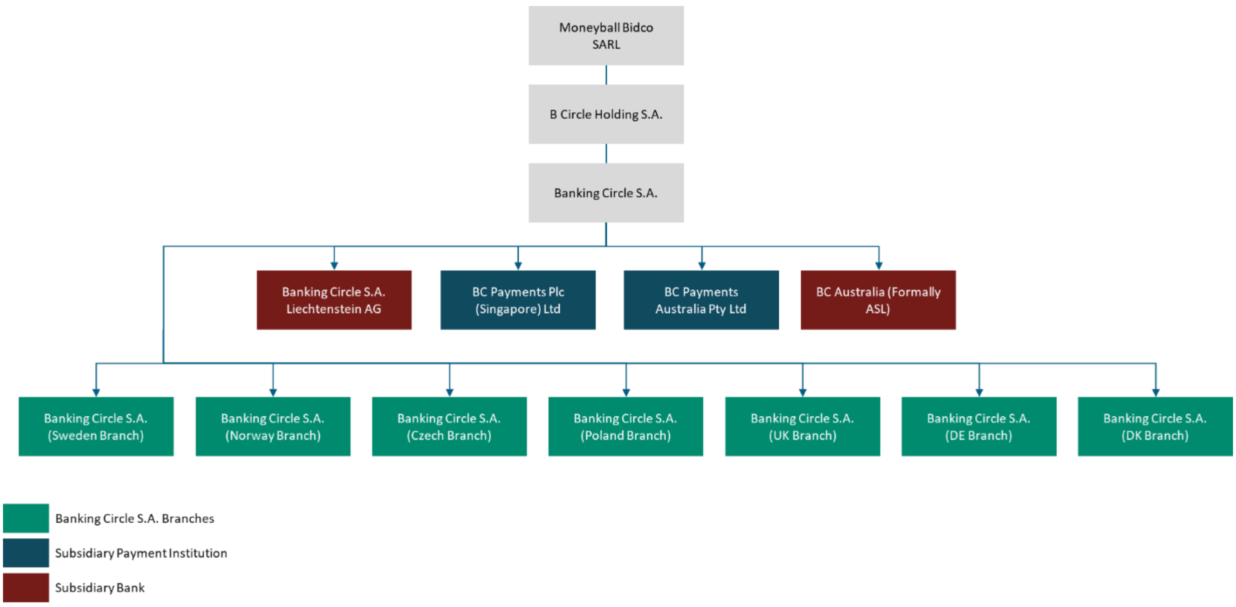
The Bank is a public limited liability company (Société Anonyme) registered in Luxembourg, and is a credit institution licensed by the Commission de Surveillance de Secteur Financier (CSSF) and European Central Bank (ECB).

The Bank is jointly owned by EQT VIII (through B Circle Holding S.A., Moneyball Bidco S.à.r.l., BC Midco PTE. LTD and Moneyball Topco PTE. Ltd), EQT Ventures Investments S.à.r.l., and some minority shareholders (less than 10% individually).

It is headquartered in Luxembourg, and has branches in Denmark, Germany, Sweden, Poland, Norway, Czech Republic and the United Kingdom. Furthermore, the Company has also established subsidiaries in Liechtenstein, Singapore[2] and Australia. The Bank employs – as per year end 2025 – over 800 employees in Luxembourg and its subsidiaries and branches.

The only activities undertaken by the Company, and B Circle Holding S.A are owning the shares of the Bank. Thus, the business model, activities, governance and risks described below should be understood from Banking Circle, including the branches and subsidiaries, level.

Figure 2.1 : Structure of Companies



2.2 Business model and activities

The Bank is a technology-enabled payments bank and financial infrastructure provider that delivers banking, payments, foreign exchange and settlement solutions to regulated financial institutions and businesses operating internationally. As a fully licensed Luxembourg credit institution with access to central bank clearing systems, global payment networks and multiple domestic payment schemes, the Bank provides the regulated banking infrastructure that enables its clients to offer payment and banking services to their own customers. The Bank operates exclusively on a business-to-business basis and does not provide services to retail customers. Its client base primarily comprises banks, payment service providers, electronic money institutions, card acquirers, marketplaces, foreign exchange providers, investment funds and other regulated financial institutions.

The Bank's business model combines regulated banking services with modern technology and automation to provide a comprehensive financial infrastructure platform. Through a single platform supported by APIs and digital connectivity, the Bank offers a range of services including payments, multi-currency accounts, foreign exchange, deposits, safeguarding solutions, agency banking, correspondent banking and digital asset settlement services. This allows clients to access global banking and payment capabilities without the need to establish extensive correspondent banking networks or maintain multiple local banking relationships.

Payments represent a core component of the Bank's activities. The Bank provides domestic and cross-border payment capabilities through direct and indirect access to multiple clearing and settlement systems. Clients can access local payment schemes, instant payment services, batch processing systems and real-time gross settlement infrastructure through a single integration point. The Bank supports collections, disbursements and account-to-account transfers across multiple currencies and jurisdictions, helping clients improve payment speed, transparency and operational efficiency. It also supports real-time settlement between clients within the Bank's network, enabling the efficient movement of funds.

[2] BC Singapore became operational in Q1 2026.

The Bank additionally provides multi-currency account and virtual account solutions. These services allow clients to access local account capabilities across multiple jurisdictions, facilitate payment collection and reconciliation, and support cash and liquidity management activities. The Bank's virtual account infrastructure enables clients to provide local account functionality to their own customers whilst retaining ownership of the underlying customer relationship. These services support high transaction volumes and efficient reconciliation of payment flows.

Foreign exchange services are integrated into the Bank's account and payment infrastructure, enabling clients to convert and transfer funds efficiently across multiple currencies. These services support international payment activity, treasury management and liquidity requirements for clients operating across different markets and jurisdictions.

Deposits, safeguarding and liquidity management solutions form an important component of the Bank's business model. The Bank accepts deposits and provides account structures that support transaction banking, liquidity management and safeguarding arrangements. These services are primarily designed to support payment and settlement activities undertaken by its institutional client base. The Bank also offers fiduciary account solutions for balances held overnight, supporting payment execution, settlement and cash management activities. In addition, safeguarding arrangements are provided to eligible clients to support the protection and segregation of customer funds in accordance with applicable regulatory requirements.

The Bank further provides agency banking and correspondent banking services that enable financial institutions to access global account, payment and collection capabilities through the Bank's infrastructure rather than establishing their own international banking networks. These services support clients' expansion into new markets and provide access to banking and payment capabilities through a scalable and regulated platform.

A distinguishing feature of the Bank's business model is its role as a provider of regulated payment infrastructure. By connecting directly to payment, clearing and settlement systems and leveraging modern technology, the Bank enables clients to access domestic and international payment services through a single platform. The Bank's infrastructure supports significant payment volumes across multiple currencies and jurisdictions and is designed to address the cost, complexity and inefficiencies often associated with traditional correspondent banking arrangements and legacy payment systems. Its strategic objective is to support the faster, more efficient and transparent movement of funds globally.

In April 2026, the Bank obtained a Crypto-Asset Service Provider ("CASP") licence from the CSSF, enabling it to provide selected crypto-asset services within the framework established by Regulation (EU) 2023/1114 on Markets in Crypto-Assets ("MiCAR"). The Bank's digital asset activities are currently focused on regulated stablecoin-related services, including fiat-to-stablecoin conversion, stablecoin-to-fiat conversion and transfer services. These capabilities extend the Bank's existing payment and settlement services into the digital asset sector while maintaining the governance, compliance and risk management standards expected of a regulated credit institution. The Bank's strategy is focused on supporting institutional clients seeking regulated access to digital settlement solutions and stablecoin-based payment services.

Accordingly, the Bank operates primarily as a provider of regulated financial infrastructure rather than as a traditional lending institution. Revenue is generated predominantly through transaction banking activities, including payment processing, account services, foreign exchange services, deposit and safeguarding solutions, correspondent banking, agency banking and other infrastructure services provided to institutional clients. This business model supports the Bank's mission of providing secure, efficient and regulated banking and payment infrastructure that enables financial institutions to move funds across international markets and meet the evolving needs of digital commerce.

The Bank’s mission remains at its forefront, to deliver a multisided platform utilising new technology and network to provide core banking services “to build a unique super-correspondent banking network so that a cross-border transaction that used to take 5 days and cost 50 Euros, takes only 5 seconds and costs 5 cents in the future and all related financial infrastructure needs are solved in one place”.

2.3 Group Governance

The Bank operates a global governance structure, comprising the Board of Directors (management body in its supervisory function) and the Authorised Management (management body in its management function), in line with the definition of the management body set out in the internal governance framework.

The governance framework is supported by a system of committee charters, policies, procedures and control functions, ensuring clear allocation of responsibilities, effective oversight, and full transparency across the Bank and its branches and subsidiaries.

2.3.1 Board of Directors

The Board of Directors of the Bank has the overall responsibility for the organisation and the management of the Bank’s operations, including its foreign subsidiaries and branches. It has the broadest powers for making decisions regarding the Bank and acts under the delegated authority of and is accountable to the shareholders of the Bank.

The Board of Directors has the ultimate responsibility for limiting and monitoring the Bank’s risk exposures, for setting the capital targets and for defining the risk appetite. The Board approves the Bank’s risk management strategy and overall risk tolerance level. It is also responsible for ensuring the Bank’s compliance with all applicable regulatory requirements.

Consistent with the proportionality principle, the Board has not established dedicated specialised committees (e.g. audit, risk or remuneration committees) and instead retains these responsibilities. The need for such committees is assessed on a regular basis in light of the Bank’s size, complexity and risk profile.

Table 2.2: Composition of the Board members of the Bank[3]

First and last name (as per passport or ID)	Position (any managing position)	Number of other directorships held
Wolfgang Gaertner	Chairman	9
Jesper Steen Johansen[4]	Vice-chairman	3
Tomas Leonardo Mendoza - Gutfreund	Member	9
Kathrin Kerls[5]	Member	0

Wolfgang Gaertner - Chairman – joined the Board in 2019 as a Non-Executive and Independent Director. Has 30 years of experience in retail, wealth management, transaction banking, and corporate services having served as Senior Non-Executive Director and Board Chairman in banks and tech companies. Extensive experience in setting risk culture, defining risk appetite, and managing compliance. Educational background in both Economics and Computer Science with strong knowledge of IT security, conduct risk management, whistleblowing mechanisms, and AML/CTF regulations. Proven track record in leading large-scale transformations such as core banking replacement, post-merger integration, offshoring, outsourcing, and process automation.

Jesper Steen Johansen – Vice Chairman – joined the Board in 2025 as a Non-Executive, Non-Independent Director. Has 7 years of experience within the Bank, with strong expertise in the organisation's business model, strategy, key risks, and external trends. Extensive knowledge of the Bank's products and services, including payments, clearing, and settlement activities. Strong understanding of the setup and functioning of Group-wide governance arrangements, and proficient in assessing the effectiveness of such setup. Extensive understanding of legal & regulatory requirements relevant for the Bank, as well as the prevention of money laundering and terrorist financing.

Tomas Leonardo Mendoza-Gutfreund - Board member – joined the Board in 2022 as a Non-Executive, Non-Independent Director and has close to 20 years' experience as accomplished hedge fund investor. Successful entrepreneurial and operational experience in growth technology start-ups. Offers expertise in IT risks, venture capital, and emerging technologies, critical for a digital-first environment. Educational background in management and finance and skilled in interpreting financial data, identifying key issues, and ensuring controls and high proficiency in understanding the Company's business model, strategy, key risks, and external trends. Extensive knowledge of products/services, payments, clearing, and settlements.

Kathrin Kerls – Board member - joined the Board in 2025 as a Non-Executive, Independent Director. With a career that spans over 25 years in high-level management positions across Germany and Luxembourg, Kathrin brings legal and financial expertise with extensive experience in banking and corporate leadership. She is highly knowledgeable in accounting and internal/external auditing. During 2020-2024, Kathrin attended regular training courses as a Management Board member, and in 2024/25, she attended training courses for Supervisory Board members in Governance, Compliance, Anti-money laundering, Antitrust law, and ESG.

2.3.2 Authorised Management and Executive Committee

The Authorised Management of the Bank (under Art. 7(2) of the law of 5 April 1993 on the financial sector) consist of Laust Bertelsen (Chief Executive Officer), Michael Hansen (Chief Financial Officer) and Morten Juhl Lilleøre (Chief Operations Officer).

The Executive Committee (ExCo) is made of the three authorised managers and the Chief Commercial Officer (CCO) of the Bank[6]. The Executive Committee acts under the delegated authority of and is accountable to the Board for day-to-day decision-making, operations, and management.

Furthermore, it is established to act as a senior decision-making management and governance forum on behalf of the Bank and all its subsidiaries and branches with the overall responsibility for developing, implementing, and maintaining effective risk, liquidity and capital management principles as well as controls, ensuring operations are managed within the decided risk appetite.

It further prepares suggestions to the Board on the allocation of any risk-taking limits to the risk-taking units. Limits are set and maintained in accordance with the business strategies and reviewed at least annually. Based on the limits approved by the Board, it may also enforce tighter limits on individual risks or impose additional risk mitigating techniques.

The Executive Committee may be supported by operational sub-committees in the management of daily activities to which it can delegate decision-making power, including the:

2.3.3 Onboarding Committee

The Onboarding Committee (OCM) purpose is assessing, within the business scope and risk appetite of the Bank, as defined and decided by the Board of Directors, the onboarding of clients within the Bank. In addition, the OCM also ensures that client relationships are managed on an ongoing basis, including approving the acceptable business risks.

The OCM's main objective is to address and decide on measures related to client and associated market risk

[3] The Board composition of the Company includes Wolfgang Gaertner, Jesper Steen Johansen and Tomas Mendoza-Gutfreund
[4] Mads Ditlevsen – Resigned on 21/10/2025, Jesper Johansen – Appointed on 21/10/2025
[5] Marie-Anne Van Der Berg – Resigned 21/10/2025, Kathrin Kerls – Appointed on 21/10/2025
[6] In February 2026, the President, Europe Area, joined the Executive Committee.

including Anti-Money Laundering (AML) risk, Know Your Client / Ongoing Due Diligence (KYC/ODD) risk, and customer pricing risk.

2.3.4 Financial Risk Assets & Liabilities Committee

The Financial Risks and Assets and Liabilities Committee (FALCO) has overall responsibility to identify and control the Bank's financial risks, including capital and liquidity risk matters, in accordance with the strategy and risk appetite. The FALCO's main objective is to address and decide on measures related to financial risk topics, including but not limited to asset & liability management, market risk, interest rate risk in the banking book (IRRBB), asset encumbrance, capital risk, solvency risk, credit risk, settlement risk, liquidity risk, investment risk, and financial reporting risk. It also acts as a Credit Committee.

2.3.5 Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee (GRCC) purpose is to establish, assess, and steer internal risk, compliance and governance structures of the Bank, and provide guidelines to continuously maintain appropriate governance structures and ensure compliance with the regulatory landscape.

The GRCC's main objective is to address and decide on measures related to compliance risk topics, including governance, internal control, and non-financial risk as delegated by the ExCo.

2.3.6 Products and Pricing Committee

The Product and Pricing Committee (PPC) reviews and approves, within the business scope and risk appetite defined by the Board of Directors, any significant product or change within the Bank.

The PPC's main objective is to address and decide on measures related to any type of product risks, including product pricing risk and the product approval process, as well as any changes that significantly impact the Bank.

2.4 Group Risk management

General information on risk management, objectives and policies

2.4.1 Risk Management Framework

The Risk function is established as a permanent, independent and autonomous unit within the Bank, including its subsidiaries and branches. The Risk function is organised in a way to avoid conflicts of interest and to ensure independent thinking and judgement, as well as objectivity in relation to the activities controlled. It is headed by the Chief Risk Officer (CRO), who reports directly to the Authorised Management, with the administrative reporting line to the CFO. Moreover, the CRO is a non-voting advisory member of the GRCC, FALCO and PPC, and acts as an observer in the OCM.

The Risk function, together with the two other internal control functions – Compliance and Internal Audit – forms an integral part of the Bank's internal control framework. The Risk function – respecting the need for independence and segregation of duties – strives for a good cooperation with the other control functions in order to facilitate an efficient and effective Enterprise Risk Management Framework.

2.4.2 Reporting and escalations

The CRO provides regular reports to the Board, as well as to the Authorised Management regarding the overall risk profile, including risk exposures, capitalisation, etc. The reporting contains, in particular, an assessment of the adequacy between the risks entered into and the available own funds, as well as liquidity reserves. This is to safeguard that the Bank is and will be able to manage its risks both in normal times, as well as in times of stress. Moreover, the reporting always highlights whether the current risk exposure is within the risk appetite as decided by the Board, and also gives account for the follow-up to the recommendations, problems, shortcomings and irregularities identified, and shall finally include a summary of the proposed corrective measures.

The CRO submits a monthly risk report to the Authorised Management and a quarterly report to the Board. In addition, any material risk event must always be reported to the two bodies without delay.

The CRO provides an annual summary report to the Board giving account for the activities assigned to the function, including the key recommendations and the status regarding the mitigating actions, as well as the existing or emerging problems, the major shortcomings and irregularities identified. The report is circulated to the Authorised Management for information, and a copy of the report is filed with the CSSF.

2.4.3 Areas of responsibility and delegated responsibilities

The Risk function is part of the second line of defence and shall ensure all business units anticipate, identify, assess, measure, monitor, manage and duly report all the risks to which the Bank is or may be exposed to. It carries-out its tasks continuously and without delay. It is a central element of the internal governance and organisation of the institution dedicated to limiting risks. It informs and advises the Board and assist the Authorised Management, proposes improvements in the risk management framework and actively participates in decision-making processes, ensuring the appropriate attention is given to risk considerations. The ultimate responsibility for the decisions regarding risks remains, however, with the business units which take the risks, and finally with the Authorised Management and the Board. The scope and coverage are comprehensive and cover all risks, as well as the whole institution, including any subsidiaries and branches, and the relationships and operations with related (third) parties.

The Risk function also assumes outsourcing function responsibilities with regard to the oversight of risks and documentation related to the Bank's outsourcing arrangements.

Within the Risk function, the Information Security Officer (ISO) leads the Information and Communication Technology (ICT) and security risk control function. The ISO is appointed by the Authorised Management and is thus directly accountable to the management bodies and responsible for monitoring and controlling adherence to the information security management framework.

As with the rest of the Risk function – they are independent from the operational functions and thus released from the operational implementation of security actions. The ISO is equipped with an escalation mechanism enabling escalation of any exceptional problem to the highest level of the hierarchy, including the Board. The reporting from the ISO ensures that ICT and security risks are identified, measured, assessed, managed, monitored and reported.

The ISOs key mission is to drive down information security risk for the organisation. This is achieved through the definition of required organisational, technical, legal and human resources, the monitoring of their implementation and effectiveness, as well as the development of the action plan(s) aimed to improve the information security posture. The ISO shall, based on the Bank's risk appetite in relation to information and cyber risks as defined in the Risk Appetite Policy, exercise his/her duties in accordance with the responsibilities and standards depicted in the Information Security Policy.

Moreover, the ISO oversees the responsibilities delegated to the Chief Operations Officer (COO) with regards to the management of IT risks. The COO is appointed as Responsible for the Information and Communication Technology (ICT) function ('IT Officer').

The Bank has a Data Protection Officer (DPO), who reports to the Board of Directors and the Authorised Management in all issues relating to protection of personal data and compliance with the various regulatory regimes (including the General Data Protection Regulation (GDPR)) that the Bank is subject to.

2.4.4 Internal Governance Arrangements

To ensure a sound and prudent management of its business, the Bank has established internal governance arrangements which are consistent with the three-line-of-defence model, as depicted in the Figure 2.3 below.

The three-lines-of-defence structure is a conceptual delineation of an organisation's internal control levels: the first line controls, the second line monitors controls, and the third line acts as independent assurance. It also provides a framework which facilitates the Board's oversight and handling of the Bank's overall risk management and internal control process.

The first line of defence consists of the functions which own or are exposed to risks, are responsible for their management, and which monitor, on a permanent basis, compliance with the risk appetite, policies and limits set by the Board of Directors and implemented by the Authorised Management. In its role of conducting business, the Authorised Management monitors the overall risk profile on a regular basis (with the support of the second line) and ensures that adequate financial resources are maintained.

The second line of defence consists of the Risk function, headed by the CRO, as well as the Compliance function, headed by the Chief Compliance Officer (CCO). The second line is responsible for establishing and maintaining the applicable policies, standards, and procedures, and supporting the first line of defence in complying with them. It reports to the Board of Directors and the Authorised Management (AM) on the effectiveness of the risk management structure to efficiently address the various risk exposures.

The third line of defence consists of the Internal Audit function, headed by the Chief Internal Auditor (CIA). It provides independent, objective and critical assessment on the effectiveness of the operational processes within the Bank by making use of a risk-based approach. Through its initiatives, it gives assurance to the Board and the Authorised Management on how effectively the organisation assesses and manages its risks. For independency reasons, the CIA reports functionally to the Chairman of the Board of Directors and administratively (i.e. day-to-day operations) to the Authorised Manager responsible for the Internal Audit Function.

2.4.5 Risk Appetite Framework and Statements

The Risk Appetite Framework (the "RAF") defines and sets the borders for the maximum risk taking deemed appropriate to fulfil the Bank's business strategy. The overall framework consists of risk policies, processes and controls, and systems through which the risk appetite is established, communicated and monitored.

The Risk Appetite Policy forms an integral part of the RAF, and includes both the qualitative statements, as well as quantitative measures – designed to adequately cover and limit the key risks faced by the Bank, and collectively defines the boundaries for risk-taking activities. The risk exposures assumed are driven by the activities conducted to meet clients' needs within the business strategy.

The RAF considers the risks relevant to the business activities and covers: credit risk (including counterparty credit risk and settlement risk), market risk (including FX and IRRBB), liquidity risk, asset encumbrance, investment risk, operational risk, information security and cyber risk, compliance risk, ESG/climate risk, model risk, business/profitability risk, reputational risk and solvency ratio monitoring, while also considering the wider macro-economic components impacting the operational environment.

The Risk Appetite measures are aligned with the stress testing conducted as part of the ICAAP and ILAAP processes.

Thus, the RAF articulates, where possible, the aggregate level across all types of risks that the Bank is prepared to accept or should avoid in order to achieve its strategic objectives, taking into account the interest of its shareholders, clients and regulatory requirements.

The Bank maintains a risk profile able to maintain stress scenarios – as visualised in the ICAAP and ILAAP documents - without significantly impacting its solvency ratio and liquidity position.

The Bank has, in this context and as part of the Risk Appetite Policy, defined limits higher than the minimum regulatory requirements to ensure an adequate buffer and facilitate a proactive approach to its capitalisation. The regulatory limits are as follows:

- Total capital ratio: 20%;
- CET, Tier 1 and Total capital ratio > overall capital requirements (OCR) and total SREP capital

requirements (TSCR) and combined buffer requirement; and

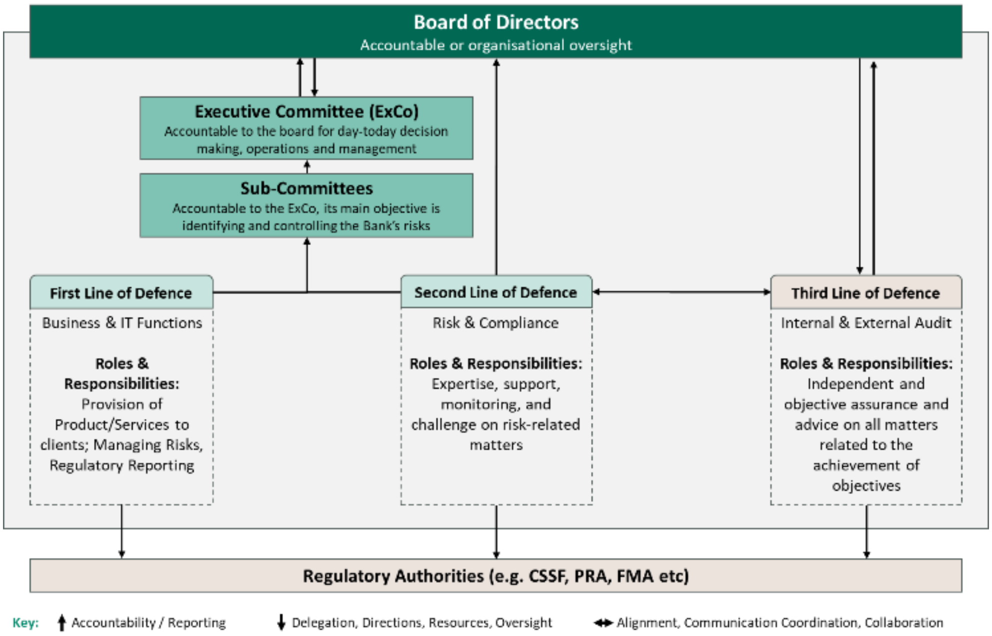
- Leverage ratio: 3%
- LCR: 110%
- NSFR: 100%

The aforementioned risk management provisions are designed to allow adequate management of the risks faced, for which the Bank has allocated capital for Credit risk, Market risk and Operational risk.

2.5 Directorships and recruitment policy

The Bank has a Diversity and Inclusion Policy and a Recruitment Procedure depicting its practices on recruitment, selection and succession on all levels of the organisation, including specifically for the Board. Both specify the recruitment strategy of the Bank, which aims to always avoid any direct or indirect discrimination and ensures a diverse selection of candidates, with the appropriate skills and competences, are considered and ultimately appointed.

Figure 2.3: The Bank's three-lines-of-defence model



3. Own Funds and Capital Adequacy

3.1 Compostion of own funds

The Company's own funds consist solely of Common Equity Tier 1 (CET1) capital, considered as the capital of the highest quality with ultimate loss absorbance characteristics. The Company applies the Capital Requirements Regulation and Directive (CRR/CRD IV) as well as the Luxembourg regulation, while equity as reported in the balance sheet is based on applicable accounting standards and principles.

The components of own funds consist exclusively of CET1 capital, after relevant deductions with the development of the own funds being dependent upon its profit generating ability, dividend policy in combination with any additional equity contributions from the qualifying shareholder. The Company has maintained a strong capital position with the CET 1 – after deductions – amounting to EUR 281,227,511 as per end of December 2025. The Company's eligible own funds after deductions consisted exclusively of CET1 capital which was mainly formed by subscribed and fully paid-up capital and the corresponding share premium accounts fulfilling the requirements set out in Art. 26 (1) lit. a) and b) in connection with Art. 28 CRR. The Company is required to maintain a minimum ratio of own funds to RWAs in accordance with the CRR, the supervisory review and evaluation process (SREP) and internal risk limits. As at 31 December 2025, the Bank complies with the capital requirements. The table below shows the reconciliation of regulatory own funds in Template EU CC2 to balance sheet in the audited financial statements.

Template EU CC1 – Composition of regulatory own funds

Unit: EUR		Amounts	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	514,849,687	26 (1) (a), (b), 27, 28, 29
	of which: Instrument type 1		EBA list 26 (3)
	of which: Instrument type 2		EBA list 26 (3)
	of which: Instrument type 3		EBA list 26 (3)
2	Retained earnings	(4,025,609)	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	23,109,772	26 (1)
EU-3a	Funds for general banking risk		26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		484 (2)
5	Minority interests (amount allowed in consolidated CET1)	8,063,713	84
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	51,427,546	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	593,425,109	Sum of rows 1 to EU-5a
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(1,722,466)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(309,856,730)	36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(618,401)	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91

EU-20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
EU-20d	of which: free deliveries (negative amount)		36 (1) (k) (iii),379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)		48 (1) 470 (2)
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 43, 45, 47, 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a)
EU-25a	Losses for the current financial year (negative amount)		36 (1) (a)
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		36 (1) (l)
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		36 (1) (j)
27a	Other regulatory adjustments		
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(312,197,598)	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	281,227,511	Row 6 minus row 28
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)
36	Additional Tier 1 (AT1) capital before regulatory adjustments		Sum of rows 30, 33 and 34
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
41	Empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		56 (e)
42a	Other regulatory adjustments to AT1 capital		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital		Row 36 minus row 43
45	Tier 1 capital (T1 = CET1 + AT1)	281,227,511	Sum of row 29 and row 44
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts		62 (a) (b), 63 to 65, 66 (a), 67
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR		486 (4)
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2		494a (2)
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2		494b (2)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments		62 (c) & (d)
51	Tier 2 (T2) capital before regulatory adjustments		
Tier 2 (T2) capital: regulatory adjustments			

52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 point (c), 68 to 70 and 79
54a	Empty set in the EU		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 point (d), 68, 69 and 79
56	Empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
56b	Other regulatory adjustments to T2 capital		
57	Total regulatory adjustments to Tier 2 (T2) capital		Sum of rows 52 to 56
58	Tier 2 (T2) capital		Row 51 minus row 57
59	Total capital (TC = T1 + T2)	281,227,511	Sum of row 45 and row 58
60	Total risk exposure amount	661,547,554	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	42.51%	92 (2) (a)
62	Tier 1	42.51%	92 (2) (b)
63	Total capital	42.51%	92 (2) (c)
64	Institution CET1 overall capital requirements	8.65%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.53%	
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage		
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	32.51%	CRD 128
69	Empty set in the EU		
70	Empty set in the EU		
71	Empty set in the EU		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 46, 45 56 (c), 59, 60 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)		36 (1) (i), 45, 48
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	4,193,756	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Unit: EUR	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash in hand, balances with central banks and post office banks	2,968,456,568	2,968,456,568	
Loans and advances to credit institutions:			
a) repayable on demand	238,113,089	237,190,430	
Debt securities and other fixed-income securities:			
Financial assets at fair value through profit or loss:			
a) issued by other borrowers	163,916,266	165,431,668	
b) Equity instruments	86,060,601	86,057,566	
Financial assets at fair value through other comprehensive income:			
a) issued by public bodies	1,455,156,933	1,455,657,244	
b) issued by other borrowers			
Financial assets at amortized cost:			
a) issued by public bodies	33,723,847	33,723,847	
b) issued by other borrowers	105,776,762	105,953,740	
Equity instruments at fair value through other comprehensive income	12,424,250	15,290,448	
Intangible assets and goodwill	368,036,627	364,085,285	
Tangible assets	13,906,026	13,844,429	
Deferred tax assets	618,401	618,401	
Other assets	17,276,486	32,916,095	
Prepayments and accrued income	15,640,516		
Total assets	**5,479,106,372**	**5,479,225,722**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Amounts owed to credit institutions:			
a) repayable on demand	168,074,908	168,074,908	
Amounts owed to clients:			
a) repayable on demand	4,516,939,534	4,516,939,534	
Derivatives instruments at fair value through profit or loss	29,512	29,512	
Other liabilities	148,121,759	149,091,026	
Accruals and deferred income	9,364,698	9,364,698	
Deferred tax liabilities	221,931	221,931	
Provisions:	17,800,090	17,079,003	
(a) provisions for Corporate Income Tax	16,260,211	15,601,505	
(b) provisions for Net Worth Tax	826,148	792,680	
(c) provisions for risk and charges	713,731	684,818	
Total liabilities	**4,860,552,432**	**4,860,800,613**	
Shareholders' Equity			
Subscribed capital	4,273,741	4,273,742	1
Share premium	510,575,945	510,575,945	1
Revaluation reserve	23,407,818	23,109,772	
Results brought forward	(4,030,740)	(4,025,609)	2
Profit/(Loss) for the financial year	76,433,130	76,427,546	
Non-controlling interest	7,894,046	8,063,713	5
Total shareholders' equity	**618,553,940**	**618,425,109**	

The above table highlights the difference in the basis of consolidation for accounting and prudential reporting purposes.

3.2 Capital adequacy

3.2.1 ICAAP Process

The Bank has in place an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that it keeps adequate available capital to cover all material risks over a foreseeable future from the perspective of regulators and investors to optimise shareholder value in the light of the external requirements. The ICAAP report is prepared by the Risk function on behalf of the Authorised Management and approved by the Board of Directors at least once a year in accordance with regulatory requirements. The ICAAP exercise includes a review of the management, mitigation and measurement of material.

3.2.2 Capital Adequacy

The size of the Bank's own funds shall normally correspond to the sum of the capital requirements for Pillar I risks (credit, market and operational risks) and applicable capital buffers. This would translate into total SREP [7] capital requirements of 10%, excluding Pillar II buffers, Capital Conservation buffer (CCB) and Countercyclical Capital buffer (CCyB).

The Bank maintains a capitalisation to ensure both regulatory compliance and internal capital needs and continues to show continuous growth of the business in the coming years, supported by the Bank significantly increasing its profitability margins in 2025. The qualifying shareholder has provided a letter where it commits to inject additional capital, in the event the Bank's solvency ratio – measured as Total Capital Ratio calculated in accordance with the Capital Requirements Regulation (CRR) – falls below 20%. The same letter provides a commitment to unconditionally support the Bank so that it can implement the business plan and remain compliant with all capital, liquidity, and other applicable prudential regulations. Finally, capital planning and stress testing is conducted continuously and is further elaborated upon in the yearly ICAAP.

3.2.3 CET1 capital, Pillar I and Risk Exposure Amounts as per 31 December 2025

The Company[8]'s own funds consist solely of Common Equity Tier 1 (CET1) capital, considered as the capital of the highest quality with ultimate loss absorbance characteristics. Banking Circle is, for the calculation of the capital base, following the current Capital Requirements Regulation and Directive (CRR/CRD IV) as well as the Luxembourg regulation, while equity as reported in the balance sheet is based on applicable accounting standards and principles.

The CET1 ratio for end of December 2025 amounted to 42.51%, significantly above both the minimum regulatory requirements, as well as the minimum capital ratio committed by the shareholder.

As of 31 December 2025, the Company's total Pillar I requirements - in accordance with Art. 92 CRR - amounted to EUR 52,923,804 as depicted in Template EU OV1 below.

3.2.4 Risk exposure amounts – Credit

The Company assumes limited credit risk exposures related to the handling and placing of its excess liquidity. The Company's assets primarily consist of a portfolio of liquid government bonds of high credit quality. The holdings mainly have short maturities, and all qualify as Level 1 High Quality Liquid Assets (HQLA). In addition, cash placements are made with central banks serving both as HQLA and regulatory reserves (majority of the assets are allocated in government bonds or held as cash with central banks). The remaining part is mainly kept with a limited number of correspondent banks to enable the handing of the client-driven transactions, together with asset-backed securities (ABS) in order to obtain a yield-generating investment. The correspondent banks have a credit rating of at least investment grade leading to a relatively low credit risk. Other assets consist of tangible assets, other assets and prepayments and accrued income carrying a 100% risk weight. A smaller amount is towards CVA risk related to the FX swap activity.

3.2.5 Risk exposure amounts – Market

The Company has classified its bond portfolio as being part of the Banking Book considering the instrument classification and trading intention, i.e. holds a bond portfolio for the purpose of ensuring sufficient HQLA for the Liquidity Coverage Ratio requirements and calculations with the currency composition matching the liability side client deposits. The Bank maintains the portfolio to ensure an efficient management of its HQLA and is normally only changing the composition to reflect changes in the underlying client deposits and thus not for short-term speculative gains. In addition, FX exposures relating to client transactions drives a small capital charge.

3.2.6 Risk exposure amounts – Operational

The Company calculates the risk exposure amount in relation to operational risk using the standardized measurement approach.

While the Company has reserved capital for its Pillar I risks, the Bank, as forementioned drives primarily the activities for the parent company, thus has similar Pillar I risk exposures. Furthermore, the Bank has considered a Pillar II capital charge for its market risk exposures – to fully reflect the Bank's market risk exposures and include the interest rate risk in the banking book. These capital requirements – for NII – have been calculated based on the +/-200bp stress test – calculated in accordance with the requirements as laid down by the CSSF – and amounts to EUR 16.2m as per end of December 2025. This forms, together with any regulatory Pillar I requirements for market risk (foreign exchange), the Company's total internal capital requirements for market risk.

[7] There were no changes to these requirements in 2025.

[8] This figure represents the CET1 capital ratio at the parent level "the Company", the Bank CET1 capital ratio at end of December 2025 is 40.3%.

3.2.7 Internal Solvency Needs (ISN)

The ISN describes the Bank's capital need from an internal perspective using a 'Pillar I plus' approach ('Pillar I plus' approach adopted in line with Section I.2. Proportionality of the ICAAP of CSSF Circular 20/753 as amended). This approach combines the Pillar I requirements with Pillar II risks. In addition, a stress test add-on/buffer is added to provide a prudent capital buffer above the current capital requirements in the event of unexpected obligations or changes to the own funds, profitability or Risk weighted exposure amounts (RWEAs).

The Bank's Internal Solvency Needs is solely covered by CET1 capital.

3.3 Capital requirements

Template EU OV1: Overview of risk weighted exposure amounts

Unit: EUR		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		2025	2024	2025
1	Credit risk (excluding CCR)	283,381,972	172,430,227	22,670,558
2	Of which the standardised approach	283,381,972	172,430,227	22,670,558
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple risk weighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	1,908,690		152,695
7	Of which the standardised approach			
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
9	Of which other CCR	1,908,690		152,695
10	Credit valuation adjustments risk - CVA risk	1,908,690		152,695
EU 10a	Of which the standardised approach (SA)			
EU 10b	Of which the basic approach (F-BA and R-BA)			
EU 10c	Of which the simplified approach	1,908,690		152,695
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)	50,209,792	40,179,960	4,016,783
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	6,110,759	9,490,735	488,861
21	Of which the Alternative standardised approach (A-SA)			
EU 21a	Of which the Simplified standardised approach (S-SA)	6,110,759	9,490,735	488,861
22	Of which the Alternative Internal Models Approach (A-IMA)			
EU 22a	Large exposures			
23	Reclassifications between trading and non-trading books			
24	Operational risk	318,027,651	249,024,221	25,442,212

EU 24a	Exposures to crypto-assets			
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Output floor applied (%)			
27	Floor adjustment (before application of transitional cap)			
28	Floor adjustment (after application of transitional cap)			
29	Total	661,547,554	471,125,142	52,923,804

The table shows bank's risk-weighted exposure amounts and own funds requirements by category for 2024 and 2025. Over 2025, the total RWA's increased primarily driven by Credit and Operational Risk. No capital floors have been applied, and no deductions affecting own funds or risk exposures are included.

3.4 Capital buffers

Template EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

	Unit: EUR	A	B	C	D	E	F	G	H	I	J	K	L	M
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	Breakdown by country													
	LU	195,562,196				163,402,864	358,965,060	17,307,888		4,016,783	21,324,671	266,558,393	94.82%	0.50%
	AU	10,972,426					10,972,426	875,819			875,819	10,947,739	3.89%	1.00%
	BE	1,432,845					1,432,845	286,569			286,569	3,582,113	1.27%	1.00%
	CA	10,425					10,425	167			167	2,085	0.00%	0.00%
	ES	7,837					7,837	125			125	1,567	0.00%	0.50%
	FR	21,775					21,775	348			348	4,355	0.00%	1.00%
	JP	7,348					7,348	118			118	1,470	0.00%	0.00%
	NO	34,311					34,311	549			549	6,862	0.00%	2.50%
	US	191,775					191,775	719			719	8,981	0.00%	0.00%
020	Total	208,240,938				163,402,864	371,643,802	18,472,302		4,016,783	22,489,085	281,113,564	100.00%	

Template EU CCyB2: Amount of institution-specific countercyclical capital buffer

Unit: EUR		a
1	Total risk exposure amount	661,547,554
2	Institution specific countercyclical capital buffer rate	0.53%
3	Institution specific countercyclical capital buffer requirement	3,478,931

3.5 Leverage ratio

Following the Basel III framework, the CRR introduced a non-risk-based measure, the leverage ratio, to limit build-up of leverage on banks' balance sheets in an attempt to contain the cyclicality of lending. The leverage ratio is calculated as the Tier 1 capital divided by an exposure measure, comprising of on-balance and off-balance sheet exposures with adjustments for certain items such as derivatives and securities financing transactions. The CRR has a binding leverage ratio requirement of 3% of Tier 1 capital, harmonised with the international BCBS standard. It also includes amendments to the calculation of the exposure measure with regards to exposures to public development banks, pass-through loans and officially granted export credits. The leverage ratio is calculated daily by the Finance department, measured as part of the Risk Appetite and reported on monthly basis by the Risk function. Furthermore, the evolution of the Leverage ratio is also followed closely and projected as an integrated part of financial planning.

The Company, as per end of 2025, reported a Leverage ratio of 5.42%.

Template EU LR2: LRCom: Leverage ratio common disclosure

Unit: EUR		A	B
		2025	2024
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	5,217,850,373	4,293,991,444
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(39,472,935)	(81,588,370)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	5,178,377,438	4,212,403,074
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)		
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method	9,543,448	
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	9,543,448	
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount		
20	(Adjustments for conversion to credit equivalent amounts)		
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	**Off-balance sheet exposures**		
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))		
EU-22c	(-) Excluded exposures of public development banks - Public sector investments		
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State		

	- Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)		
Capital and total exposure measure			
23	Tier 1 capital	281,227,511	236,822,969
24	Leverage ratio total exposure measure	5,187,920,886	4,212,403,074
Leverage ratio			
25	Leverage ratio	5.42%	5.62%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	5.42%	5.62%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.42%	5.62%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital (percentage points)		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5,187,920,886	4,212,403,074
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5,187,920,886	4,212,403,074
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.42%	5.62%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.42%	5.62%

Template EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Unit: EUR		a CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	5,217,850,373
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	5,217,850,373
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	4,446,864,233
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	
EU-7	Institutions	271,935,281
EU-8	Secured by mortgages of immovable properties	
EU-9	Retail exposures	
EU-10	Corporate	91,822,430
EU-11	Exposures in default	
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	407,228,429

4. Credit risk

4.1 Credit and Counterparty risk management

Credit and counterparty risk is defined as the risk of financial loss arising from a counterparty's failure to meet its contractual obligations, including credit defaults, settlement failures, or deterioration in creditworthiness. The counterparty credit risk exposure will – unlike credit risk – fluctuate based on market risk factors.

Credit and counterparty risk for the Bank can be grouped in the following categories:

- Central bank placements, and cash balances with correspondent banks to facilitate payments flows;
- FX spot and FX swap transactions where client exposures exceed posted collateral;
- intraday, overnight and tomorrow-next credit facilities to facilitate payments flows (maximum tenor of 72 hours) with Payment-Prior-to-Payment (PPP) characteristics;
- SEPA Direct Debit exposures, subject to collateralization and or rolling reserve models; and
- Investment activities in government bond holding (including in Money Market Funds (MMFs)), Asset Backed Securities (ABS) and corporate bond investments.

The Bank assumes limited credit risk exposures related to the handling and placing of its excess liquidity, as described above in section 3.4. As at 31 December 2025, the Bank had no material derivative exposures, with longer-dated FX swaps (30-day tenor) giving rise to a CVA risk exposure of EUR 1.9m. Counterparty credit risk from derivatives is therefore not considered material.

4.1.1 Structure and organisation of credit risk management

The Credit function, which is overseen by the CFO[9] and part of the first line of defence, is responsible for supporting the Bank in its credit related activities, more specifically within the following main areas:

- Defining, establishing and maintaining the appropriate credit risk procedures and processes in adherence with the Credit Risk Policy of the Bank;
- Review of the credit and counterpart proposals and prepare recommendations for the credit granting authorities of the bank, including the review of existing counterparts limits, and proposals for maintaining, decreasing or increasing limits;
- Daily monitoring of all credit and settlement lines thus ensuring the credit and settlement risk exposure remains within the approved limits. Consequently, raise and escalate any instances where breaches or limits are exceeded;
- Maintenance of the credit line and limit repository;
- Ensure reports used for monitoring purposes, where applicable, are validated and fit for purpose;

The Risk function, which is headed by the CRO, is in charge of monitoring, and reporting Credit Risk in line with the policies and procedures sets out by the Authorised Management. Hence, the Risk function supports the Authorised Management in ensuring Credit Risk exposures are in line with the risk appetite limits in place. Risk achieves this more specifically within the following main areas:

- Ensuring adherence of the Credit Risk Policy;
- Review and challenge the credit and counterpart proposals;
- Second line monitoring of credit lines, i.e. monitoring the activities of the first line of defence. This mainly relates to the compliance of the Treasury department with the applicable mandate instructions and limits, but also includes monitoring exposures are within limits;
- If breaches are not escalated, Risk will raise and escalate to either Credit department or Treasury;
- Any hard limits must be investigated and documented by the Risk function, and thus must also follow progress on the agreed mitigating / remediating actions;
- Ensure risk reports used for monitoring purposes, where applicable, are tested, validated and fit for purpose;
- Prepare monthly risk indicator reporting and risk reports delivered to AM and BoD, including details of exposures, breaches and any other information deemed necessary or pertinent to be shared;
- Ensure notification and reporting to the regulator of any hard limit breaches, including detail on what occurred, how it occurred, any mitigating or remediating actions and changes in the control environment going forward.

4.2 Credit exposure and ratings

The Bank has assigned Fitch Ratings, Standard & Poor's and Moody's as External Credit Assessment Institutions (ECAIs) for the calculation of its own funds requirements for credit risk under the Standardised Approach.

ECAIs supports the standardised approach and securitisation framework of prudential regulation through the mapping of each of their credit assessments to the corresponding risk weights. The Bank ensures the ECAIs meet the eligibility criteria as set by the BCBS.

If the Bank's client or counterpart does not have an external rating, they will be internally rated, based upon information from the client, and other external sources. The client's ratings are combined with a qualitative evaluation of the client's creditworthiness – carried out by a dedicated person in the Credit function in order to assign an internal rating to the client.

[9] In March 2026, the Credit function moved under the Europe Area.

Template EU CR1: Performing and non-performing exposures and related provisions

	Unit: EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing Exposures			Non-performing Exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005	Cash balances at central banks and other demand deposits	3,205,647,842	3,205,647,842					(843)	(843)							
010	Loans and advances	922,813	922,813					(169)	(169)							
020	*Central banks*															
030	*General governments*															
040	*Credit institutions*															
050	*Other financial corporations*	922,813	922,813					(169)	(169)							
060	*Non-financial corporations*															
070	*Of which: SMEs*															
080	*Households*															
090	Debt Securities	1,759,989,628	1,594,557,960					(145,773)	(145,773)							
100	*Central banks*															
110	*General governments*	1,478,444,059	1,478,444,059													
120	*Credit institutions*	24,708,512	24,708,512													
130	*Other financial corporations*	256,837,057	91,405,389					(145,773)	(145,773)							
140	*Non-financial corporations*															
150	Off-balance sheet exposures															
160	*Central banks*															
170	*General governments*															
180	*Credit institutions*															
190	*Other financial corporations*															
200	*Non-financial corporations*															
210	*Households*															
220	***Total***	4,966,560,283	4,801,128,614					(145,942)	(145,942)							

Template EU CR4 – Standardised Approach – Credit risk exposure and CRM effects

Unit: EUR - Exposure Classes		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	4,446,864,233		4,446,864,233			0.00%
2	Non-central government public sector entities						
EU 2a	Regional government or local authorities						
EU 2b	Public sector entities						
3	Multilateral development banks						
EU 3a	International organisations						
4	Institutions	271,934,451		262,391,002		52,478,200	20.00%
5	Covered bonds						
6	Corporates	91,673,418		91,673,418		91,673,418	100.00%
6.1	Of which: Specialised Lending						
7	Subordinated debt exposures and equity	15,290,448		15,290,448		38,226,120	250.00%
EU 7a	Subordinated debt exposures						
EU 7b	Equity	15,290,448		15,290,448		38,226,120	250.00%
8	Retail						
9	Secured by mortgages on immovable property and ADC exposures						
9.1	Secured by mortgages on residential immovable property - non IPRE						
9.2	Secured by mortgages on residential immovable property - IPRE						
9.3	Secured by mortgages on commercial immovable property - non IPRE						
9.4	Secured by mortgages on commercial immovable property - IPRE						
9.5	Acquisition, Development and Construction (ADC)						
10	Exposures in default						
EU 10a	Claims on institutions and corporates with a short-term credit assessment						
EU 10b	Collective investment undertakings	86,060,636		304,330		31,492	10.35%
EU 10c	Other items	100,972,741		100,972,741		100,972,741	100.00%
11	Not applicable						

12	TOTAL	5,012,795,927	4,917,496,173	283,381,972	5.76%

Template EU CQ3 Credit quality of performing and non-performing exposures

Unit: EUR		a	b	c	d	e	f	g	h	i	j	k	l
		Gross Carrying Amount											
		Performing Exposures			Non-Performing Exposures								
			Not past due or Past due < 30 days	Past due > 30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	3,205,647,842	3,205,647,842										
010	Loans and advances	922,813	922,813										
020	Central banks												
030	General governments												
040	Credit institutions												
050	Other financial corporations	922,813	922,813										
060	Non-financial corporations												
070	Of which SMEs												
080	Households												
090	Debt Securities	1,759,989,628	1,759,989,628										
100	Central banks												
110	General governments	1,478,444,059	1,478,444,059										
120	Credit institutions	24,708,512	24,708,512										
130	Other financial corporations	256,837,057	256,837,057										
140	Non-financial corporations												
150	Off-balance sheet exposures												
160	Central banks												
170	General governments												
180	Credit institutions												
190	Other financial corporations												
200	Non-financial corporations												
210	Households												
220	Total	4,966,560,283	4,966,560,283										

4.3 Credit risk adjustments

As per 31 December 2025, the Bank did not have any past-due exposures, nor did it apply any credit risk adjustments.

4.3.1 Past due loans

The Bank defines the past due criterion as follows: The obligor is past due more than 30 days on any material credit obligation to the Bank.

4.3.2 Impairment of financial assets and overview of the ECL principles

The Bank records an allowance for Expected Credit loss (ECL) for all loans and other debt financial assets not measured at Fair Value through Profit or Loss (FVPL).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the Lifetime Expected Credit Losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12m ECL).

The Bank has established a policy to perform an assessment at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For the purpose of IFRS 9 ECL estimation, the Bank is required to appropriately allocate financial assets measured at amortised cost or at fair value through other comprehensive income into 'Stages', where::

- Stage 1 - When financial assets are first recognised, the Bank recognises an allowance based on 12 months' expected credit loss (12m ECL). Stage 1 assets also include facilities where the credit risk has improved, and the asset has been reclassified from Stage 2;
- Stage 2 - When an asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit loss (LTECL). Stage 2 assets also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3;
- Stage 3 - Assets considered credit-impaired. The Bank records an allowance for the LTECL.

A significant increase in credit risk (SICR) is considered to have occurred with regard to a particular obligor when at least one of the below trigger events has been reached:

- Rating downgrade criterion: For counterparties rated as of the reporting date below the investment grade, the Bank considers a threshold level of 3 notches as an indicator of significant increase in credit risk. In the other words, if the decrease in the rating of the counterparty at the given reporting date as compared to the initial recognition is equal or greater than 3 notches then such exposure shall be allocated into Stage 2. The ratings used for this assessment are external ratings provided by mainstream credit agencies;
- Past due criterion: The obligor is past due more than 30 days on any material credit obligation to the Bank;
- Discretionary criterion: Specific sector, country or idiosyncratic issues which could lead to the conclusion that the risk of the exposure is significantly higher than at initial recognition may lead to acknowledge a SICR.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.3.3 The calculation of ECL

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio;
- EAD - The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments;
- LGD - The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately.

The model used to estimate the PD is based on statistical and historical observations and external data provided by mainstream credit agencies. This methodology is deemed as appropriate with respect to the overall materiality of this model, the Bank's underlying risks as well as the size and complexity of the Bank's operations. For the purpose of determining the EAD of "Loans and advances to credit institutions", the Bank considers current outstanding balance as the carrying amount at the time of default. For "Debt securities issued by public bodies", the EAD is computed by summing up the book value of the security at reporting date and the estimated accrued interest of the same security.

The estimate of the LGD is solely based on regulatory-provided data.

4.3.4 ECL for debt securities measured at fair value through OCI

The ECL for debt securities measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in

OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the financial assets.

For capital adequacy purposes the Bank uses the result of the impairment calculation according to accounting rules to reflect the impairment and the capital adequacy reports.

Considering the nature of the credit and counterparty risks, all assets have been assessed as Stage 1 as per 31 December 2025, (i.e. assets where there has been no significant increase in credit risk).

4.3.5 Forborne exposure and non-performing loans

As per 31 December 2025, the Bank did not have any forborne exposure nor any non-performing loans.

4.4 Credit risk mitigation techniques

The Bank has a limited risk profile in relation to credit risk, that should be based on the principles as defined in the Credit Risk Policy.

In addition, the following shall apply;

- The Bank has clear and unambiguous guidelines for the selection of counterparts for liquidity management and FX (spot) trading, including type of counterpart as well as credit rating;
- Credit risk in relation to FX spot positions with counterparties or clients albeit counterparties are not required to be secured with collateral or master agreements;
- Settlement risk is reduced by Delivery Versus Payment (DVP) settlement or other settlement agreements, which reduce settlement risk;
- Intra-day, overnight and tomorrow next credit exposure is only assumed toward clients/counterparties with a minimum rating (as defined by the Risk Appetite Policy). Any such exposures are subject to reviews and shall require relevant collateral - including but not limited to pledges over clients' accounts receiving card scheme flows;
- The Board of Directors receive management information depicting the credit exposures on a regular basis, at least quarterly;
- Reporting and control should be done on a daily basis, with the Risk function responsible for reporting and escalating any limit breaches;
- Limit breaches are rectified without undue delay and in turn be reported (either immediately or in the next regular report depending on the situation). If for any reason a Board limit breach cannot be rectified immediately, the Board of Directors are notified without undue delay, and a temporary mandate increase must be sought;
- In light of the Capital Requirements Regulation, the Bank must ensure at all times that Large Exposures do not become excessive in relation to its capital base;
- The Bank must comply with the guidelines of the European Banking Authority (EBA) relating to the limits on exposures to Shadow Banking entities which carry out banking activities outside a regulated framework under Article 395(2) of Regulation EU No 575/2013; Risk Appetite Policy with any breaches should be reported to the Board and the CSSF, and be rectified without delay.

As at 31 December 2025, the Bank applied a credit risk mitigation technique towards its securitisation exposure.

Template EU CR5 – Standardised Approach

	Exposure classes	Risk weight																										
		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others	Total	Of which unrated
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
1	Central governments or central banks	4,446,864,233																									4,446,864,233	
2	Non-central government public sector entities																											
EU 2a	Regional governments or local authorities																											
EU 2b	Public sector entities																											
3	Multilateral development banks																											
EU 3a	International organisations																											
4	Institutions					262,391,002																					262,391,002	
5	Covered bonds																											
6	Covered bonds																91,673,418										91,673,418	
6.1	Of which: Specialised Lending																											
7	Subordinated debt exposures and equity																					15,290,448					15,290,448	
EU 7a	Subordinated debt exposures																											
EU 7b	Equity																					15,290,448					15,290,448	
8	Retail exposures																											
9	Secured by mortgages on immovable property and ADC exposures																											
9.1	Secured by mortgages on residential immovable property - non IPRE																											
9.1.1	No loan splitting applied																											
9.1.2	loan splitting applied (secured)																											
9.1.3	loan splitting applied (unsecured)																											
9.2	Secured by mortgages on residential immovable property - IPRE																											

9.3	Secured by mortgages on commercial immovable property - non IPRE																											
9.3.1	No loan splitting applied																											
9.3.2	loan splitting applied (secured)																											
9.3.3	loan splitting applied (unsecured)																											
9.4	Secured by mortgages on commercial immovable property - IPRE																											
9.5	Acquisition, Development and Construction (ADC)																											
10	Exposures in default																											
EU 10a	Claims on institutions and corporates with a short-term credit assessment																											
EU 10b	Collective investment undertakings (CIU)	146,868				157,462																					304,330	
EU 10c	Other items															100,972,741											100,972,741	
11	not applicable																											
EU 11c	**TOTAL**	**4,447,011,101**				**262,548,464**										**192,646,160**					**15,290,448**					**4,917,496,173**	

4.5 Asset encumbrance

The Bank's main sources of asset encumbrance are:

- Collateral provided for client deposits; and
- Regulatory minimum reserve requirements.

Encumbered assets are assets which are subject to any legal, contractual, regulatory or other restriction preventing the institution from liquidating, selling, transferring, assigning or, generally, disposing of those assets via an outright sale or a repurchase agreement. If an asset is subject to any form of arrangements to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn, and thus be treated as encumbered. The part of debt securities portfolio which was pledged as collateral against amounts owed to clients amounted to EUR 957,730,009 as per end of December 2025.

In line with the regulatory requirements – as the encumbrance ratio is above 15% – the Bank is calculating and reporting the asset encumbrance ratio on a monthly basis as a part of the Risk Appetite Policy. The calculation and related reporting is prepared by the Finance department and monitored by the Risk function. The Bank's asset encumbrance is managed in accordance with the Asset Encumbrance Policy defining its measurement, management and governance.

Template EU AE1: Encumbered and unencumbered assets

Unit: EUR		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	957,730,009	957,730,009			4,521,495,712	606,771,616		
030	Equity instruments					101,348,014	86,057,566	101,348,014	86,057,566
040	Debt securities	957,730,009	957,730,009	957,730,009	957,730,009	802,113,847	520,714,050	802,113,847	520,714,050
050	of which: covered bonds								
060	of which: securitisations								
070	of which: issued by general governments	957,730,009	957,730,009	957,730,009	957,730,009	520,714,050	520,714,050	520,714,050	520,714,050
080	of which: issued by financial corporations					281,399,797		281,399,797	
090	of which: issued by non-financial corporations								
120	Other assets					3,618,033,852			

Template EU AE3: Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	957,730,009	957,730,009

5. Market risk

5.1 Market risk management

Market risk is defined as the risk of a loss in value as a result of changes in market rates and parameters that affect the market values (e.g. interest rates, FX rates, and equity prices).

Market risk in the Bank can be grouped in the following categories:

- Market risk stemming from client transactions (i.e. foreign exchange). Market risk shall normally be hedged end of day, however exceptions are applied (i.e. smaller open positions), for efficient risk management and/or bigger open, but limited positions, intra-day to support an efficient handling of client flows;
- Market risk (interest rate risk) resulting from the investment of liquidity in High Quality Liquid Assets (HQLA) held to ensure Liquidity Coverage Ratio (LCR) compliance on a daily basis;
- Interest rate risks (IRRBB) primarily arising from maturity mismatch between the bond holdings (incl. those held in Money Market Funds) on the asset side (normally with maturities ranging up to max one year) and the client deposits on the liability side (with a contractual overnight maturity) - driving economic value (EVE), while fluctuations in deposits and changes in interest rates impacting changes in earnings (NII) risk; and
- Market risk resulting from the Bank's investment strategies.

5.1.1 Description of trading activities

The Bank's business model builds upon the provision of payment services to clients. This requires clients to maintain current accounts with the Bank. Clients deposit and receive funds on these accounts for/through the transactions executed via the Bank's payment services platform. Consequently, the deposit amounts on those accounts can fluctuate by clients over time.

To manage the liquidity risk stemming from those deposits, the Bank maintains a portfolio of highly liquid bonds which could be quickly liquidated in a stress situation to counter deposit withdrawals from clients. These bonds also qualify as High-Quality Liquid Assets (HQLA) for the purpose of maintaining a sufficiently high Liquidity Coverage Ratio (LCR).

The Bank's Treasury department is in charge of managing the Bank's overall liquidity - including bond portfolio in line with the risk appetite, including credit risk, liquidity risk and market risks, including IRRBB.

During 2025, the Bank introduced longer-dated FX swap transactions with maturities extending up to 30 days to support client hedging and liquidity management needs. These instruments are used primarily to manage short-term funding mismatches across currencies and to enhance operational flexibility in the provision of payment and FX services. The incremental market risk arising from these activities is limited and is monitored through existing metrics, including net open positions and stress sensitivities.

5.1.2 Description of how the Bank measures, controls and manages its interest rate risk

Interest rate risk results from the investment of liquidity in High Quality Liquid Assets held to ensure LCR.

The Bank has classified its bond portfolio as being part of the banking book considering the instrument classification and trading intention (i.e. the Bank holds a bond portfolio for the purpose of ensuring sufficient HQLA for the Liquidity Coverage Ratio requirements and calculations with the currency composition matching the liability side client deposits).

The Bank monitors the interest rate risk-taking via a net interest rate sensitivity taking into consideration two forms; interest rate sensitivity of economic value of equity (EVE) and interest rate sensitivity of net interest income (NII). The EVE – monitored daily – measures the impact of interest rate changes to market value whereas NII – calculated quarterly as part of the ICAAP and as part of the requirements of CSSF 24/849 (amending CSSF 20/762) – measures the impact of interest rate change on the earnings over a one-year period. In addition to these measures, the average duration of its portfolio is also being monitored.

5.1.3 Analysis of interest rate risks as at 31 December 2025

The EVE stress test – submitted to the CSSF on an quarterly basis as specified by Circular CSSF 24/849, amending CSSF 20/762 and 08/338 (as amended) – aims at measuring the change in the net present value (NPV) of the interest rate sensitive instruments (excluding equity) over their remaining life resulting from hypothetical interest rate movements. For its internal EVE measurement, the Bank employs the six interest rate shock scenarios proposed by the EBA Guidelines on the management of interest rate risk arising from non-trading activities (EBA/GL/2018/02).

The average duration of assets and liabilities for the major currencies. The duration, both on the asset and liability is short term, with the gap driven by the duration of the bond portfolio, resulting in an overall duration of 0.28 years on the asset side vs a liability side where all deposits are overnight.

The last IRRBB measure monitored by the Bank is the analysis of the sensitivity of net interest income to changes in interest rates and is reported and monitored as part of the risk appetite measurements. IRRBB is managed in accordance with the Market Risk Policy which defines the fundamental principles, measurement and governance for its management.

5.2 Market risk exposure

As of 31 December 2025, the FX position was subject to capital charge as the risk exposure was EUR 6,110,759 - which represents more than 2% of own funds. Therefore in line with article 351 of regulation No 575/2013 (CRR), own fund requirement for foreign exchange risk is required.

While EVE and NII exposures were EUR 25,744,577 and EUR 36,312,873 respectively.

Template EU MR1-Market risk under the standardised approach

		a
	UNIT: EUR	RWEAs
	Outright products	
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	
3	Foreign exchange risk	6,110,759
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	**Total**	**6,110,759**

Template EU IRRBB1 – Interest rate risks of non-trading book activities[10]

Unit: EUR - Supervisory shock scenarios		a	b	a	B
		Changes of the economic value of equity		Change of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	(25,744,577)		36,312,873	
2	Parallel down	27,165,491		(36,312,873)	
3	Steepener	11,879,009			
4	Flattener	(17,092,770)			
5	Short rates up	(25,433,299)			
6	Short rates down	26,508,003			

[10] The Bank started at a consolidated level in 2025 and therefore cannot report under the previous reporting period.

6. Liquidity risk

6.1 Liquidity risk management

Liquidity Risk is defined as:

- The risk that the cost of funding rises to disproportionate levels or in worst case prevents the Bank from continuing as a going concern under its current business model;
- The risk that the Bank does not have sufficient liquidity to fulfil its payment obligations as and when they fall due; and
- The risk that the Bank does not comply with regulatory liquidity requirements (e.g. the Liquidity Coverage Ratio and Net Stable Funding Ratio).

The Bank is primarily exposed to liquidity risk in relation to its payment operations with the exposure stemming from on-balance sheet obligations. These risks could materialise in a negative cash-flow mismatch, something that could occur both end of day as well as intraday.

The Bank maintains a conservative liquidity and funding risk profile – ensuring resilience to both short and long-term external stress – by maintaining an adequate buffer of high-quality liquid assets to be able to withstand longer periods of stress without the need to conduct forced sale of assets. The Bank ensures LCR and NSFR compliance on a daily basis, and conducts reporting on a monthly basis. The overall requirements for the Bank's management and control of its liquidity risks as laid out in the 'Liquidity Risk Policy' with the liquidity measures included in the 'Risk Appetite Policy'.

Moreover, the Bank has in place a Liquidity Contingency Plan (LCP) depicting the strategy and procedure for the handling of potential liquidity shortfalls under stressed conditions. The Bank also performs liquidity risk stress testing on a regular basis and annually as part of the Internal Liquidity Adequacy Assessment Process (also referred to as "ILAAP") to evidence its ability to withstand various stressed circumstances and conditions.

6.1.1 Liquidity Stress Testing and Contingency Planning

Liquidity stress testing is an integrated part of the Bank's liquidity risk management framework. The Bank conducts liquidity stress testing either as qualitative scenarios and / or by implementing quantitative measures conducted in accordance with the applicable circulars and guidelines from the relevant regulatory authorities, taking into account the nature and complexity of its business activities. The key objective with the stress testing is to identify the key liquidity risk drivers and stress scenarios which could impair the Bank's ability to meet its future cash flow obligations as they fall due. The stress testing framework must be reviewed and revised on an ongoing basis, at least annually, to reflect changes in the operating environment or risk profile of the Bank. The stress testing, as well as any underlying documentation, is included in the annual ILAAP, which is presented to and approved by the Bank's Board of Directors.

The ILAAP document provides details on the key risk drivers, mitigation techniques and elaborates on how liquidity risk is managed within the Bank, both under business as usual and in times of stress. It also notes the key assumptions and conclusions from stress testing of cash undertaken to manage the risk and includes the Bank's Liquidity Contingency Plan (LCP), which – as mentioned above – specifically addresses the strategy and procedure for the handling of a potential liquidity crisis. Its objective is thus to mitigate any impact of a stressed event by assuring continuous access to a minimum level of liquidity that would be needed to accommodate the critical business activities.

The LCP shall be activated when a liquidity or refinancing risk would affect the Bank, and forms an integrated but independent, part of the Bank's overall Business Continuity Management (BCM).

6.1.2 Sources of Liquidity

The Bank has identified the following sources of liquidity (presented in order of priority):

- Access to the buffer of High-Quality Liquid Assets (HQLA) incl. central bank placements and government bonds.
- Access to excess liquidity placed on the interbank markets.

It is assumed the Bank will have unrestricted access to its HQLA (including both the bond portfolio, money market funds, as well as the unencumbered placement with the central bank), in turn providing access to available funds amounting to EUR 3,565,867,464 as at the end of December 2025, where the Bank deems the reliability as high. Considering the Bank's balance sheet, full and unrestricted access to the HQLA will enable the Bank to handle its liquidity needs in a severely stressed scenario, e.g. where the Bank's LCR falls below 110%.

In addition, the Bank has access to the funds placed on the interbank market with counterparties, which are normally rated AA or A hence no restriction is expected in terms of access to the funds (unless a default of any of these counterparties would materialise). Therefore, the reliability of these funds is deemed relatively high in a stressed scenario.

The Bank is primarily funded by customer deposits placed for the purpose of meeting their upcoming payment obligations. As part of the ILAAP, the Bank has identified and assessed the following key risk drivers that could affect its liquidity position – run-off risk, concentration risk, settlement risk, off-balance sheet risk, currency mismatch risk, funding gap risk, sustainability and ESG related risk, unexpected obligations risk, stablecoin risk and Intragroup liquidity risk. Most of which have been deemed to have limited or low risk.

In context of sources of liquidity, it shall be noted that the main shareholder maintains a firm commitment to support the Bank so that it remains compliant with all capital, liquidity and other applicable prudential regulations and thus will be able to cover upcoming funding needs.

The Bank's significant currencies as of 31 December 2025 were EUR, USD, GBP and AUD.

6.1.3 Description of how the Bank measures, controls and manages its liquidity risk

The Bank must comply with a Liquidity Coverage Ratio of 110%, a Net Stable Funding Ratio of 100% as well as the requirements from Banque Centrale du Luxembourg (BCL) for the minimum reserve requirements. Compliance with the applicable prudential requirements are formally assessed and documented as part of both the ICAAP and ILAAP documents and include details on the liquidity risk management assessments, processes and measurements.

The Bank measures, monitors and manages the LCR, the NSFR and the Asset Encumbrance. The liquidity risk measures are integrated in the Bank's liquidity risk management and reporting framework and has focus both on short- and long-term liquidity risk exposures. All three metrics are limited and measured as part of the Risk Appetite Policy whilst the size and composition of the liquidity buffer although non-limited measured is also monitored. These ratios are reported as part of the regular Risk function reporting provided to the Bank's Authorised Management as well as the Board of Directors.

6.1.4 Intra-day liquidity risk management

Intra-day liquidity risk is the risk that the Bank fails to manage its intra-day liquidity effectively, something which could leave it unable to meet a payment obligation at the time expected, in turn affecting its own liquidity position and that of other parties.

The intra-day liquidity risk arises from intraday timing mismatches of payments where the Bank sends payments and expect to receive funds back later in the day to meet other outgoing payments. The Bank mitigates the intra-day liquidity risk by maintaining an effective operational management of the intra-day liquidity through ongoing monitoring of its nostro and central bank accounts, payment flows and limiting interbank exposures by applying appropriate overnight counterparty limits. In addition, there are processes in place to get access to intraday surpluses held with other banks.

The Bank's exposure towards intraday liquidity thus stems from its client driven payment flows with the Treasury department responsible for the handling of the Bank's liquidity position, including interbank placements as needed.

Regarding treasury activities, the placing risk is considered very low as the majority of the liquidity is placed in high quality liquid assets and with central banks and on the interbank market with the majority of the exposure towards banks having rating of A- of higher.

Intra-day and overnight counterparty limits are in place and are being monitored by the Risk function on a daily basis as well as being monitored by the Credit department and Treasury, respectively. Any incidents or breaches are escalated by either Treasury or Credit without delay through a formal incident management process. Additionally, Risk, Credit and Treasury meet on a regular basis at both the FALCO and at internally arranged meetings to discuss topical matters, including potential issues and incidents.

As per end of 2025 the LCR stood at 199.26% significantly above the 110%.

6.2 Liquidity Risk Exposure

6.2.1 Liquidity Coverage Ratio

Template EU LIQ1 – Quantitative information of LCR

	Unit: EUR	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
High - Quality Liquid Assets									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					3,733,149,309	2,970,507,732	2,641,117,258	2,712,639,601
Cash – Outflows									
2	retail deposits and deposits from small business customers, of which:								
3	*Stable deposits*								
4	*Less stable deposits*								
5	Unsecured wholesale funding	3,634,584,862	3,196,265,620	3,126,806,537	2,911,225,042	1,993,453,964	1,778,228,104	1,600,582,255	1,668,452,822
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	2,158,674,905	1,843,196,020	1,761,616,076	1,600,776,245	539,668,726	460,799,005	425,795,155	400,194,061
7	*Non-operational deposits (all counterparties)*	1,475,909,957	1,353,069,600	1,365,190,461	1,310,448,797	1,453,785,238	1,317,429,099	1,174,787,100	1,268,258,761
8	*Unsecured debt*								
9	*Secured wholesale funding*								
10	Additional requirements	56,849,592				56,849,592			
11	*Outflows related to derivative exposures and other collateral requirements*	56,849,592				56,849,592			
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*								
14	Other contractual funding obligations	179,728,550	245,060,161	252,111,688	251,294,608	179,718,697	245,060,161	277,093,539	251,294,608
15	Other contingent funding obligations								
16	TOTAL CASH OUTFLOWS					2,230,022,253	2,023,288,265	1,877,675,794	1,919,747,430
Cash - Inflows									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	276,717,512	244,996,371	223,499,635	191,305,682	276,717,512	244,996,371	224,161,112	191,305,682

19	Other cash inflows	56,806,240				56,806,240			
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	390,329,991	244,996,371	223,499,635	191,305,682	333,523,752	244,996,371	224,161,112	191,305,682
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	333,523,752	244,996,371	223,499,635	191,305,682	333,523,752	244,996,371	224,161,112	191,305,682
Total Adjusted Value									
21	LIQUIDITY BUFFER					3,733,149,309	2,970,507,732	2,641,117,258	2,712,639,601
22	TOTAL NET CASH OUTFLOWS					1,896,498,502	1,778,291,894	1,653,514,682	1,728,441,749
23	LIQUIDITY COVERAGE RATIO					197.43%	167.02%	160.39%	157.40%

6.2.2 Net Stable Funding ratio

The CRR requires institutions to finance their long-term activities (assets and off-balance sheet items) with stable funding. Generally, the NSFR is aligned with the BCBS standard, but the European Commission has included some adjustments as recommended by the European Banking Authority (EBA) to ensure that the NSFR does not hinder the financing of the European real economy.

The NSFR requires the Company to ensure that longer term obligations are adequately met with stable funding instruments under normal and stressed situations. The NSFR is thus a metric for structural liquidity risk and is defined as the amount of stable funding (ASF) relative to the amount of required stable funding (RSF). The amount of available stable funding is defined as the portion of capital and liabilities expected to be reliable over a time horizon of one year. The required stable funding is a function of the liquidity characteristics and residual maturities of various assets held. Both the Risk and Finance departments are internally monitoring the NSFR on a monthly basis, as part of the Risk Appetite Policy. The hard limit is set at 100%, as prescribed by EU Regulation 2019/876. In addition, the NSFR ratio is also projected as an integrated part of financial planning.

As per end of 2025 the NSFR stood at 390.70% significantly above the 100%.

Template EU LIQ2: Net Stable Funding Ratio-Q1

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	318,733,615				318,733,615
2	Own funds	318,733,615				318,733,615
3	Other capital instruments					
4	Retail deposits					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:		4,051,349,067			841,280,567
8	Operational deposits		1,639,910,905			819,955,452
9	Other wholesale funding		2,411,438,162			21,325,115
10	Interdependent liabilities					
11	Other liabilities:		35,243,047	300,590,511	27,397,673	177,692,929
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above categories		35,243,047	300,590,511	27,397,673	177,692,929
14	**Total available stable funding (ASF)**					1,337,707,111

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					40,446,110
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		249,118,065	89,086,123	145,324,132	192,980,380
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other		249,118,065			24,911,807

	assets and loans and advances to financial institutions					
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products			89,086,123	145,324,132	168,068,574
25	Interdependent assets					
26	Other assets:		37,132,902	38,228,410	130,989,179	168,669,835
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories		37,132,902	38,228,410	130,989,179	168,669,835
32	Off-balance sheet items					
33	**Total RSF**					804,192,651
34	**Net Stable Funding Ratio (%)**					332.68%

Template EU LIQ2: Net Stable Funding Ratio-Q2

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	320,453,874				320,453,874
2	Own funds	320,453,874				320,453,874
3	Other capital instruments					
4	Retail deposits					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:		4,568,524,197			961,873,804
8	Operational deposits		1,815,217,269			907,608,635
9	Other wholesale funding		2,753,306,927			54,265,169
10	Interdependent liabilities					
11	Other liabilities:		27,270,364	238,764,013	27,093,380	146,475,386
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above categories		27,270,364	238,764,013	27,093,380	146,475,386
14	**Total available stable funding (ASF)**					1,428,803,064

In EUR		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					22,197,558
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		262,273,972	186,101,941	52,684,628	164,060,301
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		262,273,972			26,227,397
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products			186,101,941	52,684,628	137,832,904
25	Interdependent assets					
26	Other assets:		32,970,619	41,130,972	116,157,396	153,208,191
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories		32,970,619	41,130,972	116,157,396	153,208,191
32	Off-balance sheet items					
33	Total RSF					678,932,101
34	Net Stable Funding Ratio (%)					420.90%

Template EU LIQ2: Net Stable Funding Ratio-Q3

In EUR		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	321,179,683				321,179,683
2	Own funds	321,179,683				321,179,683
3	Other capital instruments					
4	Retail deposits					
5	Stable deposits					

6	Less stable deposits					
7	Wholesale funding:		4,648,952,897			993,307,620
8	Operational deposits		1,937,499,219			968,749,610
9	Other wholesale funding		2,711,453,678			24,558,010
10	Interdependent liabilities					
11	Other liabilities:		18,263,751	146,187,158	33,028,419	106,121,998
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above categories		18,263,751	146,187,158	33,028,419	106,121,998
14	Total available stable funding (ASF)					1,420,609,300

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					34,041,319
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		247,777,458	178,156,399	64,152,903	168,385,913
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		247,777,458			24,777,746
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products			178,156,399	64,152,903	143,608,167
25	Interdependent assets					
26	Other assets:		21,864,690	29,338,990	105,500,182	131,102,022
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories		21,864,690	29,338,990	105,500,182	131,102,022
32	Off-balance sheet items					

33	Total RSF					667,058,507
34	Net Stable Funding Ratio (%)					425.93%

Template EU LIQ2: Net Stable Funding Ratio-Q4

		a	b	c	d	e
		Unweighted value by residual maturity				
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	516,997,563				516,997,563
2	Own funds	516,997,563				516,997,563
3	Other capital instruments					
4	Retail deposits					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:		4,687,384,206			1,071,470,393
8	Operational deposits		2,142,089,240			1,071,044,620
9	Other wholesale funding		2,545,294,966			425,773
10	Interdependent liabilities					
11	Other liabilities:		16,309,503	133,844,461	25,602,694	92,524,925
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above categories		16,309,503	133,844,461	25,602,694	92,524,925
14	Total available stable funding (ASF)					1,680,992,881

		a	b	c	d	e
		Unweighted value by residual maturity				
In EUR		No Maturity [1]	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					4,302,878
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		127,594,029	162,403,042	80,352,407	162,260,470
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		127,594,029			12,759,403
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:					

23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products			162,403,042	80,352,407	149,501,067
25	Interdependent assets					
26	Other assets:		27,836,123	298,391,966	100,556,081	263,684,881
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets		29,512			29,512
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories		27,806,611	298,391,966	100,556,081	263,655,369
32	Off-balance sheet items					
33	Total RSF					430,248,229
34	Net Stable Funding Ratio (%)					390.70%

7. Operational risk

7.1 Operational risk management and measurement

Operational risk is defined as the risk of direct or indirect financial losses due to failure attributable to technology, people, internal processes, or external events.

Operational risk is inherent in all products, processes, systems and activities within the organisation (incl. its subsidiaries and branches), including in all activities and interactions with third parties, including intragroup arrangements, and other affiliates. The Bank's operations consist of day-to-day routines and activities that enable it to achieve its business objectives. The Bank has organised its operations through processes that are designed to promote efficiency, and to mitigate potential for errors. The Bank must identify sources of Operational risk and mitigate through the development of appropriate procedures, controls, systems, or otherwise insurance, at reasonable costs.

The Bank has a number of policies, including (but not limited to) the Operational Risk Policy, Information Security Risk Policy, Third Party Management Policy, Project and Change Management Policy, and the Business Continuity Policy, that are an important component of the Bank´s operational risk framework. The management of operational risk is an integral part of the Bank's handling of its risks with key processes in place, including but not limited to Risk and Control Self-Assessment (RCSA), change risk management and approval process on key initiatives (including targeted initiatives for activities with third parties), exception management, incident reporting, new product approval process, etc.

7.1.1 Measurement of Operational Risk

An operational incident is an event leading to the actual outcome of a business process or procedures to differ from the expected outcomes, due to inadequate or failed processes, people, technology and systems, or due to external events.

The Bank records its experienced operational risk incidents, including financial loss, if any. The Risk function monitors the development of operational risk indicators in its Risk Appetite Policy which are reported on a monthly basis to both the GRCC and the Executive Committee and quarterly to the Board of Directors. In addition, the CRO shall also – and without delay – report any limit breach that would materially affect the Bank's risk profile. All limit breaches are reportable with any hard limit breach always to be accompanied by a thorough investigation, be documented, and reported to both Authorised Management and the Board. It should contain a root cause analysis and normally an action plan shall be articulated including mitigating measures to bring the exposure back within the decided risk profile.

7.1.2 Management and Mitigation of Operational Risk

The operational risk management framework defines standards, tools and processes to support the organisation in proactively identifying, assessing, monitoring, managing, and ultimately mitigating operational risks to the largest extent possible, at reasonable cost.

Moreover, management of operational risks is part of the management's responsibilities where the Bank aims to minimise the (financial) impact from any operational risk incidents experienced. The Bank has several key processes – as further elaborated below - used for the identification of these risks on a continuous basis, measuring risk exposures, as well as for the management of mitigating actions.

7.1.3 Incident Reporting

The Bank has an incident management process that defines detection, recording, escalation, assessment, investigation, response, recovery, reporting and closure roles and responsibilities. This ensures that all incidents, irrespective of its categorisation, are reported accordingly, documented and managed appropriately and within the required timeframe to minimise the damage and prevent reoccurrence. Clear approval routes are in place to secure awareness and ensuring the right level of focus on mitigating actions, if any

In particular, events of material significance (i.e. deemed critical or major) and/or any other event requiring to be reported to the competent authorities, must be thoroughly investigated. This investigation and analysis must include a deep dive root cause analysis as well as lessons learned, and will be reported to the relevant authorities either upon detection or within the prescribed period, as further specified in the Regulatory Reportable Incident procedure.

7.1.4 Change Management and New Product Approval Process

Introduction of new products, services, processes, and systems constitute a significant source of potential operational risks and requires risk assessment. Consequently, all such changes are subject to a formal, internal risk assessment and approval process to ensure that all inherent risks are well understood, can be mitigated, managed, or are accepted before being subject to approval. This to ensure the Bank has the needed capabilities and risk capacity to handle.

Furthermore, risks associated with any change to the strategy, products, services, or activities in terms of market, client and/or pricing, organisational changes (incl. mergers/acquisitions, setting up of subsidiaries and/or branches, new client segments, decisions to outsource and any other initiatives) within the Bank are analysed and subject to a formal internal risk assessment to ensure all the risks are well understood, mitigated, managed or are accepted before being subject to approval.

To assist in assessing whether an initiative falls within the regulatory definition of a significant new product or change, the Bank has developed a framework which defines if the initiative is significant. Moreover, this framework assists in the assessment of the accompanying risks, and must ensure there is a clear, well documented decision-making process regarding risk, and quality aspects connected to changes, explicit responsibility for decisions and actions taken, and systemic follow-up.

The Change Management Process in the Bank is set in accordance with the principles and guidelines set by the Project & Change Management Policy.

7.1.5 Risk and Control Self Assessments (RCSAs)

All risks (incl. operational risk) are identified, assessed, and monitored through regular self-assessment processes (RCSAs), at least annually. The analysis also includes the assessment of the effectiveness of the internal controls, ensures that all material operational risks are captured, mitigated and re-assessed in a systematic and timely manner and identifies possible areas of improvements. The risk assessment process follows a defined methodology across the organisation, with risk types being categorised in a risk universe and the use of a risk assessment matrix. As part of the efforts to strengthen and adapt the risk management framework within the Bank to the evolving business model, continuous enhancements are brought to the RCSA process and tools.

Third Party Risk Management

The Bank identifies, assesses, monitors, and manages all risks, in particular the operational risks resulting from its arrangements with third parties to which it is or might be exposed, including internal arrangements with branches and subsidiaries, as further depicted in the Third Party Management Policy. The assessment focuses on scenarios of possible risk events, including high-severity operational risk events. Moreover, the Bank ensures that the suppliers have appropriate and sufficient ability, capacity, resources, organisational structure and, if applicable, the required regulatory authorisation(s) or registration(s) to perform the activity in a reliable and professional manner to meet their obligations over the duration of the contracts.

7.1.6 Business Continuity Management (BCM)

The Bank has implemented a Business Continuity Management Framework to protect its critical or important functions and support its activities from severe disruptions jeopardising the long-term sustainability of the institution. This contributes directly to the achievement of its financial stability and growth objectives. The BCM framework encompasses a regularly updated Business Continuity Plan (BCP) and Disaster Recovery Plans (DRPs), which are tested periodically. Testing is risk-based and includes participation from key stakeholders. These plans are based on a comprehensive Business Impact Analysis (BIA) and reflect the organization's tolerance for disruption. Each department conducts a Business Impact Analysis ("BIA") to identify critical resources, activities, services and dependencies on third parties, and to assess and document potential impacts and negative consequences of disruption on the department. In case of a disaster impacting its critical businesses, the Bank must activate its BCP, which provides structured procedures for coordinating an effective response and resuming activities in a timely manner. The BCP shall prioritise the continuity and timely recovery of essential operations while minimising operational, financial, legal, and reputational damage. The effectiveness of the BCM framework is ensured through regular testing, review, and continuous improvement, under the oversight of senior management and in compliance with applicable regulatory expectations.

Exception Management

In some instances, for some legitimate business reasons, the Bank may proactively decide to accept a certain level of risk (e.g. inability to comply with a standard, policy or procedure), and has subsequently established an Exception Management Procedure, which defines the methodology for managing exceptions throughout their entire lifecycle.

7.1.7 Whistleblowing Policy

Any employee observing possible misconduct, i.e. act of behaviours by employees or associates which are in conflict with the Bank's Code of Conduct, or possibly violating laws and regulations, is encouraged to come forward and voice these concerns in accordance with the Whistleblowing Policy of the Bank.

7.1.8 Training and Awareness Programmes

The Bank has in place a risk & compliance training programme where all employees must undergo a programme of specific training modules and, for each one, pass an individual self-assessment test. The programme contains tailored trainings on; Anti-Bribery and Anti-Corruption; Anti-Money Laundering; General Data Protection Regulations (GDPR) and Information Security and Cyber Risk Awareness. In addition, the Bank regularly conducts information sessions for new joiners, and for existing staff, to ensure a common understanding of their roles, the three lines of defence model and the governance framework.

7.1.9 Data Governance Policy

The Bank is exposed to operational risks related to how data is processed, stored, archived and used. If data is managed poorly, or outside of the applicable regulatory requirements, the Bank could be subject to reputational damage and/or regulatory investigation. As such, the Bank has an established Data Governance Policy to support the implementation of guidelines, procedures and technical measures within the business to ensure that processing of data is performed in accordance with the applicable legal, regulatory requirements and industry best practices. The Bank recognises data as an asset and as such its management is subject to robust governance to ensure that it is appropriately managed, duly protected and of high quality.

Data quality is an important element of governance. Disparate redundant data is one of the primary contributing factors to poor data quality and can lead to operational risk events. Data should be complete, accurate, available in a timely manner, fit for purpose and used with consistency throughout the organisation over its lifecycle. Both Bank and employee data must be retained and protected to preserve business integrity as well as to comply with applicable legal requirements such as accounting, employment and anti-discrimination laws.

Furthermore, Client Data is subject to professional secrecy and banking secrecy rules in Luxembourg and in all the countries where the Bank operates. Some data types fall under the definition of Personal Data, which is governed by multiple data privacy regimes the principle amongst them being in the EU and UK General Data Protection Regulation ("GDPR"), (EU) 2016/679, and failing to follow these rules can lead to, as noted above, further operational and reputational risk, as well as regulatory investigation and possible fines. In this context, the Bank has established a

Privacy Protection Policy to support the implementation of procedures and technical measures to be able to demonstrate that processing of Personal Data and privacy protection is performed in accordance with all applicable legal and regulatory requirements in the various jurisdictions where the Bank operates.

The Bank is committed to compliance with all relevant legislation, including data protection laws such as EU GDPR, UK GDPR, Personal Data Protection Act ("PDPA") Singapore and Australian Data Privacy Principles. Appropriate data protection is the foundation of trustworthy business relationships and ensures the Bank's business and reputation remains sound.

7.1.10 Compliance governance

The Bank has, in accordance with regulation, established a Compliance function with a dedicated team which is headed by the appointed Chief Compliance Officer overseeing the full legal entity including its branches and subsidiaries.

The Compliance function is part of the Bank's second line of defence and is in charge of the anticipation, identification, measurement, monitoring, control and reporting of all compliance related risks, including regulatory and financial crime risks, to which the Bank is or may be exposed. It is the purpose of the Compliance function to control and minimise compliance risk, which is defined as the risk that the Bank may suffer as a result of its failure to comply with applicable laws, regulations, code of conduct and standards of good practice. Compliance risk comprises regulatory risk, including the risk of sanctions and certain aspects of operational risk.

The Bank also has in place a first line of defence Business AML Team. The objectives of the function are to anticipate, identify and assess and monitor the AML risks of the customers and activities of the Head Office and branches of the Bank as defined the AML/CTF Policy and the AML/CTF Risk Appetite Policy, and to assist Authorised Management in limiting and mitigating these risks.

7.2 Operational risk exposure

The total capital requirement for operational risk under Pillar I amounts to EUR 25,442,212. This amount has been calculated using the standardised measurement approach. In addition, the operational risk exposure is also projected as an integrated part of financial planning.

Template EU OR3 - Operational risk own funds requirements and risk exposure amounts

UNIT: EUR		a
1	Business Indicator Component (BIC)	25,442,212
EI1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	
2	Not applicable	
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	25,442,212
4	Operational Risk Exposure Amounts (REA)	318,027,651

8. Other risks

8.1 Exposures in equities in the banking book

As of 31 December 2025, the Bank held exposures in equities in its banking book of EUR 101,348,014

8.2 Exposures to securitisation positions

As of 31 December 2025, the Bank held exposures to securitisations positions of EUR 165,431,669.

9. Remuneration

9.1 Qualitative information on remuneration

9.1.1 Remuneration Policy

The Board of Directors is ultimately responsible for the Remuneration Policy and oversees its design, implementation and review. The Policy is owned by the Chief People Officer and maintained by the People department in collaboration with Authorised Management, Risk, Compliance, Legal, and Internal Audit functions.

The Policy aligns remuneration with the Bank's business strategy, objectives, culture, and long-term interests, including environmental, social and governance (ESG) considerations, while ensuring sound risk management and compliance with applicable regulatory requirements.

The Remuneration Policy applies to all members of the Bank's staff, including Authorised Management, with specific provisions on variable remuneration applicable to material risk takers, including specific thresholds on variable remuneration. Furthermore, the Policy applies to any Remuneration awarded to the Board of Directors.

9.1.2 Decision-making process used for determining the Remuneration Policy

In accordance with the EBA Guidelines, and CSSF Circular 11/505, the Bank applies remuneration principles proportionate to its size, nature, scope, complexity of its activity and internal organisation.

In line with the principle of proportionality and so as to provide further guarantees in terms of independence, the implementation of the Policy by the Board of Directors is subject to an annual review by the internal control functions, as regards to its compliance with the applicable regulations and the principles and procedures defined by the Board.

The Internal Audit Function periodically (at least on an annual basis) carries out an independent audit of the design, implementation and effects of the Bank's Remuneration Policy. The findings are communicated to the Control Functions and the Board of Directors. The latter is responsible for ensuring that any actions following the review are duly dealt with.

The People Function assists the Board of Directors in determining the overall remuneration strategy applicable, having regard to the promotion of effective risk management. The People department is responsible for the preparation and update of the Policy, monitoring of the consistent application of the Policy and the contractual implementation of applicable terms. Moreover, the People Function together with the Control Functions conducts an annual assessment of which persons should be deemed to be material risk takers. The identification process is reviewed by the Authorised Management and validated by the Board of Directors, which has overall responsibility for the Policy.

9.1.3 Ratios between fixed and variable remuneration

The total amount of variable remuneration awarded to any member of staff is limited to a certain percentage of their total fixed remuneration, depending on their function within the Bank. Subsequently, the variable remuneration may not exceed thresholds defined internally and externally by the regulatory authorities. In some exceptional cases, variable remuneration of material risk takers may never exceed 200% of the fixed remuneration in accordance with the Remuneration Policy. In such cases, the procedure set out in Art. 94 (g) of CRD V (and CSSF Circular 15/622) applies. No member of the Board of Directors is eligible for variable remuneration.

9.1.4 Performance criteria on which the entitlement to shares, options or variable components of remuneration is based

The Bank has a global bonus program in place, which is applicable to the Bank's staff, including Authorised Management.

Bonuses awarded under this Bonus Programme are primarily in the form of Options, which are share-based instruments providing the recipient with a right to subscribe for shares in the ultimate parent company of the Bank (or receive cash equivalents upon exercise of the Option). Any Option awarded is subject to the Bonus Programme which is based on the following key principles:

- The exercise is subject to the occurrence of certain well-defined exercise events, among which is a transfer of significant parts of the shares of the Bank, directly or indirectly, to a party independent of the present owners;
- Options are subject to a vesting mechanism, according to which recipients' ownership rights in the Options are conditional through a period of five years after award of the Option;
- Leaver mechanisms apply to Options, meaning that the recipient may forfeit their Options if their employment with the Bank is terminated by the recipient or by the Bank for cause, including by reason of potential breach of conduct rules or similar.

The Options Programme thus provides a high degree of alignment between the long-term interests of the Bank and its employees, including in terms of sustainability of its financial position and business, and compliance with laws and regulations.

Furthermore, the fact that a large majority of staff receive equity-based variable remuneration, ensures the financial and liquidity position of the bank is not impaired, since the cost of issuing options are borne by the indirect shareholders of the Bank. Cash bonuses may also be awarded to staff as variable remuneration in accordance with the Remuneration Policy, however the primary vehicle for variable remuneration is Stock Options. Separately, a Sales Commission component is applicable for certain employees in the Commercial Department. Sales Commission is always awarded in cash and is measured against specific pre-defined annual commercial targets. To encompass a need for special recognition of staff, the Remuneration Policy also allows for a so-called 'Pat on the back', which is a one-off compensation payable either in cash, options or in the form of one or more non-pay benefits, subject to approval by the CPO, CEO, CCO and

CRO, if the amount exceeds EUR 10,000. The Bank uses a set of performance criteria, which are the basis for the annual assessment of performance. The performance criteria consist of an appropriate combination of financial (quantitative) and non-financial (qualitative) performance criteria. The performance criteria are determined up-front and adequately balanced to take into account the employee's position and responsibilities. To the extent possible, the performance criteria include achievable, measurable and flexible objectives and measures on which the employee has some direct influence. Negative non-financial performance in the form of unethical or non-compliant behaviour must override any good financial performance generated by the Bank and the business unit or the member of staff.

The individual variable remuneration is based on the annual assessment of performance carried out by each direct report (Manager) with respect to members of his/her business unit. The individual variable remuneration of the Authorised Management and the Heads of Control Functions are based on an annual assessment of performances carried out by the Board of Directors. Evaluation of performance criteria are in accordance with the performance management programme, developed and maintained by the People department and approved by Authorised Management. The final attribution of variable remuneration on an aggregate level, is to be reviewed by the Board of Directors as to ensure the allocated amounts are defined as being within the remuneration budget.

Individual performance is in any case assessed taking into account a balance of qualitative and quantitative objectives. In order to demonstrate a clear link between performance over time and variable remuneration:

- Quantitative criteria consists of overall strategic targets or personal objectives set by management and cascaded down to the employee (i.e. financial or non-financial criteria depending on the (i) the business activity and (ii) the roles and responsibilities of the employee). These personal objectives shall be in line with the Bank's overall business strategy and objectives.

Furthermore, for Internal Control Functions, their personal objectives shall be comprised only of non-financial criteria linked to their respective function.

- Qualitative criteria consist of behavioural competencies and the Bank's values, which are attributed on the basis of the employee's roles and responsibilities within the Bank. These competencies may include teamwork, cooperation with other business units and Control Functions, motivation, and flexibility.
- In addition to the above-mentioned criteria, individual performance shall be assessed in light of the employee's adherence to the Bank's risk management and compliance frameworks, as well as the regulatory framework. Any identified breach of these internal and external rules shall substantially impact the amount of variable remuneration paid to the employee. In the event of a serious breach or repeated breaches, no variable remuneration shall be awarded.

In order to ensure transparency and alignment with the Bank's business strategy, long-term interests and changes in market conditions, individual targets may be reviewed during the year as to ensure regular individual feedback to employees and adjustments to performance indicators after due consultation with affected staff.

9.2 Quantitative information on remuneration

In accordance with applicable laws and regulations, including the Remuneration Policy, the Bank imposes certain particular restrictions on fixed and variable remuneration awarded to key individuals in the organisation, identified under the common term "Material Risk Takers".

The identification of Material Risk Takers in the Bank is based on an annual assessment of roles, responsibilities and actual mandates held by certain positions or individuals which may be deemed as having or potentially having a material impact on the Bank's risk profile. The set of criteria includes, but is not limited to, the following overall perspectives and indicators:

- Total Annual Remuneration
- Access to and control over financial instruments and investment of company funds
- Senior managerial responsibilities
- Control and compliance functions, including associated roles

In addition, any other staff who should be deemed to have a material impact on an institution's risk profile shall also be considered Material Risk Takers, based on the criteria mentioned above. More specifically, employees whose total annual remuneration (fixed + variable) exceed EUR 500,000 will be considered as a Material Risk Taker. Further, for employees whose total annual remuneration is equal to or larger than the average remuneration awarded to Senior Management, it should be considered specifically whether such employees should be identified as Material Risk Takers, if the employee in question is considered to have or potentially could have a material impact on the risk profile of the Bank.

The rationale behind the above-mentioned threshold on total annual remuneration is that employees above this remuneration bracket is pre-determined to hold a key position and be involved in key activities that may impact the risk profile of the Bank and with exposure to key decision making.

Employees who have been identified as Material Risk Takers are covered by the principles and practices as stated in the Remuneration Policy in regard to considerations pertaining to their individual remuneration on fixed a variable pay and the threshold associated with being considered a Material Risk Taker.

The Chief People Officer, with input from the Internal Control Functions, is responsible for making the final decision on whether an employee is to be considered as a Material Risk Taker.

The Bank maintains a record of the assessment made and of the staff whose professional activities have been identified as having a material impact on their risk profile to enable the competent authority and auditors to review the assessment. The record is conducted each year by the Chief People Officer, with the assistance and input from the CCO, the CRO and the CIA, acting as control functions.

As of 31 December 2025, the Bank had identified a total of 26 Material Risk Takers of which 24 are permanent roles and 2 are based on remuneration exceeding EUR 500,000.

The Bank has identified the following Material Risk Takers:

List of Material Risk Takers
Chief Executive Officer
Chief Financial Officer
Chief Operations Officer (also in the capacity as appointed IT Officer)
Chief Compliance Officer
Chief Internal Auditor
Chief Risk Officer
Head of Legal
Head of Treasury (also in the capacity as voting member of FALCO)
Head of Credit (in the capacity as voting member of FALCO)
Finance Director (in the capacity as voting member of FALCO)
UK Branch Manager as appointed SMF 19, UK Branch
Head of Business AML (also in the capacity as appointed SMF 17, UK Branch)
Head of Global Core Operations (in the capacity as appointed SMF 3, UK Branch)
Head of Regulatory Compliance, UK (in the capacity as appointed SMF 16, UK Branch)
Money Laundering Officer in each Branch and Subsidiary (DE, DK, NO, SE, UK, PL, CZ, HU, AUS, SGP, LIE)
Chief People Officer
Information Security Officer
Data Protection Officer
Chief Commercial Officer
DE Branch Manager Any Employee who receives remuneration above 500,000 EUR annually
26 Material Risk Takers

Template EU REM1 - Remuneration awarded for the financial year

Unit : EUR			a	b	c	D
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	3	3	16	2
2		Total fixed remuneration	368,323	2,450,000	4,962,260	978,609
3		Of which: cash-based				
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff		3	16	2
10		Total variable remuneration		1,830,000	3,108,114	406,366
11		Of which: cash-based		1,830,000	2,557,943	366,714
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred		0	550,172	39,652
15		Of which: other forms				
16		Of which: deferred				
17	Total remuneration (2 + 10)		368,323	4,280,000	8,070,374	1,384,975

Template EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	
2	1 500 000 to below 2 000 000	
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	

1 staff member has been remunerated between EUR 2,000,000 and EUR 2,500,000 for the period January 2025 to December 2025.

For further quantitative information on remuneration, please refer to the Bank’s financial statement.

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										24
2	Of which: members of the MB	3	3	6							
3	Of which: other senior management							16	3		
4	Of which: other identified staff									2	
5	Total remuneration of identified staff	368,323	4,280,000	4,648,323				6,848,593	1,443,464	2,323,932	
6	Of which: variable remuneration		1,830,000	1,830,000				2,042,943	515,000	366,714	
7	Of which: fixed remuneration	368,323	2,450,000	2,818,323				4,805,650	928,464	1,957,218	

10.Sustainability Risks

10.1 Approach to Sustainability

The Bank seeks to operate in a sustainable manner by appropriately identifying and managing its exposure to environmental, social and governance (ESG) risks. It recognises that regulatory expectations and market practices in this area continue to evolve and that ESG considerations must be embedded across its risk management framework, decision-making processes, and disclosures.

Accordingly, the Bank maintains processes to identify, assess, monitor and mitigate ESG risks in a manner that is compliant with applicable regulatory requirements and proportionate to the nature, scale, and complexity of its activities.

10.1.1 Environmental and Climate Related Risks

The commitment to sustainability is central to its mission to promote responsible operations, financial inclusion, and long-term value creation for its stakeholders. The Bank recognises that environmental and climate-related risks may give rise to financial and non-financial impacts over the medium to long term. While such risks are not currently assessed as material to its business model, the Bank acknowledges the potential for future impact and continues to enhance its understanding and management of these risks.

Environmental considerations are integrated, where relevant, into core business processes, including credit and counterparty risk assessments, treasury activities, third-party risk management, product approval, client onboarding, and internal governance processes. This approach supports the ongoing identification, management and monitoring of environmental risks, in line with the Bank's overall risk appetite.

10.1.2 Social Risks

Social risks are addressed through the Bank's broader business and human resources frameworks. This includes a focus on equal opportunity, diversity and inclusion, and the maintenance of an appropriate working environment. These principles are embedded through established policies, including the Diversity and Inclusion Policy, the Employee Handbook and the Code of Conduct.

Social factors are considered integral to the Bank's operating model and are reflected in its risk management approach, which emphasises ethical standards, fair treatment and alignment with stakeholder expectations. The Bank continues to invest in its workforce and to support employee development and wellbeing.

10.1.3 Governance Risks

Strong governance is a core component of the Bank's risk management framework, underpinning effective oversight, accountability and transparency. The Bank maintains governance arrangements designed to support sound decision-making and compliance with regulatory obligations, including with respect to ESG-related matters.

Governance-related metrics, including those linked to Board composition, oversight responsibilities and compliance performance, are monitored and reported through internal reporting and external disclosures, where applicable.

The Bank seeks to establish and maintain relationships with counterparties and stakeholders that meet its standards of integrity and compliance. It maintains zero tolerance for material non-compliance with applicable legal and regulatory requirements.

11. Declaration on the Adequacy of Risk Management Arrangements

Declaration by the Management Body

As required under Article 435(1)(e) of Regulation (EU) No 575/2013 of the CRR, the management body of the Company has approved that:

Risk Management Framework

The Bank has established a comprehensive risk management framework that encompasses all relevant risks to which the Bank is exposed. This framework includes policies, procedures, and systems designed to identify, measure, monitor, and manage risks effectively.

Governance and Oversight

The Bank has put in place robust governance structures to oversee the risk management process. This includes the formation of key committees such as the Governance Risk and Compliance Committee, Financial Assets and Liabilities Committee, both with clearly defined roles and responsibilities.

Risk Appetite and Strategy

The Bank has defined a clear risk appetite statement, approved by the management body, which outlines the level and types of risk the Bank is willing to accept in pursuit of its strategic objectives. The risk appetite is regularly reviewed and aligned with the Bank's overall strategy and business plan.

Risk Identification and Assessment

The Bank has implemented effective processes for the continuous identification and assessment of risks, including credit risk, market risk, operational risk, liquidity risk, and other material risks. Regular risk assessments and stress tests are conducted to evaluate the Bank's risk profile under various scenarios.

Internal Controls and Risk Mitigation

Adequate internal controls are in place to mitigate identified risks. This includes the implementation of risk limits, controls, and mitigation strategies to manage and reduce the impact of risks on the Bank's operations.

Reporting and Communication

The Bank ensures transparent and timely reporting of risk-related information to the management body and relevant stakeholders. This includes regular risk reports, which provide insights into the Bank's risk exposures and management actions.

Continuous Improvement

The Bank is committed to continuously enhancing its risk management practices by incorporating industry best practices, regulatory guidance, and feedback from internal and external audits. Ongoing training and development programs are in place to ensure that staff are equipped with the necessary skills and knowledge to manage risks effectively.

Conclusion

Based on the above, the risk management arrangements, including the liquidity risk management arrangements, of the Bank are adequate with respect to the Bank's activities, risk profile and strategy. The management body ensures that these arrangements are periodically reviewed and adapted to changing circumstances to maintain their effectiveness.

Wolfgang Gaertner Board Chairman	Jesper Johansen Board Vice - Chairman	Tomas Leonardo Mendoza – Gutfreund Board Member

12. Appendices

12.1 Disclosure Index

#	Source	Disclosure Reference	Name	Reference Section
1	EBA/GL/2016/11	EU KM1	Key metrics template	Section 1.6
2	EBA/GL/2016/11	EU OVA	Institution risk management approach	Section 2.4.1
3	EBA/GL/2016/11	-	Directorships and recruitment policy	Section 2.5
4	EBA/GL/2016/11	-	Differences between accounting and regulatory scopes of consolidation	Section 1
5	EU 1423/2013	EU CC1	Own funds disclosure template	Section 3.1
6	EU 1423/2013	EU CC2	Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements	Section 3.1
7	EBA/GL/2016/11	EU OV1	Overview of RWAs	Section 3.3
8	EU 2015/1555	EU CCyB1	Geographical distribution of credit exposure relevant for the calculation of the countercyclical capital buffer	Section 3.4
9	EU 2015/1555	EU CCyB2	Amount of institution-specific countercyclical capital buffer	Section 3.4
10	EU 2016/200	LRQua	General qualitative information about leverage	Section 3.5
11	EU 2016/200	EU LR2	Leverage ratio common disclosure	Section 3.5
12	EU 2016/200	EU LR3	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	Section 3.5
13	EU 2016/200	EU LIQ2	Net Stable Funding Ratio	Section 6.2.2
14	EBA/GL/2016/11	EU CRA	General qualitative information about credit risk	Section 4.1
15	EBA/GL/2016/11	EU CRD	Qualitative disclosure requirements on institutions' use of external credit ratings under the standardized approach for credit risk	Section 4.2
16	EBA/GL/2016/11	EU CR4	Standardised Approach – Credit risk exposure and CRM effects	Section 4.2
17	EBA/GL/2016/11	EU CQ3	Credit quality of performing and non-performing exposures	Section 4.3
18	EBA/GL/2016/11	EU CRC	Qualitative disclosure requirements related to CRM techniques	Section 4.4
19	EBA/GL/2016/11	EU CR1	Performing and non-performing exposures and related provisions	Section 4.2
20	EBA/GL/2016/11	EU CR5	Standardized approach	Section 4.4
21	EBA/GL/2016/11		Qualitative disclosure requirements related to CCR	Section 4.1
22	EBA/GL/2016/11	EU AE1	Encumbered and unencumbered assets	Section 4.5
23	EBA/GL/2016/11	EU AE3	Sources of encumbrance	Section 4.5
24	EBA/GL/2016/11	EU MRA	Qualitative disclosure requirements related to market risk	Section 5.1
25	EBA/GL/2016/11	EU MR1	Market Risk under the standardised approach	Section 5.2
26	EBA/GL/2016/11	EU IRRBB1	Interest rate risks of non-trading book activities	Section 5.2
27	EBA/GL/2016/11	EU LIQA	Liquidity risk management	Section 6.1
28	EU 2017/2295	EU LIQ1	Quantitative information LCR	Section 6.2
29	EU 2017/2295	EU LIQB	Qualitative information on LCR which complements the LCR disclosure template	Section 6.2
30	EBA/GL/2016/11	EU ORA	Qualitative Information about operational risk	Section 7.1
31	EBA/GL/2016/11	EU OR3	Operational risk own funds requirements and risk exposure amounts	Section 7.2
32	EBA/GL/2016/11	-	Qualitative information on exposures in equities in the banking book	Section 8.1
33	EBA/GL/2017/01	-	Qualitative information about exposure to securitization positions	Section 8.2
34	EBA/GL/2017/01	-	Qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile	Section 9.1
35	EBA/GL/2017/01	-	Remuneration Policy	Section 9.1.1
36	EU 575/2013	-	Information about the “identified” staff	Section 9.2
37	EU 575/2013	-	Information on decision making for determining Remuneration Policy	Section 9.1.2
38	EU 575/2013	-	Information on the link between pay and performance	Section 9.1.4
39	EU 575/2013	-	Most important design characteristics of the remuneration system	Section 9.1.4
40	EBA/GL/2014/08	-	The ratios between fixed and variable remuneration	Section 9.1.3
41	EBA/GL/2015/22	-	Performance criteria for variable remuneration	Section 9.1.4
42	EBA/GL/2015/22	-	The main parameters and rationale for any variable component scheme and any other cash benefits	Section 9.1.4
43	EBA/GL/2015/22	-	Information on remuneration for all staff	Section 9.2
44	EBA/GL/2015/22	-	Information on remuneration of identified staff	Section 9.2
45	EBA/GL/2015/22	EU REM1	Remuneration awarded for the financial year	Section 9.2

46	EBA/GL/2015/22	EU REM3	Deferred remuneration	Section 9.2
47	EBA/GL/2015/22	EU REM4	Information on identified staff remunerated EUR 1 million or more per financial year	Section 9.2
48	EBA/GL/2015/22	EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	Section 9.2
49	EBA/GL/2015/22	-	Qualitative information of Environment, Social and Governance (ESG) Risks	Section 10

12.2 Templates not disclosed

The following templates are not disclosed in this document, despite being applicable to the Company, since there is nothing to disclose in the report. i.e. blank template.

- EU CQ1: Credit quality of forborne exposures
- EU CQ7: Collateral obtained by taking possession and execution processes
- EU CVA4: RWEA flow statements of credit valuation adjustment risk under the Standardised Approach (SA)
- EU REM2: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)
- EU REM 3: Deferred remuneration