Pillar 3 Disclosure report of BTG Pactual Europe S.A.

Disclosure in accordance with CRR as at 31.12.2023

Table of contents

Abbreviation list

Art.	Article
BTG Europe	BTG Pactual Europe S.A.
CET	Common Equity Tier
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSSF	Commission de Surveillance du Secture Financier
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
EEA	European Economic Area
EUR	Euro
IFRS	International Financial Reporting Standards
IRB	Internal Ratings Based
ISIN	International Securities Identification Number
KSA	Standardized Approach for Credit Risk
LR	Leverage ratio
No.	Number
OTC	Over the counter
QCCP	Capital requirements for bank exposures to central counterparties
S.A.	Société anonyme
SICR	Significant Increase in Credit Risk

2. General information

Introduction and general information

The disclosure of this report relates to BTG Pactual Europe S.A. (hereafter the “Bank” or “BTG Europe”), previously known as FIS Privatbank S.A, and is organized under the laws of Luxembourg as a Société Anonyme for an unlimited period and regulated by “Commission de Surveillance du Secteur Financier” (CSSF).

BTG Europe’s Pillar 3 Report is published according to Pillar 3 requirements on annual Basis, and in accordance to Basel Committee on Banking Supervision's recommendations (Pillar 3 – Market Discipline) and Central Bank of Brazil’s (BCB) rules.

The revision of regulatory provisions for the adequate capitalization of internationally active banks by the Basel Committee on Banking Supervision in 2004 provided guidelines for the banking industry and the concept of three pillars, which are:

Pillar 1 – Capital requirement: Sets the minimum capital standards to be required from the banks, as well as the methodologies to be used to measure credit, market, and operating risks.

Pillar 2 – Supervision process: Establishes the performance principles of the banking system supervisors and sets criteria to address risks not covered under Pillar 1. The risk management processes are also included in this part of the guidance.

Pillar 3 – Market discipline: Recommends banks to disclose broadly a set of basic information in such a manner as for financial market participants to be able to undertake well-grounded assessments of the risks these institutions incur.

The third pillar complements the quantitative requirements of the first pillar (especially minimum capital requirements) and the internal risk management as well as supervisory review processes (second pillar).

On January 1, 2014, Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, Capital Requirements Regulation (CRR), which is directly applicable in Member States, and Directive 2013/36/EU on access to the activity of credit institutions and investment firms, Capital Requirements Directive (CRD IV), came into force. These regulations were directly transposed into national law.

It is recommended to read this Report alongside other documents disclosed by the Bank, such as the Consolidated Financial Statements, which provide additional information about the Bank's activities.

The basis for the quantitative information in this report is the IFRS, which, as of the reporting date, formed the basis for the preparation of supervisory reports according to CRR.

Background and scope

The following explanations contain information regarding the scope of disclosure in accordance with CRR Art. 431 and 436 as well as, if applicable, limitations on disclosure obligations pursuant to CRR Art. 432.

BTG Europe is a legally independent credit institution under the supervision of the CSSF. The Bank wholly owns Inter-Portfolio Verwaltungsgesellschaft S.A. (“IP”), which from a Capital perspective has its own requirements, is not consolidated (deviating fiscal year from May 1 to April 30) and not deducted from BTG Europe’s own funds. IP is an investment management company under Luxembourg law, primarily engaged in the establishment and administration of Undertakings for Collective Investment in Transferable Securities (UCITS).

In accordance with CRR Art. 436 (c) to (e), BTG Europe declares that there are no restrictions or obstacles to the transfer of funds or equity between parent and subsidiary companies. As of 31 December 2023, there was no equity shortfall in the subsidiary company IP.

BTG Europe, following the principle of proportionality for small, less significant credit institutions, avails itself of the exemptions provided under CRR Art. 432 to exclude certain non-material and confidential information or trade secrets from disclosure.

An explanation for the non-disclosure of non-material or confidential information or trade secrets is documented as follows.

The following exceptions were applied:

- Quantitative disclosure contents, such as risk positions constituting less than 5% of the total positions, are reported as "other items." Further breakdown below the 5% threshold is not necessary from a materiality perspective.
- Customer-related information that could allow inferences about customers was not disclosed, as contractual, data protection-relevant contents are protected.

In addition, the following disclosure requirements of the CRR are currently not relevant to BTG Europe:

- CRR Art. 435 (2)(d) - no separate risk committee has been formed
- CRR Art. 437 (1)(b) and (c) - no issuance of capital instruments
- CRR Art. 441 - BTG Europe is not a globally systemically important institution
- CRR Art. 449 - no securitization positions exist
- CRR Art. 452 - the Internal Ratings-Based (IRB) approach is not applied for credit risk determination; the Standardized Approach (KSA) is used
- CRR Art. 454 and 455 are not relevant to BTG Europe

Key Metrics

The table below provides a comprehensive view of key prudential metrics covering the Bank's available capital (including buffer requirements and ratios), its risk-weighted assets (RWA), leverage ratio (LR), liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

(In Euros)		31/12/2023
	Available own funds (amounts)	
1	Common Equity Tier 1	62,145,970
2	Tier 1 capital	62,145,970
3	Total capital	62,145,970
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amounts	33,051,331
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	188.03%
6	Tier 1 ratio (%)	188.03%
7	Total capital ratio (%)	188.03%
EU 7a	Additional CET1 SREP requirements (%)	1.50%
EU 7b	Additional AT1 SREP requirements (%)	5.34%
EU 7c	Additional T2 SREP requirements (%)	7.13%
EU 7d	Total SREP own funds requirements (TSCR ratio) (%)	9.50%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%
9	Institution specific countercyclical capital buffer (%)	0.35%
EU 9a	Systemic risk buffer (%)	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%
EU 10a	Other Systemically Important Institution buffer	0.00%
11	Combined buffer requirement (%)	2.85%
EU 11a	Overall capital requirements (OCR) (%)	12.35%
12	CET1 available after meeting the total SREP own funds requirements (%)	178.18%
	Leverage ratio	
13	Leverage ratio total exposure measure	250,444,260
14	Leverage ratio	24.81%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)	
EU 14a	Additional CET1 leverage ratio requirements (%)	0.00%
EU 14b	Additional AT1 leverage ratio requirements (%)	0.00%
EU 14c	Additional T2 leverage ratio requirements (%)	0.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)	
EU 14d	Total SREP leverage ratio requirements (TSCR ratio) (%)	0.00%

EU 14e	Applicable leverage buffer	0.00%
EU 14f	Overall leverage ratio requirements (%)	3.00%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	220,049,800
16	Total net cash outflows (Adjusted value)	6,997,548
17	Liquidity coverage ratio (%)	3144.67%
	Net Stable Funding Ratio+	
18	Total available stable funding	76,756,849
19	Total required stable funding	11,154,999
20	NSFR ratio (%)	688.09%

Compensation Policy (CRR Art. 450)

BTG Europe has its own Compensation Policy Directive in accordance with CSSF Circulars 10/437, 11/505, 14/585, 14/594, 15/622, 17/658, and 22/797, as well as Directive 2013/36/EU (CRD IV) and 2019/2034 (IFD), including EBA Directive 2021/04, which was transposed into national law by the law of July 23, 2015. The Compensation Policy Directive is reviewed annually by the Bank's Supervisory Board and adjusted if necessary. This directive applies to all employees of BTG Europe.

The Remuneration Policy is disclosed to all staff members. relevant information regarding the BTG Europe Remuneration Policy is made available to all members of the Management/Supervisory Boards. BTG Europe publishes relevant information on the Remuneration Policy in accordance with the legal provisions in effect (including Article 13, part VIII and in particular Article 450 of the Capital Requirements Regulation (CRR) and in accordance with Article 38-11 of the LFS/Article 96 of the CRDV).

Each significant change in the Remuneration Policy is duly communicated.

Staff Members who meet the qualitative/quantitative criteria pursuant to the EU Commission Delegated Regulation EU/2021/923, article 92(3) of the Directive 2013/36/UE and article 38-5 of the law on the financial sector are considered as Identified Staff. A consolidated list of Identified Staff is prepared and held at both BTG Pactual group (the Group) level and at the level of BTG Europe.

Remuneration for all Staff Members is divided into either fixed remuneration or variable remuneration. There is no third category of remuneration. All remuneration, whether it is fixed or variable, is determined based on gender-neutral and non-discriminatory criteria and with the goal of ensuring equal opportunities to all Staff Members. There will be no discrimination on the basis of protected characteristics when determining fixed and variable remuneration awards.

Fixed remuneration includes the base salary, fringe benefits and to the extent eligible, an expatriation-related package. Fixed remuneration is determined by experience, aptitude for the role, market data and reflects the Staff Member's professional experience, level of education and organizational responsibility as set out in the terms of employment. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is designed to ensure sound-risk management and does not promote or encourage excessive risk-taking. Variable remuneration is discretionary and as such will be determined at BTG Europe's sole discretion in relation to all Staff Members.

Variable remuneration is determined by contribution and performance in a given performance year; it is assessed and shall vary depending on the performance criteria set, reflecting the long-term performance of the institution, the business unit and the Staff Member. It can amount to zero, as BTG Europe reserves the right to pay no variable remuneration.

As a matter of principle, the variable remuneration cannot exceed 100% of the fixed remuneration. However, in accordance with the legal provisions, the aforementioned ratio can be increased up to 200% with shareholder consent. The Supervisory Board will submit, subject to a prior decision of the shareholders, a detailed recommendation describing the reasons for, and the scope of, the approval of a higher ratio, including the number of Identified Staff concerned, their functions, and the impact to maintain a sound capital base.

Variable compensation is granted exclusively in cash. Other instruments (e.g., stock shares, options) are not utilized. The Supervisory Board has the authority to withhold or reclaim variable compensation if circumstances justify such action.

This Policy has been defined in accordance with the philosophy described in the previous paragraph and pursues, in particular, the following objectives:

a) avoid potential conflicts of interest, namely in relations with clients and other stakeholders., ensuring the compliance with the internal policies on Conflicts of Interest;
b) encourage Staff Members involved in providing services to clients and other stakeholders to adopt responsible business conduct, promote fair treatment and protect the interests of clients and more generally the long-term interest of BTG Europe and the Group;
c) implement the Group's and BTG Europe‘s business strategy, in line with their mission, values, long-term interests and best practices and trends in the market;
d) ensure that the remuneration of Staff Members complies with the duties of conduct to which they are bound by law and/or contractual provision;
e) ensure that the remuneration of Staff Members does not jeopardize the interests and rights of clients and other stakeholders, is adapted to the real and concrete needs of the work and to their ability to honor the commitments made to BTG Europe;
f) ensure that there is no direct relationship between the remuneration of relevant individuals with a direct or indirect impact on the investment services provided by BTG Europe or on its business behavior involved primarily in one activity and the remuneration or revenues generated by different Staff Members, involved primarily in another activity, where a conflict of interest may arise in relation to those activities;
g) promote sound and prudent risk management, not allowing risk-taking at a higher level than that tolerated by BTG Europe and its clients and other stakeholders; and
h) ensuring that the actions of Staff Members respect the values and image of BTG Europe and the Group, creating value for the institution through the provision of excellent services to clients and other stakeholders.

As a small, less significant institution, BTG Europe is not obligated under CRR Art. 450 (2) to publicly disclose quantitative information about its compensation policy. Moreover, reference is made to the annex disclosures of the 2023 annual report.

Means of Disclosure (CRR Art. 434)

The information to be disclosed according to CRR Art. 434 is published on the BTG Europe website (https://btgpactual.eu/en). The disclosure report remains accessible at any time until the publication of the subsequent disclosure report. Electronic access to the disclosure report is possible without individual registration.

Some of the information required to be disclosed under the CRR is published in BTG Europe's 2023 Annual Report. In such cases, the disclosure report, in accordance with CRR Art. 434 (1), sentence 3, includes a corresponding reference.

Frequency of Disclosure (CRR Art. 433)

According to CRR Art. 433, the information required under Part 8 of the CRR Art. 431 to 455 must be disclosed at least once a year.

In accordance with CRR Art. 433, Sentence 3, and the guidelines of CSSF Circular 15/618, BTG Europe has examined whether the disclosure needs to occur more than once a year and concluded that annual disclosure is sufficient. This examination was based on CRR Art. 433 a., pursuant to which the more frequent disclosure is only required if an institution exhibits one of the following characteristics:

(i) The institution is one of the three largest institutions in its home member state;

(ii) The consolidated balance sheet total of the institution exceeds 30 billion Euros;

(iii) The total assets of the institution exceed, on average over four years, 20% of the average GDP of the home member state in the 4-year average;

(iv) The consolidated risk positions of the institution according to CRR Art. 429 exceed 200 billion euros or an equivalent amount in a foreign currency, using the reference exchange rate published by the European Central Bank valid at the end of the financial year.

Intragroup exposures and transactions

Intragroup transactions within the Bank are primarily limited to deposits. It represents the principal form of interaction between the Bank and other group entities, ensuring a controlled and straightforward relationship and are all done considering an Arm's length principle. As of December 2023, for the asset side of the balance sheet, the Bank holds a deposit into BTG Cayman branch of 2.0mm EUR, and for the liability side, one demand deposit of 2.0mm EUR from BTG Pactual Portugal Branch and one deposit from BTG Pactual SA of 150mm EUR related to the capital increase that was approved on January 2nd 2024.

Both the deposits received from and placed with BTG Group entities are closely monitored under the Bank's risk management framework, ensuring they remain within approved limits set by the Board of Directors. This framework is designed to minimize the complexity and risk exposure from intragroup transactions, fully align with the Bank's risk appetite and regulatory requirements.

The Bank's conservative approach to intragroup transactions, which excludes arrangements like loans or guarantees, ensures that exposure remains limited. Regular assessments are conducted to confirm that these transactions are prudently managed, contributing to a disciplined and transparent capital and liquidity management strategy within the group.

3. Risk Management objectives and policies (CRR Art. 435)

The requirements and information according to CRR Art. 435(1)(a) to (f) regarding risk management goals and policies, including risk management procedures and systems, are disclosed as follow:

Risk management governance

The risk management function is based on the following principles:

Risk Control: Ensure all risks are controlled by identifying, measuring, assessing, mitigating, and monitoring them continuously. Risk charters, policies, and procedures define the framework for controlling all types of risks, describing methods, limits, and escalation procedures.

Risk Overview: Provide the Management Body (Supervisory Board, Management Board and any sub-committees) and other relevant stakeholders with a comprehensive, objective, and relevant overview of risks.

Risk Limits: Ensure that risk limits align with the Risk Appetite Framework (RAF), which defines the level of risk the Bank is willing to take to achieve its strategic and financial objectives.

Regulatory Compliance: Ensure compliance with banking regulations related to risk management by submitting regular reports to supervisory bodies, participating in regulatory discussions, and analysing new requirements.

The Bank manages risks as required with risk limits for the Bank as a whole, for portfolios and for counterparties. All risk limits are derived from the available risk capital.

The Bank determines the available risk capital in accordance with the criteria set out in its governance documents. The risk capital essentially consists of equity, statutory reserves, other reserves and the current result, taking into account various deductible items such as standard operating costs, deferred taxes and a capital conservation buffer. The sum of the risks aggregated should not exceed the risk capital calculated in this way, and the utilization of the overall Bank limit, which is set depending on the amount of risk capital, is monitored and measured. This is done by means of a traffic light system. Depending on the utilization, a distinction is made between the green, yellow and red phases, and appropriate measures are taken depending on the phase.

The control of risks (including future risks) is implemented in the Bank in various forms. The Bank has set up a risk management function. Reports are submitted to the Supervisory Board at regular intervals.

The overall risk management framework consists of several components and documents. The Bank's "risk strategy" describes the Bank's risk appetite, the principles of risk management and its organization. The "Risk Manual" creates transparency about the Bank's risk management system for all employees responsible for measuring, monitoring and managing risks and can be seen as a comprehensive systematic navigator for the existing risk management and controlling processes. The risk-bearing capacity framework explains how risk-bearing capacity is determined in the economic and normative management circle. As part of the "Risk Management Policy", the "Stress Test Program" to be approved annually by the Management Board is a key component of the Bank's active risk management. The document also regulates the methodological framework and the time intervals for measurement and monitoring as well as the corresponding responsibilities. This is supplemented by a detailed set of rules consisting of functional descriptions, work instructions and the organizational manual. All documents in the rules and regulations, including the limit systems, are regularly reviewed to ensure that they are up to date and appropriate and adjusted if necessary.

Due to its strategic business areas, the Bank is exposed to the following material risks.

Credit and counterparty risk

Regular checks on compliance with limits and incoming payments as well as a regular collateral assessment ensure that credit risk is limited. In the course of the Bank's realignment and the growing lending business, it has revised the credit rating of loan customers and established a two-dimensional rating system and fundamentally revised the SICR process, which is defined in Credit Policy manual.

The requirements of the credit risk strategy are supplemented by further elements before the granting of loans, that need to be assessed when deemed necessary by the credit structure:

- Understanding of the customer's business;
- Reasonable loan-to-value ratios;
- Credit rating of the customer;
- Capital service capability, when not fully covered by liquid collateral;
- Continuous monitoring and compliance with limit values/limits according to the risk appetite/limit system
- Regulatory approval as a basis for business practice (European passporting or business conclusion in Luxembourg);
- Understanding of the regulatory framework in the relevant jurisdictions;
- Use of legally audited contractual documents, prepared in accordance with the legal/regulatory framework and reviewed and approved by lawyers in the relevant jurisdiction;
- Lending to SPVs should have a reasonable take-out, or a personal/corporate guarantee of share-holders or sufficient cash flow in the SPV (e.g. leased real estate);
- Minimum target loan amount EUR 500,000;

Compliance with these requirements is ensured by means of corresponding specifications from the credit manual and the Bank's organizational manual and the establishment of appropriate processes for monitoring and control.

Market risk

Market risk can be defined as the risk of losses due to adverse movements of market variables. The Bank market price risks exists in the form of the position risk, interest rate risks, and exchange rate risks. To mitigate these risks, trading transactions are subject to daily limit monitoring. Notably, high-risk and complex instruments like credit derivatives are avoided for proprietary trading.

In currency management, the Bank closely monitors open foreign currency positions on a daily basis. These positions typically result from margins from covered transactions and are kept within predefined limits.

Interest rate risk is managed meticulously, especially when matching maturities of deposits or loans from/to customers. The Bank utilizes regulatory stress tests and predefined scenarios quarterly to assess the impact of interest rate fluctuations.

Forward exchange transactions with customers, if undertaken, are hedged with corresponding offsetting positions. Additionally, the Bank refrains from entering into uncovered short positions.

The Bank has undertaken de-risking measures to reduce market price and liquidity risks, primarily by reducing securities holdings and refocusing on its core business.

Liquidity risk

The Bank monitors and measures its liquidity in accordance with regulatory requirements. The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) required by the regulatory authorities was generally well above the required minimum.

The Bank manages its liquidity risks through various instruments and measures. The Risk Strategy, which includes the Liquidity Risk Strategy, serves as an important guide for the fundamental orientation in dealing with liquidity risks. Furthermore, in the Liquidity Risk Management policy, the Bank describes its specific liquidity risks, risk appetite, and outlines corresponding countermeasures, control instruments, and measurement tools. These are complemented by the Risk Management Policy, which provides relevant parameters for risk measurement, and by developed stress scenarios that serve to assess the resilience of liquidity adequacy.

In 2023, the Bank maintained a liquid balance sheet structure, funded primarily through equity and customer deposits.

Contingency Funding Plan (CFP)

As part of the Bank's comprehensive risk management framework, the Contingency Funding Plan is embedded within the institution's Recovery Plan. Rather than having a stand-alone CFP, the Bank has integrated its contingency funding strategies into the broader Recovery Plan to ensure a cohesive approach to managing liquidity risks and maintaining stability during stressed conditions.

The CFP section of the Recovery Plan outlines strategies, governance procedures, and sources of funding that can be activated during periods of liquidity stress to meet short-term obligations and manage liquidity risk effectively. This integrated approach ensures the Bank is well-prepared to address potential liquidity shortfalls while preserving operational continuity.

Key features of the CFP within the Recovery Plan include:

- **Identification of Liquidity Risks**: The plan identifies potential liquidity risks, both internal and external, that could affect the Bank's liquidity position.
- **Stress Testing**: The Bank conducts regular stress tests to evaluate how various stress scenarios would impact its liquidity. These scenarios are designed to reflect both institution-specific and systemic market disruptions.
- **Emergency Funding Sources**: A range of alternative funding sources are identified, including internal liquidity buffers and external funding options, such as secured funding.
- **Governance and Activation Triggers**: The plan outlines the governance structure and decision-making processes. Specific triggers for activating liquidity measures during times of stress are established and clearly defined.
- **Roles and Responsibilities**: The Recovery Plan assigns specific roles and responsibilities to key personnel and committees within the Bank, ensuring a coordinated response to liquidity challenges.
- **Communication Protocols**: The plan ensures clear communication channels are in place for timely and transparent communication with regulators and other stakeholders in the event of a liquidity crisis.

By integrating the CFP into the broader Recovery Plan, the Bank ensures a unified, well-coordinated approach to managing liquidity stress and other potential financial disruptions.

Operational risk

Operational risk is the risk of potential losses or damage that occur due to faulty internal workflows and systems, the misconduct of the Bank's own employees or force majeure, such as the collapse of the Bank's own or external infrastructure.

The Bank counters this risk by promoting and training its employees, implementing internal controls, by the close involvement of the senior management in the daily activities, the contractually agreed IT emergency plan and corresponding insurance agreements.

Compliance risk

The compliance function at the Bank has an organizational, coordination and control function. It ensures that the bank carries out its activities in accordance with the applicable standards and that its internal regulations, such as the organizational and workplace guidelines, are adapted to regulatory developments. The Bank has adopted a compliance charter and policy.

The aim is to promote honest and honorable conduct, to adhere to ethical standards and to ensure compliance with laws, guidelines, regulations, and professional standards as well as a corporate policy that pursues the protection of the integrity of the financial markets.

Investment risk

Investment risks exist in the form of losses that may arise due to investments in other companies. The Bank has identified the investment risk as non-material in 2023.

Organization chart and responsibilities

The Bank has implemented the organizational separation of front and back office from the lowest organizational level up to the Management Board. Employees involved in the risk management process functions are granted all necessary authorities to fulfil their tasks. The goal is to ensure appropriate control of the risk management function.

The organizational units of the risk management/risk control, credit and treasury bear the responsibility and operational implementation for measuring, controlling, and monitoring the risks of the Bank. Risk management-relevant committees include the Supervisory Board (as per CSSF Circular 12/552, the Supervisory Board fulfils this role and there is no need for a dedicated Risk-committee), the Investment Committee, and the Credit Committee. The Management Board holds overall responsibility for the risk management. The position of the Chief Risk Officer (CRO) is currently at the board level, a decision reported to and approved by the CSSF.

The Bank incorporates the concept of the “three lines of defense" (3LOD) into its organizational structure. This includes the risk owner from the respective front office or treasury (1st LOD), the risk controller (2nd LOD), and the internal audit (3rd LOD). The 3LOD are both organizationally and personally independent of each other. The concept aims to ensure systematic management of the risks undertaken by the Bank. The Bank ensures, through guidelines, that the 3LOD receive all necessary information to fulfil their tasks.

The following table lists the key tasks and requirements to be performed by the respective units within the framework of the 3LOD model.

Supervisory Board	Supervision of the overall risk situation
	Determination of business strategy and risk strategy
	Decision-making body for dealing with the relevant risks
Management Board	Establishment of a risk strategy and a risk sustainability concept
	Development and ongoing optimization of risk strategy and ensuring risk-bearing capacity on the basis of internal/external requirements
	Coordination of the overall management of business operations from a risk perspective, quantification of all major risk types and reconciliation with the overall strategy
	Conceptual and operational responsibility for the Bank's risk management system
	Development of measures to promote risk awareness in all parts of the Bank
	Supports the Management Board in the implementation of the business strategy

Front office (1st LOD)	Documentation and assurance of the new product process
	Supports the Management Board in monitoring the implementation of the risk strategy
	Monitoring of risks taking into account key indicators
Back office (2nd LOD)	Control of problem loan processing
	Development of models for the risk management process (e.g. scoring model)
	Implementation of specifications for Treasury (interest rate/currency hedging)
Treasury (1st LOD)	Control of market risks as well as liquidity and refinancing risks
	Development of behavioural models for liquidity/interest rate risk control
	Liquidity planning and control as well as balance sheet structure management
	Implementation of risk management measures (risk avoidance)
	Risk-oriented processing of all transactions
	Execution of money market transactions with correspondent national banks and international banks to manage short-term refinancing and investment requirements
	Responsible for the execution of hedging transactions
Risk Management / Risk Controlling (2nd LOD)	Establishment of cross-hierarchical risk reporting
	Control of the Bank's early warning system for risks
	Determination and ongoing review of risk-bearing capacity (RBC)
	Conducting risk inventory
	Development, provision and application of tools to identify, evaluate and control of risks
	Advises the Management Board on risk appetite and strategy
	Support in the analysis of products for risk drivers and risks
	Validation of all models developed in 1st LOD
	Checking the functionality of the support processes
	Responsible for the planning, coordination and management of the Bank's risk assessment and management as well as independent monitoring
	Support the Management Board in making important risk decisions
	Development of stress tests
	(Further) development of procedures and methods
	Risk reporting to the Management Board
	Execution of stress tests
	Responsible for Backtesting
	Transparent documentation and reporting

Compliance function (2nd LOD) / internal audit (3rd LOD)	Downstream risk controlling function
	Continuous monitoring of the internal control system
	Review of efficiency and regulatory compliance

Adequacy and Risk Declaration:

The Executive Board confirms, in accordance with CRR Art. 435(e) and (f), that BTG Europe's risk management procedures are appropriate to the profile and strategy of the Bank.

Information on Corporate Governance (CRR Art. 435(2)):

Information on mandates of the executive body		
Management Board members	**Number of executive Functions**	**Number of supervisory functions**
Iuri Dias	1	0
Katja Huber-Blattmann	1	0
Martin Huber	2	0
Members of the Supervisory Board	**Number of executive Functions**	**Number of supervisory functions**
Markus Schachner	3	2
Joao Marcelo Dantas Leite	5	2
Rogerio Pessoa	2	1
Mariana Cardoso	17	1
Bruno Duque	30	1

The composition and number of members of the management and supervisory boards are published in the BTG Europe Annual Report 2023. The supervisory board and mandates listed above are in accordance to Article 91 CRD.

Selection and Diversity Strategy for Members of the Management Board (CRR Art. 435(2)(b) and (c))

The regulations for the selection of members of the Management Board and the Supervisory Board are outlined in CSSF Circular 12/552, the current regulatory approval procedures for key function holders in credit institutions, the guiding principles of BTG Europe for the appointment and succession planning of key functions, as well as in the statutes and rules of procedure of the BTG Europe Management Board.

According to these guidelines, the Supervisory Board typically appoints members of the Management Board for a term of five years. The Supervisory Board reserves the right to revoke appointments without stating reasons.

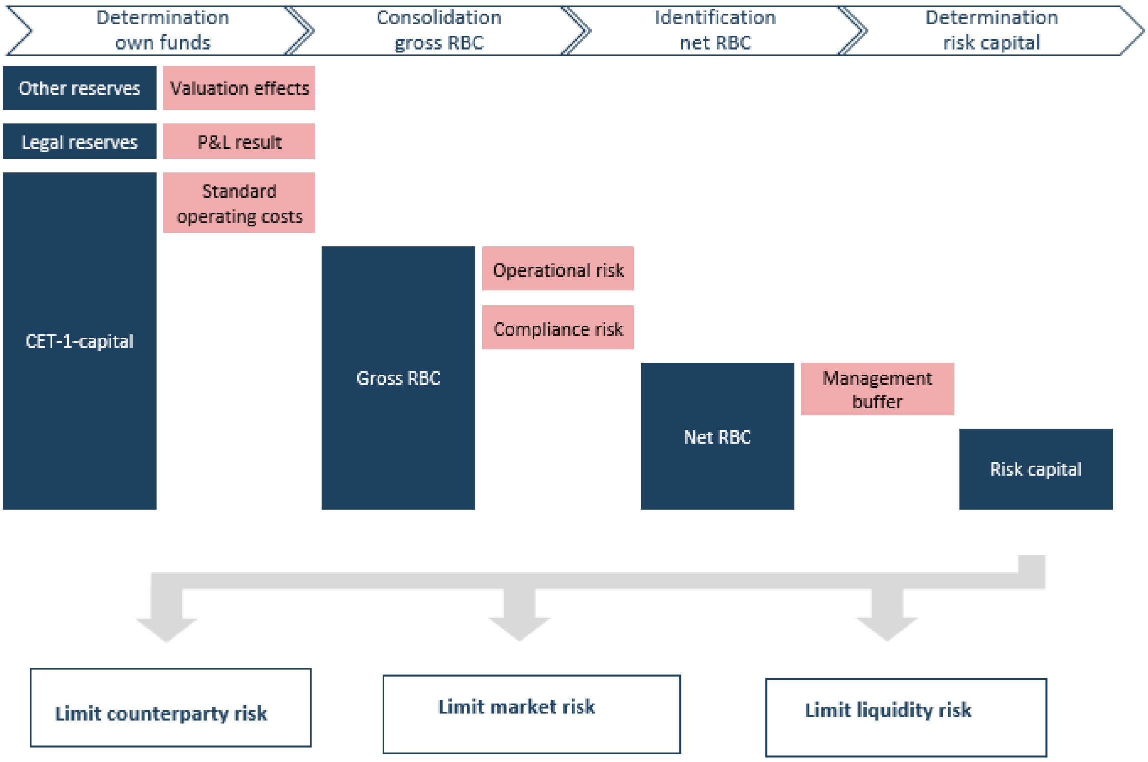
In the process of filling vacancies in the Management Board, the Supervisory Board, in addition to considering diversity aspects, ensures that the knowledge, skills, and experiences of the Management Board members are balanced. The members are required to have extensive professional experience, substantial expertise, and skills in the banking sector.

The Supervisory Board of BTG Europe consists of five members as listed above. Mr. Markus Schachner assumed the chairmanship of the Supervisory Board on 19 May 2023 and Mr. Joao Dantas as the deputy chairman. The remaining members have extensive professional experience, providing sufficient knowledge and expertise for their roles on the BTG Europe Supervisory Board.

Risk appetite statement, risk profile and approved limits

The Bank derives its risk appetite in close coordination with the business strategy. The interplay between risk strategy and business strategy is crucial for determining limits, which are established by the Management Board and the Supervisory Board. The overarching limits in the risk management system are consistent with the recovery plan and its indicator thresholds. The definition of risk appetite is made at the level of both the economic and normative control circles in the Bank. This ensures that the two overarching goals, 'continuation of the institution' (normative) and 'protection of creditors' (economic), are guaranteed.

In the limitation of the economic perspective, a distinction is made between the material types of risks: counterparty default risk, market risk, and liquidity risk. These arise in the defined business areas and an absolute volume from the risk coverage amount is allocated to these present value risks. The risk coverage amount is derived from the risk bearing capacity (RBC) minus positions deducted as demonstrated below:



Approved limits on Capital Requirements

As a basis for the limitation, regulatory and internal capital requirements are considered, which must be complied with within a three-year planning horizon. The capital requirement applicable to the bank, derived from the recovery plan, is currently set at the early warning threshold of 15.5%. This consists of the regulatory total capital ratio of 8% (according to "Capital Adequacy Regulation No. 575/2013 (CRR)"), the regulatory surcharge of 1.5% (according to CSSF), and internal provisions for a voluntarily determined management buffer of 3.5% and a general capital buffer of 2.5%.

Additionally, the bank has set thresholds for liquidity ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio).

Risk-bearing Capacity (RBC)

In accordance with the Bank risk appetite and risk profile, the numbers from the risk-bearing capacity and the corresponding capital adequacy from 2022 and 2023 are the following:

RBC Calculation (In million EUR)	Dec'23	Dec'22
RBC (gross)	**56,93**	**8,01**
Operational Risk	-0,5	-0,5
Compliance Risk	-0,1	-0,1
RBC (net)	**56,40**	**7,46**
1,25% of RWA (Mgt buffer)	-0,31	-0,29
Risk Capital	**56,1**	**7,2**
Total Bank Limit Risk Capital	**55,0**	**6,0**
Limit for Market Risk	**10,0**	**2,0**
Market Risk	**-0,4**	**-0,4**
Thereof Interest Rate Risk VaR	-0,1	-0,1
Thereof Fund / Equity Risk	-0,3	-0,3
Limit for Counterparty Default Risk	**45,0**	**4,0**
Counterparty Default Risk	**-2,1**	**-2,3**

Limit for the Counterparty Default Risk as of 31 December 2023: EUR 45.0 million

As of 31 December 2023, the counterparty default risk limit stands at EUR 45.0 million, reflecting a reallocation of the overall bank limit in September 2023 consequent to a capital increase of EUR 55.0 million. The determined counterparty default risk in the Base scenario averaged EUR 2.2 million during the reporting period (2022: EUR 2.1 million), with a maximum of EUR 2.4 million (2022: EUR 2.7 million), and a minimum of EUR 2.0 million (2022: EUR 1.6 million).

The bank's proposed limit is sufficient to cover counterparty default risks, even under conceivable and more severe stress scenarios. The amount will be further reviewed due to the additional EUR 150.0 million capital increase occurred on 2 January 2024.

Limit for Market Risk as of 31 December 2023: EUR 10.0 million

As of 31 December 2023, the allocated market risk limit is EUR 10.0 million. This adjustment was made following the reallocation of the overall bank limit in September 2023, which resulted from a capital increase of EUR 55.0 million. Within market risk, no sub-limits are assigned for interest rate, equity, certificate, or fund risks.

Market Risk fluctuated in the reporting period between EUR 342 thousand (2022: EUR 350 thousand), with a maximum of EUR 368 thousand (2022: EUR 791 thousand) and an average of EUR 358 thousand (2022: EUR 522 thousand).

The provided limits for market risk are also sufficient to cover the defined stress scenarios. Similarly, it is noted that more stringent scenarios are conceivable and possible without violating the limits. The amount will be further reviewed due to the additional EUR 150.0 million capital increase occurred on 2 January 2024.

Thresholds for Credit Assessment

For the three evaluation indicators, at least the value 4 is considered as a requirement/threshold.

Operational result, financial strength, liquidity, balance sheet structure, capital structure (company)	
Value	**Evaluation**
1	high equity ratio >35%, high cash flow, net debt/EBITDA<1
2	high equity ratio >30%, high cash flow, net debt/EBITDA <1.5
3	Equity ratio >25%, sufficient cash flow, net debt/EBITDA <2
4	Equity ratio >20%, sufficient cash flow, net debt/EBITDA <2.5
5	Equity ratio <15%, low EBITDA
6	Equity ratio <5%, negative EBITDA, forbearance measures
7	Insolvent
8	Insolvency

Loan debt service to net income (private customers)	
Value	**Evaluation**
1	Debt service < 10% of income
2	Debt service < 20% of income
3	Debt service < 30% of income
4	Debt service < 40% of income
5	Debt service> 40% of income
6	Debt service> 50% of income
7	Debt service> 70% of income
8	Debt service > income

Total asset ratio (private customers, entrepreneurs with unlimited personal guarantee)	
Value	**Evaluation**
1	Total assets cover total debts at least 200%
2	Total assets cover total debts at least 150%
3	Total assets cover total debts at least 125%
4	Total assets cover total debts at least 110%
5	Total assets cover total debts at least 100%
6	Total assets cover total debts at least 75%
7	Total assets cover total debts at least 50%
8	Total assets to total debt < 50%

Internal requirements and other limits

The bank's maintains internal credit documents which supplements the credit risk strategy. It regulates responsibilities, regulatory principles, the structural and operational organization as well as the entire lending process and subsequent monitoring. This document is subject to a resolution by the Management Board and the Supervisory Board as a "Key Governance Policy" pursuant to CSSF 12/552 (as amended). The requirements of the credit risk strategy are supplemented by further elements before the granting of loans, that need to be assessed when deemed necessary by the credit structure:

• Understanding of the customer's business;
• Reasonable loan-to-value ratios;
• Credit rating of the customer;
• Capital service capability, when not fully covered by liquid collateral;
• Continuous monitoring and compliance with limit values/limits according to the risk appetite/limit system
• Regulatory approval as a basis for business practice (European passporting or business conclusion in Luxembourg);
• Understanding of the regulatory framework in the relevant jurisdictions;
• Use of legally audited contractual documents, prepared in accordance with the legal/regulatory framework and reviewed and approved by lawyers in the relevant jurisdiction;
• Lending to SPVs should have a reasonable take-out, or a personal/corporate guarantee of shareholders or sufficient cash flow in the SPV (e.g. leased real estate);
• Minimum target loan amounts;

Compliance with these requirements is ensured by means of corresponding specifications from the credit manual and the bank's organizational manual and the establishment of appropriate processes for monitoring and control.

Internal documents from BTG Pactual Europe mentioned above also state and describe the monitoring controls and internal limits of Segments of Credits, Markets, Currencies, Issuance Size, Remaining Term, Rating, Customer Type, Credit Type, Group of Connected Clients (GCC), Collateral, Investment Type, Country of Residence and Country of Investment, which the institution may be exposed.

4. Capital adequacy and risk assessment

ICAAP (Internal capital adequacy and assessment process)

The ICAAP is an internal process that enables the Bank to maintain the appropriate level of internal capital to cover all current and potential risks arising from its business model and strategy plan. This process aligns with the Bank's risk appetite and its risk-bearing capacity.

In accordance with the relevant regulations, Circular CSSF 07/301 (as amended) outlines the objectives, scope, and implementation of ICAAP for credit institutions incorporated under Luxembourg law. Additionally, the EBA final guidelines (EBA/GL/2016/10) and the 2018 ECB ICAAP guidelines provide detailed instructions on the collection of information related to ICAAP and the Internal Liquidity Adequacy Assessment Process (ILAAP).

These guidelines establish a common approach and specify the information that competent authorities should collect from institutions. This ensures a consistent assessment of ICAAP and ILAAP frameworks, as well as the reliability of capital and liquidity estimates.

The ICAAP enables management to strategically assess the Bank's capital and liquidity needs, ensuring they align with the Bank's strategies, business model, and current situation. It determines the necessary capital for economic purposes and identifies sources to meet these requirements.

Risk assessment

The risk management system comprehensively reflects the structure of the Bank's risk management, including the integration of various areas of the Bank and their task distribution. The risk management process outlines the principles and core components of risk management, encompassing risk inventory, stress tests, numerous support processes, monitoring, and validation of the risk management system.

Identification and assessment of risks as part of the risk inventory constitute an essential component of risk management. The Bank categorizes its risks into main and individual risks. Risk identification involves recognizing material risks and linking risk sources in all business activities to events and their potential consequences. To ensure that these risks are proportionately and systematically managed and fully assessed, the Bank has established a classification system for its material and non-material risks. This system ensures comprehensive coverage for risk assessment, management, mitigation, and reporting.

The table below shows a list of the material and non-material risks and their related subcategories (sub-type categories) to which the Bank is exposed.

Level 1	Level 2
Credit risk (material)	Counterparty risk
	Migration risk
	Concentration risk
Market risk (material)	Interest rate risk
	Price risk (or position risk)
	Market liquidity risk
	Concentration risk
Liquidity and refinancing risk (material)	Insolvency risk
	Refinancing risk
	Concentration risk
Non-financial risk (material)	Operational risk
	Compliance risk
	Reputation risk
	ESG risk
	Macroeconomic risk
Business risk (non-material)	Strategic risk
	Political and regulatory risk
Other risk (material)	Country risks
	Currency risk
	Equity risk
	Investment risk

Stress testing

Stress tests evaluate the impact of extreme events on the Bank's capital and liquidity over a three-year horizon. The objective is to ensure that the Bank's risk mitigation controls, capital, liquidity, and contingency plans can withstand high-impact, low-likelihood events.

The Bank implemented a combined cross-risk-type stress test that considers both market-wide and bank-specific (idiosyncratic) stress factors. Market-wide factors are determined based on historical scenarios, simulation methods or expert estimates.

5. Own fund and capital adequacy

Regulatory capital and Shareholders equity reconciliation

Reconciliation between Regulatory capital and Shareholders' equity as per Financial Statements, as required by Annex I of the Regulation (EU) No 1423/2013:

TEMPLATE EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

(In Euros)		31/12/2023	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash in hand, balances with central banks and post office banks	220,049,800	Financial statements LuxGaap
2	Treasury bills and other bills eligible for refinancing with central banks	-	Financial statements LuxGaap
3	Loans and advances to credit institutions	6,952,052	Financial statements LuxGaap
4	Loans and advances to customers	16,881,578	Financial statements LuxGaap
5	Debt securities and other fixed-income securities	3	Financial statements LuxGaap
6	Shares and other variable-yield securities	2,518,451	Financial statements LuxGaap
7	Shares in affiliated undertakings	434,644	Financial statements LuxGaap
8	Intangible assets	666,155	Financial statements LuxGaap
9	Tangible assets	547,787	Financial statements LuxGaap
10	Other assets	381,136	Financial statements LuxGaap
11	Prepayments and accrued income	244,157	Financial statements LuxGaap
	Total assets	**248,675,763**	Financial statements LuxGaap
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Amounts owed to customers	34,349,083	Financial statements LuxGaap
2	Other liabilities	150,241,211	Financial statements LuxGaap
3	Accruals and deferred income	38,215	Financial statements LuxGaap
4	Provisions	1,261,354	Financial statements LuxGaap
	Total liabilities	**185,889,863**	Financial statements LuxGaap
Shareholders' Equity			
1	Subscribed capital	9,989,000	Financial statements LuxGaap
2	Share premium account	55,000,000	Financial statements LuxGaap
3	Reserves	3,564,900	Financial statements LuxGaap
4	Loss brought forward	(2,362,000)	Financial statements LuxGaap
5	Loss for the financial year	(3,406,000)	Financial statements LuxGaap
	Total shareholders' equity	**62,785,900**	Financial statements LuxGaap

Item (In Euros)	31/12/2023	31/12/2022
Subscribed capital	9,989,000	9,989,000
Share premium account	55,000,000	-
Reserves and retained earnings	(2,203,100)	1,202,900
Regulatory and transitional adjustments (1)	(639,930)	(698,022)
TOTAL CAPITAL	**62,145,970**	**10,493,878**

(1) Regulatory and transitional adjustments	31/12/2023	31/12/2022
Intangible assets	(514,272)	(574,665)
Fair value on financial instruments and leases	319,020	125,276
Other regulatory adjustments	(444,679)	(248,633)
TOTAL	**(639,930)**	**(698,022)**

Shareholder equity reconciliation between GAAPs

The required comprehensive reconciliation of regulatory capital items with the relevant balance sheet items, as stipulated in the CRR, is presented in the following table:

The data are derived from the balance sheet positions of the audited financial statements for each year, as well as the regulatory reports on own funds as of 31 December.

31/12/2023

In Euros	LUX GAAP	Bridge	IFRS
Subscribed capital	9,989,000	-	9,989,000
Share premium account	55,000,000	-	55,000,000
Reserves	3,564,900	481,383	4,046,283
Retained earnings	(2,362,000)	(194,340)	(2,556,340)
Result for the financial year	(3,406,000)	31,977	(3,374,023)
Other comprehensive income	-	-	-
TOTAL CAPITAL	**62,785,900**	**319,020**	**63,104,920**

31/12/2022

	LUX GAAP	Bridge	IFRS
Subscribed capital	9,989,000	-	9,989,000
Share premium account	-	-	-
Reserves	3,564,900	873,149	4,438,049
Retained earnings	(52,000)	(342,406)	(394,406)
Result for the financial year	(2,310,000)	148,066	(2,161,934)
Other comprehensive income	-	(553,533)	(553,533)
TOTAL CAPITAL	**11,191,900**	**125,276**	**11,317,176**

Own funds

(Information according to CRR Art. 437 (1)(d) and (e) in conjunction with Annex VI of Implementing Regulation (EU) No. 1423/2013)

A detailed breakdown of the own funds' elements can be found in the following table.

CRR Art. 437 (1)(f) is not applicable.

In Euros	31/12/2023	31/12/2022
OWN FUNDS	62,145,970	10,493,878
TIER 1 CAPITAL	62,145,970	10,493,878
COMMON EQUITY TIER 1 CAPITAL	62,145,970	10,493,878
Capital instruments eligible as CET1 Capital	64,989,000	9,989,000
Fully paid-up capital instruments	64,989,000	9,989,000
Of which: Capital instruments subscribed by public authorities in emergency situations	-	-
Memorandum item: Capital instruments not eligible	-	-
Share premium	-	-
(-) Own CET1 instruments	-	-
(-) Direct holdings of CET1 instruments	-	-
(-) Indirect holdings of CET1 instruments	-	-
(-) Synthetic holdings of CET1 instruments	-	-

(-) Actual or contingent obligations to purchase own CET1 instruments	-	-
Retained earnings	(3,374,023)	(2,165,130)
Previous years retained earnings	-	-
Profit or loss eligible	(3,374,023)	(2,165,130)
Profit or loss attributable to owners of the parent	(3,374,023)	(2,165,130)
(-) Part of interim or year-end profit not eligible	-	-
Accumulated other comprehensive income	-	(553,533)
Other reserves	1,489,943	4,046,839
Funds for general banking risk	-	-
Transitional adjustments due to grandfathered CET1 Capital instruments	-	-
Minority interest given recognition in CET1 capital	-	-
Transitional adjustments due to additional minority interests	-	-
Adjustments to CET1 due to prudential filters	-	-
(-) Increases in equity resulting from securitised assets	-	-
Cash flow hedge reserve	-	-
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-	-
(-) Value adjustments due to the requirements for prudent valuation	-	-
(-) Goodwill	-	-
(-) Goodwill accounted for as intangible asset	-	-
(-) Goodwill included in the valuation of significant investments	-	-
Deferred tax liabilities associated to goodwill	-	-
Accounting revaluation of subsidiaries' goodwill derived from the consolidation of subsidiaries attributable to third persons	-	-
(-) Other intangible assets	(514,272)	(574,665)
(-) Other intangible assets before deduction of deferred tax liabilities	(666,155)	(744,385)
(-) Of which: software assets accounted for as intangible assets before deduction of deferred tax liabilities	-	-
Deferred tax liabilities associated to other intangible assets	151,883	169,720
Of which: Deferred tax liabilities associated with software assets accounted for as intangible assets	-	-
Accounting revaluation of subsidiaries' other intangible assets derived from the consolidation of subsidiaries attributable to third persons	-	-
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-
(-) IRB shortfall of credit risk adjustments to expected losses	-	-
(-) Defined benefit pension fund assets	-	-
(-) Defined benefit pension fund assets	-	-
Deferred tax liabilities associated to defined benefit pension fund assets	-	-
Defined benefit pension fund assets which the institution has an unrestricted ability to use	-	-
(-) Reciprocal cross holdings in CET1 Capital	-	-
(-) Excess of deduction from AT1 items over AT1 Capital	-	-
(-) Qualifying holdings outside the financial sector which can alternatively be subject to a 1250% risk weight	-	-
(-) Securitisation positions which can alternatively be subject to a 1250% risk weight	-	-
(-) Free deliveries which can alternatively be subject to a 1250% risk weight	-	-
(-) Positions in a basket for which an institution cannot determine the risk weight under the IRB approach, and can alternatively be subject to a 1250% risk weight	-	-
(-) Equity exposures under an internal model's approach which can alternatively be subject to a 1250% risk weight	-	-

(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	-
(-) Deductible deferred tax assets that rely on future profitability and arise from temporary differences	-	-
(-) CET1 instruments of financial sector entities where the institution has a significant investment	(434,644)	(233,497)
(-) Amount exceeding the 17.65% threshold	-	-
(-) Amount exceeding the 17.65% threshold related to CET1 instruments of financial sector entities where the institution has a significant investment	-	-
(-) Amount exceeding the 17.65% threshold related to deferred tax assets arising from temporary differences	-	-
(-) Insufficient coverage for non-performing exposures	-	-
(-) Minimum value commitment shortfalls	-	-
(-) Other foreseeable tax charges	-	-
Other transitional adjustments to CET1 Capital	-	-
(-) Additional deductions of CET1 Capital due to Article 3 of Regulation (EU) No 575/2013	(10,035)	(15,136)
CET1 capital elements or deductions - other	-	-
ADDITIONAL TIER 1 CAPITAL	-	-
Capital instruments eligible as AT1 Capital	-	-
Fully paid up, directly issued capital instruments	-	-
Memorandum item: Capital instruments not eligible	-	-
Share premium	-	-
(-) Own AT1 instruments	-	-
(-) Direct holdings of AT1 instruments	-	-
(-) Indirect holdings of AT1 instruments	-	-
(-) Synthetic holdings of AT1 instruments	-	-
(-) Actual or contingent obligations to purchase own AT1 instruments	-	-
Transitional adjustments due to grandfathered AT1 Capital instruments	-	-
Instruments issued by subsidiaries that are given recognition in AT1 Capital	-	-
Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries	-	-
(-) Reciprocal cross holdings in AT1 Capital	-	-
(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	-
(-) AT1 instruments of financial sector entities where the institution has a significant investment		
(-) Excess of deduction from T2 items over T2 Capital	-	-
Other transitional adjustments to AT1 Capital	-	-
Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)		
(-) Additional deductions of AT1 Capital due to Article 3 of Regulation (EU) No 575/2013	-	-
AT1 capital elements or deductions - other	-	-
TIER 2 CAPITAL	-	-
Capital instruments eligible as T2 Capital	-	-
Fully paid up, directly issued capital instruments	-	-
Memorandum item: Capital instruments not eligible	-	-
Share premium	-	-
(-) Own T2 instruments	-	-
(-) Direct holdings of T2 instruments	-	-
(-) Indirect holdings of T2 instruments	-	-
(-) Synthetic holdings of T2 instruments	-	-
(-) Actual or contingent obligations to purchase own T2 instruments	-	-

Transitional adjustments due to grandfathered T2 Capital instruments	-	-
Instruments issued by subsidiaries that are given recognition in T2 Capital	-	-
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	-	-
IRB Excess of provisions over expected losses eligible	-	-
SA General credit risk adjustments	-	-
(-) Reciprocal cross holdings in T2 Capital	-	-
(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	-
(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-
(-) Excess of deductions from eligible liabilities over eligible liabilities	-	-
Other transitional adjustments to T2 Capital	-	-
Excess of deduction from T2 items over T2 Capital (deducted in AT1)	-	-
(-) Additional deductions of T2 Capital due to Article 3 of Regulation (EU) No 575/2013	-	-
T2 capital elements or deductions - other	-	-

Overview of RWAs

In accordance with CRR Art. 438 (d), the table below presents the Risk Weighted Exposure amounts (RWEAs) and the regulatory capital requirements. The capital requirements amounts are obtained by applying 8% to the corresponding weighted risks.

TEMPLATE EU CC2 - RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

	In Euros	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		31/12/2023	31/12/2022	31/12/2023
1	**Credit risk (excluding CCR)**	**26,964,763**	**22,973,891**	**2,157,181**
2	Credit risk (excluding CCR) - Of which the standardised approach	26,964,763	22,973,891	2,157,181
3	Credit risk (excluding CCR) - Of which the foundation IRB (FIRB) approach	-	-	-
4	Credit risk (excluding CCR) - Of which: slotting approach	-	-	-
EU 4a	Credit risk (excluding CCR) - Of which: equities under the simple risk weighted approach	-	-	-
5	Credit risk (excluding CCR) - Of which the advanced IRB (AIRB) approach	-	-	-
6	**Counterparty credit risk – CCR**	**-**	**-**	**-**
7	CCR - Of which the standardised approach	-	-	-
8	CCR - Of which internal model method (IMM)	-	-	-
EU 8a	CCR – Of which exposures to a CCP	-	-	-
EU 8b	CCR – Of which credit valuation adjustment – CVA	-	-	-
9	CCR - Of which other CCR	-	-	-
10	**Not applicable**	**-**	**-**	**-**
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)**	**-**	**-**	**-**
17	Securitisation - Of which SEC-IRBA approach	-	-	-
18	Securitisation - Of which SEC-ERBA (including IAA)	-	-	-
19	Securitisation - Of which SEC-SA approach	-	-	-
EU 19a	Securitisation - Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**-**	**-**	**-**
21	Market risk - Of which the standardised approach	-	-	-
22	Market risk - Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	**Not applicable**	-	-	-
24	**Operational risk**	**6,086,567**	**6,284,722**	**486,925**

EU 24a	Operational risk - Of which basic indicator approach	6,086,567	6,284,722	486,925
EU 24b	Operational risk - Of which standardised approach	-	-	-
EU 24c	Operational risk - Of which advanced measurement approach	-	-	-
25	**Not applicable**	-	-	-
26	**Not applicable**	-	-	-
27	**Not applicable**	-	-	-
28	**Not applicable**	-	-	-
29	**Total**	**33,051,331**	**29,258,613**	**2,644,106**

The Bank's total RWA increased 13% in 2023 as compared to 2022, driven mainly by the increase in the loan portfolio.

6. Credit Risk Exposures (CRR Art. 442)

Total Amount of Risk Positions

The determination of the total amount of risk positions is carried out according to supervisory guidelines. Both on-balance sheet and off-balance sheet transactions are reported at their amortized cost (after deduction of risk provisions and before credit risk mitigation) in accordance with CRR Art. 111, and derivative instruments are presented with their credit equivalent amounts.

The total amount of risk positions as of the reporting date, amounting to EUR 250.5 million, is composed of all risk position classes according to CRR Art. 112, excluding equity and securitization risk positions. This includes all on-balance sheet transactions with counterparty credit risk and off-balance sheet non-derivative positions such as irrevocable credit commitments.

The following overview provides the total amount of risk positions broken down by the risk position classes. The breakdown of the total amount of risk positions refers to the disclosure reporting date.

In Euros	2023
Central governments or central banks	220,098,670
Regional governments or local authorities	-
Public sector entities	-
Multilateral Development Banks	-
International Organisations	-
Institutions	4,922,942
Corporates	-
Retail	5,611,892
Secured by mortgages on immovable property	-
Exposures in default	-
Items associated with particularly high risk	5,458,941
Covered bonds	9,510,091
Claims on institutions and corporate with a short-term credit assessment	-
Collective investments undertakings (CIU)	2,518,450
Equity exposures	2
Other exposures	2,388,608
Total	**250,509,597**

Geographical Distribution of Risk Positions

The allocation of risk positions to geographical areas (CRR Art. 442 (d)) is based on the country to which the economic risks of the loans granted to the borrower are attributed. The geographical distribution of the portfolio reflects the concentration on Germany and the EEA associated with the regional focus of BTG Europe.

In Euros	Luxembourg	Austria	Germany	France	Other EEA	Non-EEA	Total 2023
Central governments or central banks	220,098,670	-	-	-	-	-	**220,098,670**
Regional governments or local authorities	-	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	-	**-**
Multilateral Development Banks	-	-	-	-	-	-	**-**
International Organisations	-	-	-	-	-	-	**-**
Institutions	4,273,873	-	91,758	-	557,231	81	**4,922,942**
Corporates	54	1,404,002	-	3,624,654	2,452,207	2,029,174	**9,510,092**
Retail	10,043	2,665,583	2,357,759	-	545,268	33,239	**5,611,892**
Secured by mortgages on immovable property	-	-	-	-	-	-	**-**
Exposures in default	-	-	-	-	-	-	**-**
Items associated with particularly high risk	-	2,193,460	2,248,919	899,047	117,516	-	**5,458,941**
Covered bonds	-	-	-	-	-	-	**-**
Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	**-**
Collective investments undertakings (CIU)	2,518,450	-	-	-	-	-	**2,518,450**
Equity exposures	-	-	2	-	-	-	**2**
Other exposures	2,388,608	-	-	-	-	-	**2,388,608**
Total	**229,289,698**	**6,263,045**	**4,698,438**	**4,523,701**	**3,672,223**	**2,062,493**	**250,509,598**

Breakdown of Risk Positions by Remaining Maturity

Regarding the remaining maturities (disclosure according to CRR Art. 442 (f)), these refer to contractual remaining maturities.

In Euros	Up to 1 year	1 year to 5 years	more than 5 years	Total 2023
Central governments or central banks	220,098,670	-	-	220,098,670
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral Development Banks	-	-	-	-
International Organisations	-	-	-	-
Institutions	4,922,942	-	-	4,922,942
Corporates	8,320,092	1,190,000	-	9,510,092
Retail	5,574,303	37,589	-	5,611,892
Secured by mortgages on immovable property	-	-	-	-
Exposures in default	-	-	-	-
Items associated with particularly high risk	5,458,941	-	-	5,458,941
Covered bonds	-	-	-	-
Claims on institutions and corporate with a short-term credit assessment	-	-	-	-
Collective investments undertakings (CIU)	2,518,450	-	-	2,518,450
Equity exposures	-	-	2	2
Other exposures	2,388,608	-	-	2,388,608
Total	**249,282,006**	**1,227,589**	**2**	**250,509,598**

Definition of Past Due and Defaulted Claims

A claim is considered "past due" when a debtor's obligations are in arrears for more than 30 consecutive days. At BTG Europe, this default is determined for all borrower-related risk position classes according to CRR Art. 178.

"Defaulted loans" are claims where the Bank believes that the debtor is likely to not fully meet their credit obligations, without the Bank resorting to measures such as collateral realization, or the debtor being more than 90 days overdue on their substantial credit obligation.

Approaches and Methods for Determining Risk Provisions

BTG Europe has suitable control mechanisms (SICR identification process) to detect, manage, and assess credit default risks in credit engagements at an early stage, and to shield them in the financial statements through risk provisions (individual value adjustments, provisions).

Regarding the balance sheet valuation, refer to the explanations in the appendix of the 2023 annual report.

Credit engagements are regularly reviewed to assess the need for risk provisions, i.e., the need for specific credit risk adjustments (early warning indicators). An extraordinary review occurs with ad-hoc information indicating a deterioration in the economic conditions of the borrower. The amount of specific credit risk adjustments to be made in individual cases is based on the probability that the borrower may no longer be able to meet their contractual obligations. This is based on the assessment of the economic conditions and the payment behaviour of the customer. In addition, an evaluation of collateral is performed with their probable realization values to assess the expected proceeds after the occurrence of defaults.

To establish risk provisions, BTG Europe applies the 3-stage model according to IFRS 9.

Non-performing and Past Due Risk Positions by Industry and Geographical Areas

There were no net additions to credit risk provisions in the reporting year. The final balance remains nil.

Development of Risk Provisions

There were no net additions to credit risk provisions in the reporting year. The final balance remains nil.

7. Utilization of External Credit Assessment Institutions (ECAI) and External Credit Assessments (ECA) (CRR Art. 444)

For calculating the regulatory capital requirements for credit risk related to proprietary investments in securities, BTG Europe employs the risk weights prescribed in the CRR for the IRB approach. In this context, credit assessments from external credit rating agencies may be used to determine the risk weights.

The transfer of the credit assessment of an issuance to the exposure is carried out in accordance with CRR Art. 139 through a manual review process. In principle, each exposure is assigned a rating from the issuance, or if not available, an issuer rating. If no rating can be assigned, the exposure is treated as an unrated risk position.

The risk weight applicable to each exposure is determined based on the credit ratings provided in the CRR. The mapping of external credit assessments to credit ratings is done in accordance with the standard mapping published by the EBA.

Risk Position Values by Risk Weights After Considering Credit Risk Mitigation

The risk position value serves as the basis for determining the capital requirements for credit risk. The table below presents the risk position values broken down by risk weights before and after credit risk mitigation.

In Euros	0%	20%	75%	100%	150%	Other risk weights	Total 2023
Central governments or central banks	220,098,670	-	-	-	-	-	220,098,670
Regional governments or local authorities	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-
Institutions	-	4,922,942	-	-	-	-	4,922,942
Corporates	-	-	-	-	-	-	-
Retail	-	-	5,611,892	-	-	-	5,611,892
Secured by mortgages on immovable property	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	5,458,941	-	5,458,941
Covered bonds	-	-	-	9,510,091	-	-	9,510,091
Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-
Collective investments undertakings (CIU)	-	-	-	2,518,450	-	-	2,518,450
Equity exposures	-	-	-	2	-	-	2
Other exposures	-	-	-	2,388,608	-	-	2,388,608
Total	220,098,670	4,922,942	5,611,892	14,417,152	5,458,941	-	250,509,597

Risk Positions in Equities Not Included in the Trading Book CRR Art. 447:

As of 31 December 2023, BTG Europe holds no risk positions in equities.

8. Credit Risk Mitigation Techniques (CRR Art. 453)

To adequately reduce counterparty default risks, certain credit risk mitigation techniques can be employed. These include the acceptance of collateral as well as on-balance sheet and off-balance sheet netting agreements.

In the acceptance and valuation of collateral, both quantitative and qualitative aspects are considered, including legal requirements. The corresponding procedures are embedded in BTG Europe’s credit manual. The collateral guidelines establish the framework for the type and extent of accepted collateral and provide criteria for assessing the adequacy of the collateral.

The examination, assessment, and regular valuation of collateral are within the responsibility of the credit risk control department (market follow-up), under Back-office (2nd LOD). The valuations of collateral are regularly reviewed and updated depending on their nature.

The implemented risk management processes mandate the regular comprehensive credit risk assessment of secured positions involving accepted collateral.

BTG Europe primarily engages in Lombard lending and increasingly in real estate financing. Collateral used to secure these loans includes pledges of deposits or securities to minimize risks associated with the lending business, as well as mortgages.

During 2023, BTG Europe has not utilized on-balance sheet and off-balance sheet netting agreements, and has not utilized credit derivatives within the scope of regulatory-recognized collateralization. There are no market or credit risk concentrations within credit risk mitigation at BTG Europe.

9. Market Risk (CRR Art. 445)

To determine the capital requirements for market risk, BTG Europe utilizes regulatory standard methods. BTG Europe does not apply proprietary internal models as per CRR Art. 363.

10. Interest Rate Risk from Non-Trading Book Positions (CRR Art. 448)

Qualitative Information (CRR Art. 448; EBA/GL/2018/02 Tz. 93)

According to CSSF Circular 20/762 or EBA/GL/2018/02, the Bank must calculate interest rate risks at various levels.

- Present Value Analysis Assuming a Parallel Shift of the Yield Curve by 200 basis points Overnight with an Established Interest Rate Floor According to Art 4.5, 115 (k) of EBA/GL/2018/02: Impact on the Bank's Assets – Asset Sensitivity
- Present Value Analysis Assuming a Flattening of the Yield Curve with an Established Interest Rate Floor According to Art 4.5, 115 (k) of EBA/GL/2018/02: Impact on the Bank's Assets – Asset Sensitivity
- Present Value Analysis Assuming a Steepening of the Yield Curve with an Established Interest Rate Floor According to Art 4.5, 115 (k) of EBA/GL/2018/02: Impact on the Bank's Assets – Asset Sensitivity
- Present Value Analysis Assuming a Short-Term Downward Shock of the Yield Curve with an Established Interest Rate Floor According to Art 4.5, 115 (k) of EBA/GL/2018/02: Impact on the Bank's Assets – Asset Sensitivity
- Present Value Analysis Assuming a Parallel Interest Rate Increase with an Established Interest Rate Floor According to Art 4.5, 115 (k) of EBA/GL/2018/02: Impact on the Bank's Assets – Asset Sensitivity
- Income-Oriented Analysis Assuming a Parallel Shift of the Yield Curve by 200 basis points Overnight: Impact on the Bank's Income Situation on an Annual Basis – Income Sensitivity

On both reporting dates, the risk is below the regulatory threshold of 20% of own funds or 15% of core capital.

In Euros	Changes in the economic value of equity		Changes in the net interest income	
	2023	2022	2023	2022
Parallel Shock Up	(184,245)	(206,708)	23,552,884	335,194
Parallel Shock Down	233,661	82,675	(11,871,237)	(346,126)
Stepner	27,334	(41,763)		
Flattener	(49,881)	(4,594)		
Shock Rates Shock Up	(107,629)	(71,752)		
Shock Rates Shock Down	117,261	32,083		

11. Counterparty Default Risk (CRR Art. 439)

Qualitative Information (CRR Art. 439 (a) to (d))

BTG Europe does not engage in derivative financial transactions to manage and limit market and currency risks. There is no trading for profit from price differences in these instruments.

The calculation of capital requirements for derivative positions is conducted based on regulatory standard procedures.

The recognition amounts for derivative positions are considered together with other credit risk-exposed positions in determining exposures, limiting risk levels, and calculating risk provisions.

At the time of transaction, there is a limit for the recognition of counterparty default risks for each counterparty. The limit depends on the creditworthiness. Derivative financial instrument transactions are conducted exclusively on exchanges. Generally, transactions are only entered into with counterparties exhibiting good creditworthiness. Limit monitoring is performed using a trading limit system. Over the counter (OTC) transactions are conducted only to a very limited extent and exclusively for hedging currency risks through foreign exchange forward contracts.

The general accounting principles apply to the accounting and valuation of derivative financial instruments. In managing derivative counterparty default risk positions, the risk contributions of market and counterparty risks are treated additively.

Quantitative information (CRR Art. 439 (e) to (h))

As of the balance sheet date, there is no risk from derivative positions.

CRR Art. 439 (i) does not apply.

12. Liquidity Coverage Ratio (LCR) (CRR Art. 411)

As the main short-term liquidity reference indicator, LCR guidelines require the Bank to hold sufficient High-Quality Liquid Assets (HQLA) to cover its total net cash outflows over 30 days. The methodology for calculating this ratio complies with the CRR (Delegated Act based on CRR Art. 462)

The information below is disclosed in accordance with CRR Art. 435 (1)(f) in conjunction with EBA Guidelines EBA/GL/2017/01 on the LCR. The figures have been calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter.

LCR	31/03/2023	30/06/2023	30/09/2023	31/12/2023
Liquidity buffer (average 12 months)	21,726,962	18,989,020	18,418,334	32,437,773
Total Net Cash Outflows (average 12 months)	9,308,997	8,766,745	8,920,692	10,462,102
LCR %	233.4%	216.6%	206.5%	310.1%

13. Net Stable Funding Ratio (NSFR) (CRR Art. 413)

The NSFR reflects the long-term liquidity position of an institution. Guidelines requires the available amount of stable funding to exceed the required amount of stable funding over a one-year period of extended stress.

The information below is disclosed in accordance with CRR Art. 435 (1)(f) in conjunction with EBA Guidelines EBA/GL/2017/01 on the NSFR.

NSFR

In Euros	31/03/2023	30/06/2023	30/09/2023	31/12/2023
ASF	**13,072,778**	**13,286,407**	**13,558,283**	**13,729,499**
RSF	**30,911,156**	**30,101,683**	**39,689,410**	**49,163,457**
NSFR %	**236.5%**	**226.6%**	**292.7%**	**358.1%**

14. Operational Risk (CRR Art. 446)

According to the Basel Committee, the systematic recording and monitoring of operational incidents is a fundamental aspect of risk management: "Historical data on banking losses may provide significant information for assessing the Bank's operational risk exposure and establishing a policy to limit/ manage risk".

Regardless of the approach used to calculate the capital, data collection is required. The Bank constantly monitors its operational losses. Recording incidents provides information used to improve the internal control system and determine the Bank's operational risk profile.

The determination of regulatory capital requirements for operational risks is based on the Basic Indicator Approach according to CRR Art. 315 and 316.

The capital requirement (Pillar I) for operational risk amounted at the end of 31 December 2023 to EUR 6,086,567.

15. Encumbered and Unencumbered Assets (CRR Art. 443)

Encumbered assets are, in principle, on- and off-balance sheet assets used as collateral in secured refinancing transactions and other secured liabilities that cannot be freely utilized. Encumbered assets are associated with the minimum reserve.

The table below represents the assets as of 31 December 2023.

In Euros	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
	2023	2023	2023	2023
Total Assets	**326,019**		**249,607,137**	
thereof equity instruments	-	-	2,953,094	-
thereof debt instruments	-	-	2	2
thereof other assets	326,019		246,654,041	

During the disclosure period, BTG Europe did not have any collateral received that it could freely dispose of.

16. Leverage (CRR Art. 451)

The leverage ratio (LR) is introduced by the Basel Committee to serve as a simple, transparent and non risk-based ratio to complete the existing risk-based capital requirements.

While the capital measure for the leverage ratio is the Tier 1 capital taking into account transitional arrangements, the total exposure measure corresponds to the sum of the following exposures: (i) on-balance sheet exposures; (ii) derivative exposures; (iii) Securities Financing Transaction (SFT) exposures; and (iv) off-balance sheet (OBS) items.

The Management Board is regularly informed about the level of the leverage ratio.

As of 31 December 2023, the Bank's leverage ratio amounted to 24.81% as detailed below. The regulatory limit is 3%.

The following tables explain the composition of the leverage ratio.

Leverage ratio exposure by exposure class In Euros	Leverage ratio exposure	Risk weighted assets
Covered bonds	**-**	**-**
Exposures treated as sovereigns	**220,068,963**	**-**
Central governments and central banks	220,068,963	-
Regional governments and local authorities treated as sovereigns	-	-
MDBs and International organisations treated as sovereigns	-	-
PSEs treated as sovereigns	-	-
Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	**-**	**-**
Regional governments and local authorities not treated as sovereigns	-	-
MDBs not treated as sovereigns	-	-
PSEs not treated as sovereigns	-	-
Institutions	**4,922,277**	**984,455**
Secured by mortgages on immovable properties	**-**	**-**
Secured by mortgages of residential properties	-	-
Retail exposures	**5,571,357**	**4,178,518**
of which: Retail SME	-	-
Corporate	**7,911,117**	**7,911,117**
Financial	3,903,051	3,903,051
Non-financial	4,008,066	4,008,066
SME exposures	-	-
Exposures other than SME exposures	4,008,066	4,008,066
Exposures in default	**-**	**-**
Other exposures; of which:	**11,307,620**	**13,084,495**
Securitisation exposures	-	-
Trade finance (memo item)	-	-
Under official export credit insurance scheme	-	-

Leverage ratio calculation In Euros	Leverage ratio exposure
SFTs: Add-on for counterparty credit risk	-
Derogation for SFTs: Add-on in accordance with CRR Art. 429e(5) and 222	-
Counterparty credit risk of SFT agent transactions	-
(-) Exempted CCP leg of client-cleared SFT exposures	-
Derivatives: replacement cost under the SA-CCR (without the effect of collateral on NICA)	-
(-) Effect of the recognition of collateral on NICA on QCCP client-cleared transactions (SA-CCR - replacement cost)	-
(-) Effect of the eligible cash variation margin received offset against derivatives market value (SA-CCR - replacement cost)	-
(-) Effect of the exempted CCP leg of client-cleared trade exposures (SA-CCR -replacement cost)	-
Derivatives: Potential future exposure contribution under SA-CCR (multiplier at 1)	-
(-) Effect lower multiplier for QCCP client-cleared transactions on the PFE contribution (SA-CCR - Potential future exposure)	-
(-)Effect of the exempted CCP leg of client-cleared trade exposures (SA-CCR approach-potential future exposure)	-
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
(-) Effect of exempted CCP leg of client-cleared trade exposures (simplified standardised approach - replacement costs)	-
Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach (multiplier at 1)	-
(-)Effect of exempted CCP leg of client-cleared trade exposures (simplified standardised approach - potential future exposure)	-
Derogation for derivatives: original exposure method	-

(-) Exempted CCP leg of client-cleared trade exposures (original exposure method)	-
Capped notional amount of written credit derivatives	-
(-) Eligible purchased credit derivatives offset against written credit derivatives	-
Off-balance sheet items with a 10% CCF in accordance with CRR Art. 429f	-
Off-balance sheet items with a 20% CCF in accordance with CRR Art. 429f	-
Off-balance sheet items with a 50% CCF in accordance with CRR Art. 429f	-
Off-balance sheet items with a 100% CCF in accordance with CRR Art. 429f	1,621,877
(-) General credit risk adjustments to off balance sheet items	-
Regular-way purchases and sales awaiting settlement: Accounting value under trade date accounting	-
Regular-way sales awaiting settlement: Reverse out of accounting offsetting under trade date accounting	-
(-) Regular-way sales awaiting settlement: offset in accordance with 429g(2)	-
Regular-way purchases awaiting settlement: Full recognition of commitments to pay under settlement date accounting	-
(-) Regular-way purchases or sales awaiting settlement: offset for assets under settlement date accounting in accordance with CRR 429g(3)	-
Other assets	249,781,334
(-) General credit risk adjustments to on balance sheet items	-
Cash pooling arrangements that cannot be netted prudentially: value in the accounting framework	-
Cash pooling arrangements that cannot be netted prudentially: effect of grossing-up the netting applied in the accounting framework	-
Cash pooling arrangements that can be netted prudentially: value in the accounting framework	-
Cash pooling arrangements that can be netted prudentially: effect of grossing-up the netting applied in the accounting framework	-
(-) Cash pooling arrangements that can be netted prudentially: Recognition of netting in accordance with CRR Art. 429b(2)	-
(-) Cash pooling arrangements that can be netted prudentially: Recognition of netting in accordance with CRR Art. 429b(3)	-
Gross up for derivatives collateral provided	-
(-) Receivables for cash variation margin provided in derivatives transactions	-
(-) Exempted CCP leg of client-cleared trade exposures (initial margin)	-
Adjustments for SFT sales accounting transactions	-
(-) Reduction of the exposure value of pre-financing or intermediate loans	-
(-) Fiduciary assets	-
(-) Intragroup exposures (solo basis) exempted in accordance with point (c) of CRR Art. 429a(1)	-
(-) IPS exposures exempted in accordance with point (c) of CRR Art. 429a(1)	-
(-) Excluded guaranteed parts of exposures arising from export credits	-
(-) Excluded excess collateral deposited at triparty agents	-
(-) Excluded securitised exposures representing significant risk transfer	-
(-) Exposures to the central bank exempted in accordance with point (n) of CRR Art. 429a(1)	-
(-) Excluded banking-type ancillary services of CSD/institutions in accordance with point (o) of CRR Art. 429a(1)	-
(-) Excluded banking-type ancillary services of designated institutions in accordance with point (p) of CRR Art. 429a(1)	-
(-) Exposures exempted in accordance with point (j) of CRR Art. 429a(1)	-
(-) Excluded exposures of public development credit institutions - Public sector investments	-
(-) Excluded exposures of public development credit institutions - Promotional loans granted by a public development credit institution	-
(-) Excluded exposures of public development credit institutions - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State	-
(-) Excluded exposures of public development credit institutions - 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	-
(-) Excluded passing-through promotional loan exposures by non-public development credit institutions (or units) - Promotional loans granted by a public development credit institution	-
(-) Excluded passing-through promotional loan exposures by non-public development credit institutions (or units) - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State	-

(-) Excluded passing-through promotional loan exposures by non-public development credit institutions (or units) - 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	-
(-) Asset amount deducted - Tier 1 capital - fully phased-in definition	(958,951)
Asset amount deducted (-) or added (+) - Tier 1 capital - transitional definition	(958,951)
Total Leverage Ratio exposure measure - using a fully phased-in definition of Tier 1 capital	250,444,260
Total Leverage Ratio exposure measure - using a transitional definition of Tier 1 capital	250,444,260
CAPITAL	
Tier 1 capital - fully phased-in definition	62,145,970
Tier 1 capital - transitional definition	62,145,970
LEVERAGE RATIO	
Leverage Ratio - using a fully phased-in definition of Tier 1 capital	24.81%
Leverage Ratio - using a transitional definition of Tier 1 capital	24.81%
REQUIREMENTS - RATIO	
Pillar 1 Leverage Ratio requirement	3.00%
Total SREP leverage ratio requirement (TSLRR)	3.00%
TSLRR: to be made up of CET1 capital	0.00%
Overall leverage ratio requirement (OLRR)	3.00%
Overall leverage ratio requirement (OLRR) and Pillar 2 Guidance (P2G) ratio	3.00%
OLRR and P2G: to be made up of CET1 capital	0.00%
OLRR and P2G: to be made up of Tier 1 capital	3.00%

17. Capital Buffer (CRR Art. 440 (a) and (b))

The composition of the institution-specific countercyclical capital buffer must be disclosed semi-annually. The upper limit for the coverage of the entire countercyclical capital buffer for all relevant countries with common equity tier 1 capital is 2.5%.

The table below depicts the countries with the highest risk positions according to the guidelines for the countercyclical buffer, as well as the countries that have implemented a countercyclical capital buffer in 2023.

Country	Countercyclical capital buffer ratio	Exposure	Risk-weighted expsorues	%
Luxembourg	0.50%	5,445,155	4,541,193	22.14%
Austria	0.00%	6,245,524	6,687,490	25.39%
Germany	0.75%	4,826,567	5,135,854	19.62%
France	1.00%	4,399,451	4,901,178	17.89%
Cayman	0.00%	2,029,448	2,029,174	8.25%
Cyprus	1.00%	116,393	676,314	0.47%
Malta	0.00%	968,785	1,213,814	3.94%
Spain	0.00%	531,000	399,911	2.16%
United Kingdom	0.00%	33,240	24,921	0.14%
Italy	0.00%	-	750	0.00%
United States	0.00%	-	-	0.00%
Brazil	0.00%	11	8	0.00%
Total		**24,595,574**	**25,610,606**	**100.00%**

18. Business Continuity Management

Overview

Business continuity is defined as an organization's ability to continue delivering goods or services at acceptable levels following interruption incidents. The procedures to maintain operational levels for critical business processes after an interruption are outlined in a Business Continuity Plan (BCP), which aims to resume activities and minimize potential impacts on our customers.

The organizational structure and governance for business continuity include policies and corporate rules that define roles and responsibilities, ensuring the plans and strategies are updated and effective through regular testing. This process also considers critical processes performed by service providers, deemed material third parties.

All stages of the management process are monitored, controlled, and evidenced, with the evidence being available to the regulatory bodies, and internal and external auditors.