

Pillar III
Disclosures Report
AFB Banking Group
2024



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Executive Summary

Our Corporate Structure

This report provides information on the Allfunds Group's market strategy, risk control, internal organization, and the financial situation regarding the minimum capital requirements under solvency regulation, including the AFB Banking Group, that is to say Allfunds Bank S.A.U. and each of its subsidiaries, together with Liberty Partners, S.L.U., which is the EU parent financial holding Company of the AFB Banking Group.

Our Business Model

We are one of the world's leading B2B WealthTech companies.

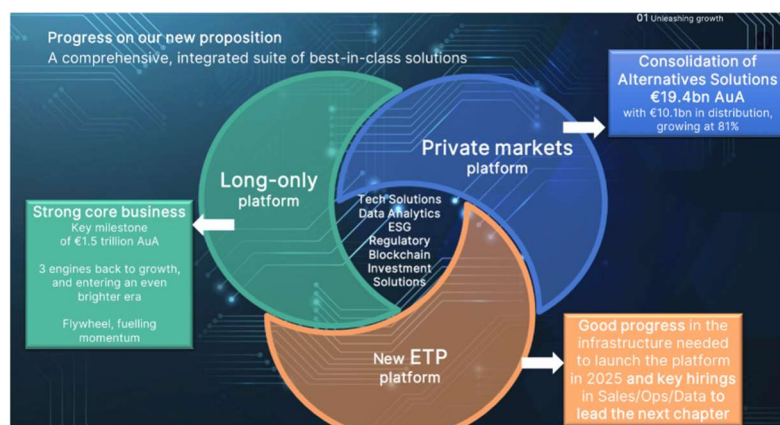
With around EUR 1.56 trillion Assets under Administration, we connect Fund Houses and Distributors to match supply and demand for asset management products, offering one of the largest variety of funds globally, across active and passive strategies. These include equity funds, fixed income funds, multi-asset funds, alternative funds and also ETFs (Exchange Traded Fund).

Our business model mainly focuses on providing investment services and banking services related to the access and distribution of investment funds to different financial service providers in an open architecture environment.

At Allfunds we establish connections between financial institutions along the complete fund distribution value chain. We provide digital solutions to Fund Houses and Distributors, solutions that are designed to streamline, enhance efficiency and foster collaboration.

Our goal is to evolve into the most comprehensive one-stop shop for all our partners, striving to provide them with a full range of functionalities that address their needs. These include dealing services to facilitate transactions, technology solutions to drive innovation and tools to enhance productivity. All in a single ecosystem to provide a smooth experience.

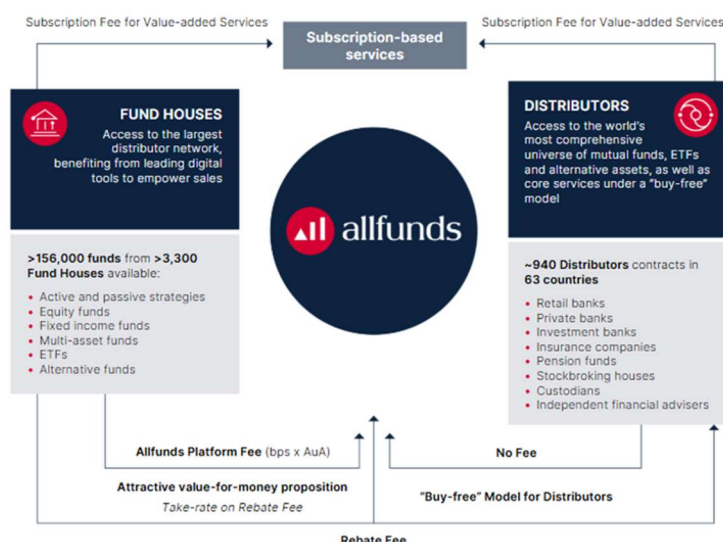
Our evolving ecosystem covers the entire fund distribution value chain and investment cycle, making it the only fully integrated one-stop shop in the industry.



We believe that by providing a comprehensive suite of services and tools, we can empower our clients to navigate the fund distribution landscape and succeed in this dynamic industry. It is our commitment to continuous improvement and innovation for our clients that ensures we stay at the forefront of the industry.

Allfunds believes that it has a simple and attractive business model.

- A.** Distributors benefit from a buy-free model of core services related to trading, dealing, custody, settlement and administration while paying for other value-added services.
- B.** Fund Houses benefit from an attractive value-for-money proposition in which they pay a fee to Allfunds for the intermediation and distribution of AuA plus other value-added services.



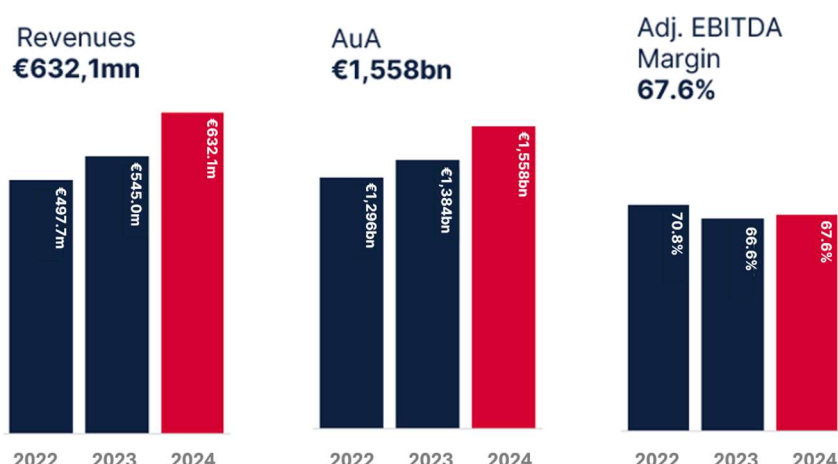
Fund Houses and Distributors gain access to industry leading functionality through Allfunds Connect. Through different application programming interfaces, Allfunds Connect is able to develop bespoke solutions that are fully integrated into Fund Houses' and Distributors' IT systems, providing them with an end-to-end solution to suit their needs.



Our Results

Our Risk Profile

The AFB Banking Group 2024 results stand as follows:



We follow a risk management framework based on the three lines of defence model.

This framework is designed to ensure effective and independent oversight of the Group's activities.

We are not exposed to high-risk assets.

The Group wishes to maintain a low risk profile through remaining in the distribution activity, avoiding direct exposure to financial assets that might generate risks that the Group is not willing to assume, in favour of a strong liquid profile.

We do not participate in active lending.

The Group's core activities differ, to some extent, from the core activities at commercial banks, as we do not grant loans to our clients, and have no need for external financing to support our business activity. In order to achieve the highest levels of efficiency and transparency in terms of cash management we offer our clients the possibility to open cash accounts for settlement purposes in relation to their operative in mutual funds.

Given Allfunds' business activity, we dedicate strong attention to the management of operational risk and technology risk.

Operational and ICT risks are of significant importance due to the Company's reliance on digital platforms for its main activities. Recognizing the importance of these risks, the Company integrates them into its Risk Appetite Framework (RAF), setting limits and regularly monitoring them to ensure compliance. Alerts are also established to prompt specific actions for risk mitigation. The Group has put in place a comprehensive management system that ensures the identification, evaluation, tracking, and reduction of risks, particularly those that directly affect essential assets or processes.

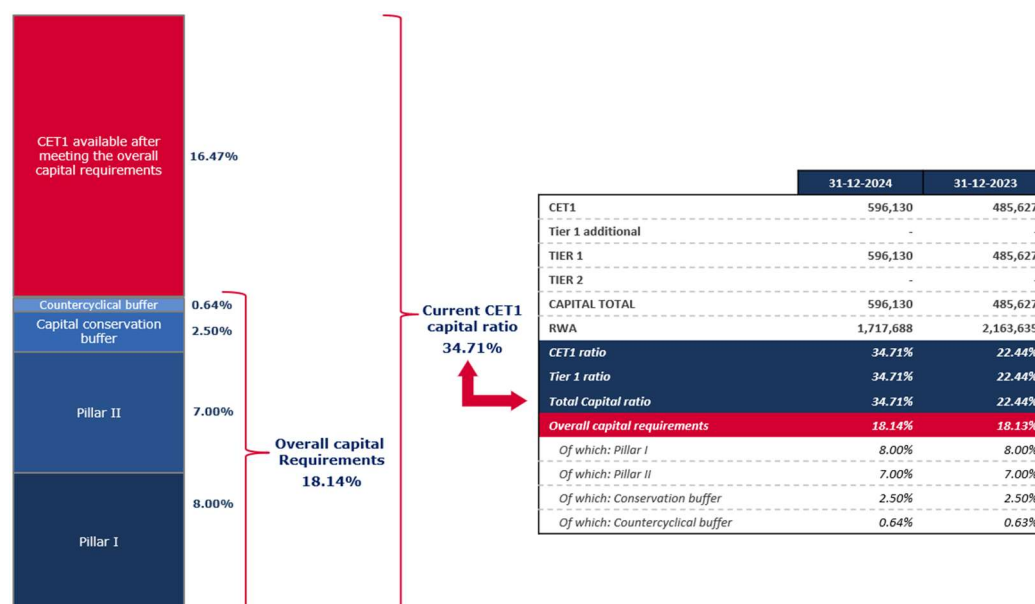


Our Solvency Position

We keep strong solvency levels, comfortably above applicable regulatory requirements.

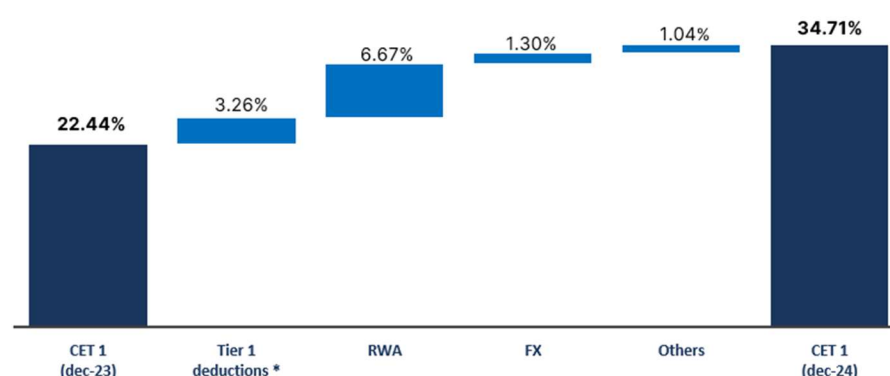
As of 31 December 2024, the Group had to comply with Overall Capital Requirements (OCR) of 18.14%. The AFB Banking Group's CET1 ratio stood at 34.71%, comfortably above this OCR and above the Group's risk appetite.

Capital distribution constraints and qualifying own funds



The CET1 ratio as of the end of 2024 shows a notable improvement compared to 2023 driven by a significant increase in own funds, thanks to the application of lower deductions from intangible assets generated in previous years, and a substantial reduction in RWA, due to lower credit risk exposures.

CET1 ratio evolution



* Deductions mainly derive from intangible assets generated in previous years and deferred tax assets.

Positive evolution of capital requirements for Pillar I risks.

In spite of the increase in RWA for Operational risk after the update of the Basic Indicator with the Gross Margin of 2024, a significant decrease is shown in Pillar I RWA, due to a strong reduction in RWA for Credit risk driven by a revised accounting treatment of revenue in accordance with IFRS 15. Intermediation commissions are now accounted for on a net basis,



as opposed to a gross basis, in the income statement. While this change is neutral from a P&L perspective, it positively impacts RWA related to Credit risk. Market risk remains at low levels. These changes move Operational risk on top of Credit risk as the most capital-consuming Pillar I risk, with Market risk as a minor concern.

Distribution of capital requirements

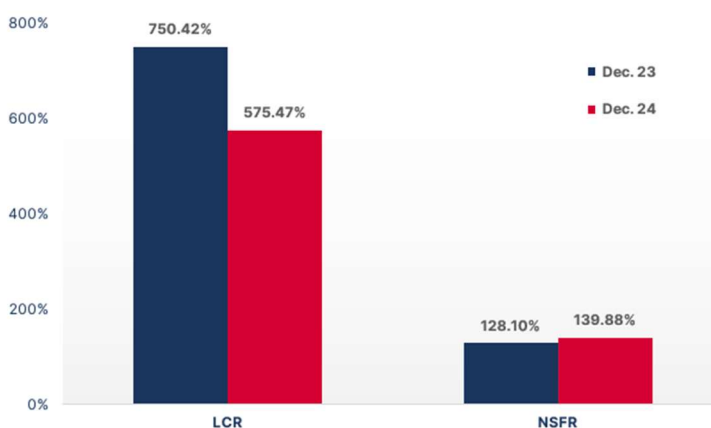


Our Liquidity Position

We have a comfortable liquidity position that is sustained over time.

The liquidity metrics of the Group as of 31 December 2024 remained comfortably above the minimum requirements (LCR 575.47% and NSFR 139.88%). These high levels in the ratios are explained by a strong liquidity buffer composed of high-quality liquid assets that consist of reserves in EU central banks, EU-public debt denominated in GBP, and investments in UCIs (Undertakings for the Collective Investment) composed of high-credit-quality money market financial assets.

Liquidity ratios evolution



Our main source of funding comes from our own funds.

The Bank does not apply active policies to attract deposits from the public. The funding received, primarily concentrated in financial institutions, is strictly linked to our clients' trading activity. This concentration of funding sources does not represent a significant risk as the financial sector is subject to strict regulation and supervision, ensuring creditworthiness and reducing both counterparty risk and the likelihood of liquidity issues.

Funding is only allocated to highly liquid investments, mainly current accounts in credit institutions; interbank deposits that can be cancelled at any time at the request of Allfunds, and other investments that allow total liquidity (immediate or up to 72 hours).



Our Key Indicators

The main key indicators of Allfunds Banking Group show a strong financial position.

Table 1. KM1 - Key Metrics (EUR thousand)

The following table complies with the disclosure requirement in relation to Capital and Key Metrics of Article 438, letter b) and 447, letters a) to g) CRR.

		a	b	c	d	e
		31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	596,130	533,859	512,033	493,436	485,627
2	Tier 1 capital	596,130	533,859	512,033	493,436	485,627
3	Total capital	596,130	533,859	512,033	493,436	485,627
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	1,717,688	2,370,006	2,346,842	2,273,993	2,163,635
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	34.71%	22.53%	21.82%	21.70%	22.44%
6	Tier 1 ratio (%)	34.71%	22.53%	21.82%	21.70%	22.44%
7	Total capital ratio (%)	34.71%	22.53%	21.82%	21.70%	22.44%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	7.00%	7.00%	7.00%	7.00%	7.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.94%	3.94%	3.94%	3.94%	3.94%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	5.25%	5.25%	5.25%	5.25%	5.25%
EU 7d	Total SREP own funds requirements (%)	15.00%	15.00%	15.00%	15.00%	15.00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	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 (%)	0.64%	0.75%	0.70%	0.63%	0.63%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer	-	-	-	-	-
11	Combined buffer requirement (%)	3.14%	3.25%	3.20%	3.13%	3.13%
EU 11a	Overall capital requirements (%)	18.14%	18.25%	18.20%	18.13%	18.13%
12	CET1 available after meeting the total SREP own funds requirements (%)	19.71%	7.53%	6.82%	6.70%	7.44%



Leverage ratio						
13	Total exposure measure	3,071,140	3,019,989	3,645,341	4,289,172	3,162,379
14	Leverage ratio (%)	19.41%	17.68%	14.05%	11.50%	15.36%
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%	3.00%	3.00%	3.00%
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%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	1,596,957	1,881,818	1,550,047	2,434,460	1,349,761
EU 16a	Cash outflows - Total weighted value	669,849	713,304	625,944	817,618	518,619
EU 16b	Cash inflows - Total weighted value	392,344	451,588	395,018	350,441	338,752
16	Total net cash outflows (adjusted value)	277,505	261,716	230,926	467,177	179,867
17	Liquidity coverage ratio (%)	575.47%	719.03%	671.23%	521.10%	750.42%
Net Stable Funding Ratio						
18	Total available stable funding	3,856,755	4,689,389	4,449,041	4,795,405	4,235,510
19	Total required stable funding	2,757,148	3,473,379	3,402,510	3,327,851	3,306,419
20	NSFR ratio (%)	139.88%	135.01%	130.76%	144.10%	128.10%

1. General Overview

1.1. About the AFB Banking Group

The information in this section complies with the disclosure requirement in relation to the scope of the requirements of Article 436, letter a) CRR. In addition, it complies with section c) of the LIB¹ requirement.

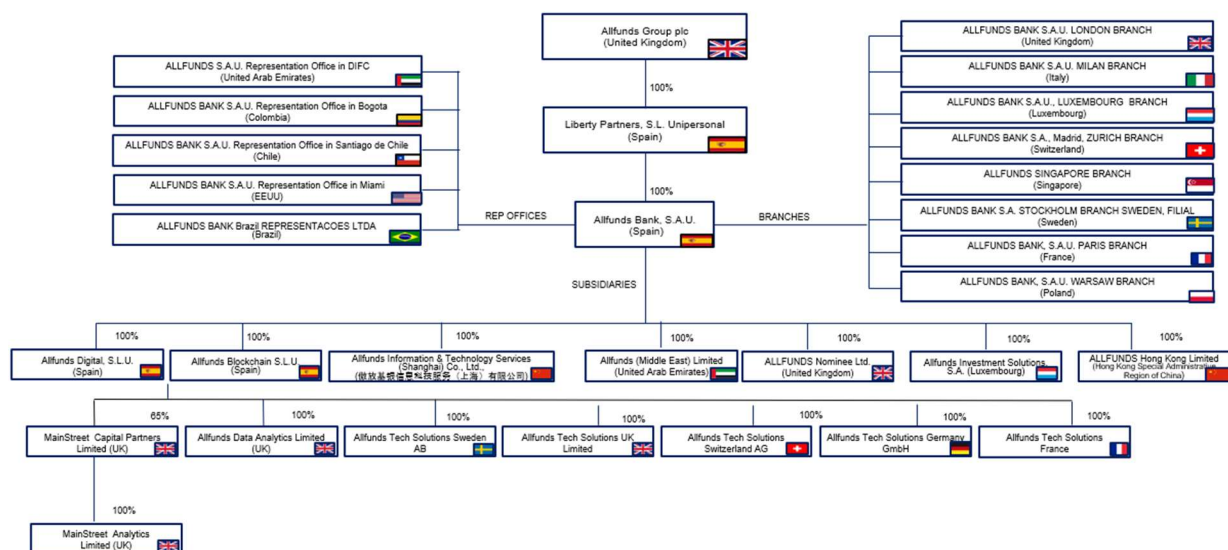
The scope of application of this document is the Allfunds Group, including the AFB Banking Group, that is to say Allfunds Bank S.A.U. and each of its subsidiaries, together with Liberty Partners, S.L.U., which is the EU parent financial holding Company of the AFB Banking Group.

Liberty Partners, S.L.U. (hereinafter '**Liberty Partners**') is a limited, wholly owned commercial Company incorporated for an indefinite period on 17 January 2017, in accordance with the Spanish Companies Act, with its registered office in Calle Padre Dominicos 7, Madrid, and NIF B87734760. Liberty Partners owns 100% of the share capital in Allfunds Bank S.A.U. and it is wholly owned by Allfunds Group plc, a UK-based Company listed on Euronext Amsterdam since 23 April 2021.

Allfunds Bank, S.A.U. (hereinafter the '**Bank**', the '**Entity**', the '**Company**', '**Allfunds**' or '**AFB**') was incorporated on 14 December 2000 and is subject to the rules and regulations governing banking institutions operating in Spain, holder of registration no. 0011 at the Bank of Spain, with its registered office in Calle Padre Dominicos 7, Madrid, and NIF A41001371. The Bank is the main entity under the AFB Banking Group in both operating and business terms, providing support to the rest of the units in most of the key global functions, including corporate management, technology, operations, finance, legal, commercial and compliance aspects.

The AFB Banking Group operates in Spain through the Bank and several subsidiaries, and outside Spain through other subsidiaries, branches and representation offices.

Figure 1. Structure of the Allfunds Group as of 31 December 2024



¹ EU LIB – Other qualitative information on the scope.

All the subsidiaries, branches and representation offices are duly registered with the corresponding local authorities. As of 31 December 2024, no consolidated subsidiary of the AFB Banking Group held qualifying own funds below the established limit required under the applicable legislation.

The scope of supervision ends at Liberty Partners because its sole shareholder, Allfunds Group plc, is a UK-based Company.

The shares of Allfunds Group plc were admitted to trading on Euronext Amsterdam on 23 April 2021. As of 31 December 2024, its significant shareholders according to information publicly available pursuant to applicable Transparency Regulations were:

Table 2. Allfunds Group plc shareholders

Shareholder	Country	%
LHC3 Limited²	Jersey	35.4%
BNP Paribas SA	France	6.0%
BNP Paribas Asset Management Holding	France	6.5%
Treasury shares	-	0.1%
Free float	-	52.0%
Total		100.0%

1.1.1. Discrepancies between the regulatory and the accounting information

The information in this section complies with the disclosure requirement in relation to the scope of the requirements and own funds of Articles 436, letter b) to d) and 437.1. letter a) CRR. In addition, it complies with section b) of the LIA³ requirement.

There are no significant differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories, mainly due to the following reasons:

- The only balance-sheet items not subject to direct capital requirements are Goodwill and Other intangible assets (deducted from own funds calculation).
- Due to the specific business of the Company, all exposures are subject to the Credit risk framework.

² LHC3 Limited is ultimately controlled by funds managed or advised by affiliates of Hellman & Friedman LLC (64%) and Eiffel Investment Pte Ltd (36%), owned by GIC (Ventures) Pte Ltd.

³ EU LIA - Explanations of differences between accounting and regulatory exposure amounts

Table 3. CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements
(EUR thousand)

Public Balance Sheet Headings	Public Balance Sheet / Regulatory Balance Sheet	Reference to template EU CC1
Cash, cash balances at central banks and other demand deposits	2,626,687	
Financial assets held for trading	927	
Non-trading financial assets mandatorily at fair value through profit or loss	11,235	
Financial assets at amortised cost	261,460	
Tangible assets	23,755	
Intangible assets	1,996,803	d)
Tax assets	48,707	
Other assets	125,626	
Total assets	5,095,200	
Financial liabilities held for trading	1,896	
Financial liabilities at amortised cost	2,380,449	
Provisions	5,915	
Tax liabilities	175,991	d)
Other liabilities	59,074	
Total liabilities	2,623,324	
Capital	35,785	a)
Share premium	2,732,527	a)
Retained earnings	-51,187	b)
Profit	-139,433	e)
Less: Interim dividends	-107,000	e)
Accumulated other comprehensive income	1,195	c)
Total equity	2,471,876	
Total liabilities and equity	5,095,200	

1.2. Approval and publication of the Pillar III Disclosure Report

The information in this section complies with the disclosure requirement in relation to disclosure of information of Articles 431, sections 1) and 3), 432, sections 1), 2) and 3), 433, 433 quarter, 435.1. letter e) CRR. In addition, it complies with section d) of the CCRA⁴ and section c) of the OVA⁵ requirements.

In accordance with applicable regulation, the Entity has a formal policy for the elaboration and verification of the Pillar III Disclosure Report. Additionally, this policy covers the quarterly reports disclosed by the Group in compliance with the disclosure requirements under Part Eight of Regulation (EU) No 575/2013.

The Board of Directors, in its supervisory role, states that:

- The Pillar III Disclosures Report is prepared in accordance with the Pillar III Disclosures Policy, approved by the Board.
- The information published is true and accurately reflects the Group's risk profile.
- The risk management systems implemented are adequate in relation to the Bank's profile and strategy.
- The Group's risk appetite is low.

The areas within the second line of defence have participated in the review and verification of the information presented, as well as in ensuring its compliance with the control and/or verification procedures established in the aforementioned policy.

In this sense, the Pillar III Disclosure Report has the same degree of verification that is applied to the information of the management report, as part of financial reporting.

The content of this report has been subjected to an ex-ante review by an independent expert, who, in their evaluation, did not identify any issues concerning compliance with the disclosure requirements established in Regulation (EU) No 575/2013 (CRR).

The Board of Directors has agreed to delegate the approval of the Pillar III Disclosures Report to the CEO, after its verification by the Risk and Audit Committee, in accordance with the provisions of article 435.1 (e) and (f) of the CRR². Additionally, the report has been reviewed by the Risk and Audit Board Committee at their meeting on 21 March 2025, as well as by the Board of Directors' meeting on 28 March.

The Pillar III Disclosures report is available in the Investors section of the Company's public website, under Allfunds Bank Financial Information⁶.

No omission has been made in the disclosure of non-material, proprietary or confidential information.

⁴ EU CCRA - Qualitative disclosure related to CCR

⁵ EU OVA - Institution risk management approach

⁶ <https://allfunds.com/en/investors/financial/bank-reports/>

1.3. AFB Banking Group's business model

1.3.1. The nature of AFB Banking Group's business model

This section includes a series of highlights to help better understand the nature of Allfunds and its business.

Figure 2. Allfunds' Business Model





A leading large-scale WealthTech, with global reach and local presence

As a leading entity in the distribution fund industry, Allfunds has EUR 1.56 trillion of AuA in its platform. With presence in four continents, Allfunds has a leading market share positions in Europe, the Middle East, Latin America and some Asian countries. Strong AuA growth has been experienced in recent years across all geographies. We offer a global reach to our clients (access to Distributors in 63 countries) through the Allfunds platform, paired with a local presence. Allfunds believes in the importance of being close to its clients to understand their needs. The Allfunds platform, supported through 17 local offices (in Madrid, Valencia, Paris, Milan, London, Zurich, Luxembourg, Warsaw, Stockholm, Dubai, Hong Kong, Shanghai, Singapore, Miami, Bogotá, São Paulo and Santiago de Chile) creates powerful network effects that benefit both Fund Houses and Distributors.

The need for lower cost of access to third-party funds and increasing regulatory pressure for transparency and end investor demand will lead to increased penetration of open architecture platforms. As Distributors expand their offering to new client pools, open architecture will make it easier to attract new clients, permitting easy relationship management with end investors and an expansion of other capabilities.

Increasing levels of administrative, compliance and data requirements together with cost pressure on asset managers and Distributors will lead to increased outsourcing. The economics of outsourced platforms and the increasing strength of external fund value propositions compared with in-house offers also make the trend towards outsourcing compelling. Outsourced AuA levels are still low in Allfunds' key markets.

A one-stop shop with a unique value proposition

Allfunds has integrated large parts of the wealth management value chain into a simple and easy to use one-stop shop platform across distribution, dealing, custody and administration services, and have expanded our offer into other value-add areas like data & analytics.

A key driver of Allfunds' competitive differentiation and growth is the compelling value proposition it delivers to both sides of its marketplace. This includes Asset Managers, Banks, Insurance Companies, Pension Companies, and other entities involved in fund distribution. Fund Houses and Distributors gain access to industry leading functionality through Allfunds Connect, a subscription-based SaaS-enabled offering of data-centric services. Through different application programming interfaces, Allfunds Connect is able to develop bespoke solutions that are fully integrated into Fund Houses' and Distributors' IT systems, providing them with an end-to-end solution to suit their needs.

In that pursuit of innovation Allfunds has evolved its ecosystem and while seamlessly connecting financial institutions, offering cutting-edge digital solutions that span the entire fund distribution value chain, we have also launched in 2023 our Alternative Solutions platform, giving access to our clients to private markets.



Last June, Allfunds has also announced its commitment to launch an ETP platform in 2025, which will complement its existing offerings in traditional and alternative funds. This expansion will establish a comprehensive three-pillar platform, providing a full spectrum of exchange-traded products under one integrated solution.

Allfunds is making significant progress in developing the necessary infrastructure to launch its innovative new platform in 2025.

Our mission is to be the ultimate one-stop shop, providing an unparalleled suite of functionalities, dealing services, technology solutions, and digital tools. All of this is available within a single ecosystem that encompasses Mutual Funds, Alternatives, and ETFs.

As a fully invested, scalable platform, Allfunds onboards new clients at very low marginal costs and therefore at highly competitive rates. Its proprietary technology is designed to ensure seamless integration of solutions into the Allfunds platform to provide the best possible client experience. To minimize costs, Allfunds will continue to leverage its technology and operations infrastructure as the business grows and to invest in its platform to maintain operational efficiency and high-quality service.

Allfunds offers a simple and attractive pricing model

Allfunds believes that it has a unique and attractive revenue business model. Distributors benefit from a buy-free model in core services such as trading, dealing, settlement and administration while paying a subscription fee for value-added services. The comprehensive suite of services attracts new Distributors to join Allfunds' platform. This provides incremental flows to Fund Houses, which incentivizes more Fund Houses to join, to capture the increased sales from a growing base of Distributors. We refer to this as the 'flywheel' effect.

Furthermore, Allfunds believes that its innovative Allfunds Connect offering accelerates the 'flywheel' effect by creating additional incentives for Distributors and Fund Houses to continue using and increasing their use of our services and solutions.

Allfunds' financial profile is underpinned by best-in-class growth, high margin and cash flow conversion and proven M&A track record

Allfunds' financial profile is the result of a compelling combination of the translation of strong growth in AuA into high top-line growth, profitability and high cash conversion at scale.

This business model has proven resilience to economic cycles and Allfunds continues to improve operating efficiencies, leveraging its technology and operations infrastructure as the business grows.

Allfunds has materially increased its scale, capabilities, and geographical footprint through a number of value-accretive acquisitions in recent years, pursuing a strategy focused on both opportunistic bolt-on acquisitions and transformative M&A.

Allfunds trusts in increasing penetration and consolidating its presence in Europe. It is very likely that strong growth will continue in markets such as Asia, where open

architecture is ever-growing, and that the US offshore market will represent a very interesting opportunity with growth potential.

Allfunds expects further consolidation in the wealth management market and will continue to focus on selected value-accretive M&A opportunities, which are expected to drive additional growth and margin resilience.

1.3.2. Elements of Allfunds' income

Allfunds is one of the world's leading B2B Wealth Tech platforms connecting Fund Houses and Distributors. It operates a world-class open-architecture platform which provides a marketplace matching fragmented demand for asset management products from Distributors with fragmented supply of those products from Fund Houses. Allfunds has built an ecosystem that covers the entire fund distribution value chain and investment cycle, including via Allfunds Connect, a full suite of SaaS-enabled digital, data and analytics tools.

Allfunds business lines are divided into two main categories:

- **Platform Revenues** include those directly related to the volume of administrated assets (Assets under Administration or AuA). Platform Revenues can be divided into Asset-Based Revenues, Transaction-Based Revenues and Treasury Revenues:
 - **Asset-Based Revenues:** where platform revenues are driven by commissions, generated based on a daily fee calculated based on the amount of each Fund House's outstanding AuA in UCIs on the Allfunds Platform, according to two models, described below:
 - **Non-Rebate Model:** under the Non-Rebate Model, a Platform Service Fee is charged to the Fund House as a fee margin on the volume of the Fund House's AuA on the Allfunds Platform in exchange for bundled services provided by Allfunds to the Fund House, comprising of, but not limited to, intermediation and execution services, distribution channel access and the provision of digital services.
 - **Rebate Model:** under the Rebate Model (applicable primarily for retail share classes), Allfunds similarly receives a Platform Service Fee for the services it provides, in line with the Non-Rebate Model. In addition, Allfunds, in certain circumstances, retains a percentage of the gross rebate paid to the Distributor, based on agreements in place with each Fund House and individual Distributor. The gross rebate is calculated based on the Fund House's annual management charge for each UCI.

The Platform Service Fee revenue that the Group receives varies based on, among others, the relevant Fund House, the type of UCIs, the volume of associated AuA and geographic market dynamics. In the Non-Rebate Model, distribution and intermediation-related service fees are negotiated exclusively between the Group and the Fund House. In both the Rebate Model and the Non-Rebate Model, the Group charges fees on a quarterly



basis for all the services it provides. The Group calculates and accrues these fees daily based on daily AuA.

- **Transaction-Based Revenues** consist of transaction charges related to number of transactions. While correlated with AuA, these fees are charged on a transactional basis and are driven by both the volume and the value of the transactions. Transaction-based net platform revenue includes, but is not limited to, fees earned from the Group's local paying agent services, its foreign exchange services, and ETF services.

The Group earns revenue on its foreign exchange services based on the spread in the prices of the relevant currencies involved in the trade and the value of the assets subject to the currency exchange. In exchange for the local paying agent services it provides to Distributors, Allfunds receives various transaction-related fees paid as a margin on a per transaction basis, as well as fees calculated based on a fixed margin on the volume of AuA on the Allfunds Platform.

- **Treasury Revenues** mainly consist of accrued interest originated from investing the liquidity generated on the Platform in a variety of financial instruments in a "Held to collect" business model. The majority of Allfunds liquidity is invested overnight with central banks. The contractual characteristics of these financial instruments meet the SPPI test whereby the contractual terms of the financial assets give rise to cash-flows that are solely payments of principal and interest on the principal amounts outstanding. The Treasury department is the business area with the aim of generating recurring revenues managing liquidity originated by the intermediation and distribution activities of UCIS with Distributors and Fund Houses.
- **Subscription Revenues** comprise those solutions and services are not linked to AuA and generate subscription revenue. The Group's subscription services include Allfunds Connect (including both annual licence fees and annual membership fees) and digital add-on solutions through among others Allfunds Tech Solutions and Allfunds Data Analytics, as well as the Allfunds Group's fund research and investment services and legal and compliance services. Allfunds generates income from subscription and other services based on fixed membership fees and licences and charges for its digital solutions and tools and other investment and legal solutions. Subscription revenues also include Environmental, Social and Governance ("ESG") related services: providing investment strategies via model portfolios and empowered reporting.

The Company seeks to obtain a different source of revenue which allows diversification in order to reduce market exposure as well as expand its value-added fund platform offering to their clients.

1.4. A quick look over 2024

1.4.1. Key strategic points

In 2024, the fund distribution industry experienced significant growth and transformation. Economic growth and declining inflation rates, coupled with interest rate cuts by central banks, created a favourable environment for investment activities.

As a result, 2024 was an extraordinary year for Allfunds, not only in its record performance, but in terms of strategic progress. Building on the foundations laid in previous years, Allfunds solidified its position as the industry's leading fund distribution platform. We are in the process of innovating and becoming a "three-in-one" platform covering long-only, alternatives, and very soon Exchange-Traded-Products (ETPs).

Taking advantage of the improving macroeconomic cycle

Our compelling client proposition has propelled Allfunds to achieve a 27% share of the European cross-border UCITS segment, showcasing our ability to capture market share from legacy infrastructure providers.

Our client wins continue to solidify our position as a market leader in Europe and globally. This year, we successfully onboarded 74 new Distributors, a 40% increase from 2023. Of these year-to-date onboardings, 43% represent onboardings from competitors, 27% have shifted their operations from in-house to outsourced via Allfunds and 30% are newly benefitting from the open-architecture model.

Our growth has been primarily driven by our expansion into key markets, including Central and Northern Europe, Asia, and the Americas. This success is largely attributed to our focus on mid-sized clients, complemented by a few exceptional 'big whales' from the UK. These strategic efforts have significantly contributed to our robust performance and market presence and represent sustainable growth avenues.

The Company has also welcomed 98 new Fund Houses to the WealthTech platform, a 21% increase year-on-year, contributing to complete the range of fund offering in the platform. More than 20% of these new Fund Houses are Alternative asset managers, showing the growing importance of diversification in asset management portfolios.

The year saw some changes including the merger of Credit Suisse with UBS, which led to UBS cancelling the exclusivity fund distribution agreement with Allfunds for the former Credit Suisse business, which will be effective in January 2025.

Additionally, a plan for disconnecting from Credit Suisse-UBS was implemented, with a scheduled completion date of March 2025, confirming the discontinuation of the business.



The Company has maintained its long-standing, deeply embedded relationships, resulting in a very high retention rate of 99.8% for Distributors⁷.

Allfunds' pipeline of new clients remains strong with EUR 250 billion for the next 24 months.

Building a high-quality, growth accretive subscription business

Equally transformative has been the implementation of a new business strategy, with a greater focus on our all-in-one service. This initiative embodies a commitment to a holistic approach to sales, where every team member contributes to cross-selling and upselling the entire suite of tools. Together, the company is shaping a future where the platform is the ultimate destination and one-stop shop for fund distribution.

6 months into implementation, progress has been strong. The Company's subscription-based business delivered a solid performance in this period, reaching more than 200 new clients (37% increase year-on-year). Our diverse pipeline has reached a deal value⁸ of EUR 30 million, adding to our existing contracted Annual Recurring Revenue of EUR 63 million.

In 2024, Allfunds launched several key products and services to enhance its offerings. These include the Allfunds Navigator, which combines advanced AI and machine learning to provide comprehensive market insights; ANA, an intelligent assistant for efficient fund navigation; and the Sustainability Navigator, designed to streamline sustainable investment portfolio construction. Additionally, the Fund Registration and Regulatory Reporting service supports asset managers in entering new markets, while the new white label fund hosting platform empowers fund managers to launch new funds, leveraging Allfunds' extensive distribution network and technology.

- By business line, the strongest performing areas have been Connect memberships (adding 119 clients over the period), Regulatory Solutions (50 new clients) and Allfunds Tech Solutions (23 new clients).
- Geographically, good performance in the regions Iberia, Central and North of Europe, France and Middle East.
- Allfunds Connect has reached an unprecedented high of 17,823 average monthly professional users in the period (26% increase year-on-year).

Allfunds Alternative Solutions (AAS), testament to our unstoppable momentum

Building on our steady growth in long-only AuA, our alternatives have surged to EUR 19 billion in AuA, solidifying Allfunds as the premier platform in Europe for facilitating investor access to private market funds.

⁷ Retention rate calculated as 1 minus churn rate. Churn figures based on total AuA lost in a given year due to distributors leaving the platform. Adjusting for M&A (departure of CS), figure would be 97%.

⁸ Deal value Deal value considers ARR (Annual Recurring Revenues) and set-up fees.



The demand for private market funds is on the rise, with 56% of wealth managers eager to increase their asset allocation in these strategies⁹.

The alternative business is thriving across all segments, notably, EUR 10 billion in distribution has grown by an outstanding 81% year-to-date, spanning 47 markets.

Over 320 distributors are currently investing in alternative investments through Allfunds, contributing to an accretive revenue margin.

There is robust demand from clients in Switzerland, Asia, and Italy. Looking ahead, we anticipate the addition of more than 20 new distributors to join Allfunds platform thanks to Alternatives Solutions in 2025, including those from Switzerland, Spain, and the Nordics.

As of December, Allfunds Alternative Solutions hosts 144 alternative asset managers.

In addition, the business announced that J.P. Morgan Asset Management and ARES Management Corporation have joined the Allfunds Private Partners programme. Their inclusion highlights the programme's exceptional growth, with almost 10 partners, and cements its status as a premier choice for industry leaders willing to expand their wealth solutions globally.

Developing a Cutting-Edge ETP Solution

Allfunds has announced its commitment to launch an ETP platform in 2025, which will complement its existing offerings in traditional and alternative funds. This expansion will establish a comprehensive three-pillar platform, providing a full spectrum of exchange-traded products under one integrated solution.

Allfunds is making significant progress in developing the necessary infrastructure to launch its innovative new platform in 2025. This advancement is bolstered by strategic key hires in Sales, Operations, and Data, who are poised to lead this exciting next chapter. These new team members bring a wealth of expertise and experience, ensuring that the platform's development is on track and aligned with the Company's vision for the future. Their contributions will be instrumental in driving the platform's success and enhancing its ability to deliver exceptional value to clients.

Strategic partnerships extension with Santander and Intesa

The group has reached agreements to extend exclusivity with two key strategic distributors for periods of no less than 5 years, starting in November 2025, in exchange for an aggregated payment of EUR 60 million.

- Agreement with Santander. Allfunds and Santander have strengthened their relationship through a collaboration framework under which they have agreed to collaborate across different areas including:
 - Santander will remain as a strategic platform service client of Allfunds¹⁰.

⁹ Source: Annual Global Private Wealth Survey by Hamilton Lane.

¹⁰ Framework agreement to be further detailed with regards to the particulars of the service terms by the relevant Santander units, to extend the current collaboration.



- Allfunds will use the SWIFT bureau services of PagoNxt.
- Allfunds and Santander Wealth Management & Insurance Division will explore different opportunities with regards to digital tools and technologies.
- Agreement with Intesa. Allfunds and Intesa have reinforced their partnership through a strategic agreement:
 - Intesa will remain as a strategic platform service client of Allfunds.
 - Strengthening of the partnership: Allfunds has acquired the paying agent activities of Intesa in connection with the funds of Fideuram Asset Management International (FAMI, Ireland), contributing with c. EUR 12.6 billion AuA in 2024.

1.4.2. Financial highlights of 2024

In 2024, Allfunds delivered strong structural growth across the entire business.

Assets under Administration were up 13% year-on-year, from EUR 1.38 trillion to EUR 1.56 trillion, supported by positive market performance (EUR 102 billion or 10.4% since December 2023), positive net flows (including FAMI AuA) of EUR 51 billion or 5.2% since December 2023, and EUR 21 billion from Dealing and Execution or 5.3% since December 2023.

Net revenues increased to EUR 632 million (16% year-on-year), implying a historical record figure for the Group, thanks to the contribution of all revenue lines growing at double-digit rates:

- Platform revenues amounted to EUR 565 million (16% growth since 2023):
 - Transaction revenue amounted to EUR 110 million, an increase of 33.6% from 2023, indicating a return to normalised transaction activity.
 - Net Treasury Income amounted to EUR 102 million, growing at 33.8% year-on-year, on the account of higher average cash volumes and higher efficiency of our operations.

Subscription business revenues grew at 13% year-on-year to EUR 67 million and representing 11% of total revenues, driven by the new integrated sales measures implemented.

Total platform margin increased to 3.8bps (2023: 3.6bps).

In 2024, Allfunds showed operating leverage leading to exceptional profitability:

- Record Adjusted EBITDA of EUR 427 million, with an increase of +18% year-on-year and implying an Adj. EBITDA margin of 67.6%.
- This was possible thanks to the positive jaws in the business, increasing Adj. EBITDA margin by c.100 bps.
- The reported EBITDA increased 26% year-on-year to EUR 408 million.

Profit Before Tax excluding the write-off of Credit Suisse was EUR 260 million, +16% vs 2023.

In terms of CAPEX, Allfunds made a total of EUR 54.6 million in new investments mainly to fund growth initiatives, while maintaining best-in-class platform services. In

the medium to long term, these investments will deliver a more scalable and efficient business and enhance its customer offering.

Strong cash flow generation and excess capital

Additionally, the revised accounting treatment of revenue in accordance with IFRS 15, resulted in intermediation commissions being accounted for on a net basis in the income statement rather than gross. This adjustment, neutral from a P&L perspective, led to a reduction of approximately EUR 700 million in Credit risk RWAs vs June 2024, freeing up around EUR 130 million of Common Equity Tier 1 capital.

Strengthening shareholder value with increased dividends and returns

Allfunds continues to invest in the future of the company, and in parallel, monitor the market to assess the best risk adjusted returns for shareholders to deploy the excess cash generated.

The Board is proposing a dividend of EUR 80 million, representing a payout ratio of 32% and a DPS growth of 40%.

Additionally, the Board is proposing a new share buyback program of EUR 250 million, subject to the approval of the upcoming Shareholder Meeting on 7 May 2025. We expect the share buy-back to be executed up to 24 months. Allfunds firmly believes this buy-back will create value for its shareholders and is the most attractive option to deploy excess cash for the company. It will update the market with the strong prospects for the business in a Capital Markets Day in Q4 2025.

1.5. Regulatory framework

1.5.1. Prudential Framework

On 26 June 2013, the Basel III framework was incorporated into European legislation through Directive 2013/36/EU (CRD IV) and Regulation (EU) No. 575/2013 (CRR), both issued by the European Parliament and the Council. These regulations govern access to the activities of credit institutions and investment firms, as well as their prudential supervision. In particular, credit institutions must comply with the minimum capital and liquidity requirements set forth in the CRR, while the CRD provides additional provisions on prudential regulation.

The Basel Committee's regulatory framework is structured around three pillars, each addressing key aspects of capital and risk management. Pillar I establishes the minimum capital requirements and allows for the use of external ratings and internal models in the calculation of risk-weighted exposures. Pillar II introduces a supervisory review process to assess capital adequacy based on the institution's risk profile and internal risk management practices. Finally, Pillar III focuses on transparency through information disclosure and market discipline, ensuring that banks' public reporting to shareholders and customers incentivizes the implementation of sound and robust risk management frameworks.

The CRR Regulation was directly applicable in Spain, whereas the CRD IV Directive required transposition into domestic law. This was achieved through Royal Decree-Law 14/2013, Law 10/2014 (amended by Royal Decree 7/2021), and Royal Decree 84/2015 (amended by Royal Decree 970/2021), in conjunction with Circular 2/2016 of the Bank of Spain (subsequently amended by Circular 3/2022 of the Bank of Spain).

In June 2019, the regulatory framework applicable in the European Union was amended. Regulation (EU) 575/2013 on the prudential requirements for credit institutions and investment firms was modified by Regulation (EU) 2019/876, transitioning from CRR to CRR II. Likewise, Directive 2013/36 on access to the activity of credit institutions and their prudential supervision was updated by Directive 2019/878, known as CRD V.

Regarding the entry into force of these changes, CRR II became effective on 28 June 2021, with certain provisions having staggered effective dates ranging from 1 January 2019 to 28 June 2023. The most significant amendments introduced by CRR II relate to own funds, capital deductions, the standardized and IRB approaches to Credit risk, and authorization requirements. Meanwhile, CRD V entered into force on 27 June 2019, and has been applicable in Member States since December 28, 2020.

In parallel, the European framework for bank restructuring and resolution was established to enhance financial stability and ensure that failing banks can be managed effectively without disrupting the broader economy. In this regard, the approval of Directive 2014/59/EU, known as the Bank Recovery and Resolution Directive (BRRD), by the European Parliament and the Council in 2014 was a crucial step. The BRRD defines the restructuring and resolution framework for credit institutions and investment services across Europe, seeking to harmonize post-crisis measures for financial institutions while minimizing costs for taxpayers. Its key aspects include the development of recovery and resolution plans, early intervention mechanisms, resolution tools, and depositor protection measures.

The BRRD imposes an obligation on banks within the European Union to maintain continuous compliance with the minimum requirement for own funds and eligible liabilities (MREL). This ensures that banks retain sufficient loss-absorbing capacity in the event of resolution, thereby preventing reliance on public funds. The specific MREL requirement is determined by the competent resolution authorities for each supervised bank based on its preferred resolution strategy. In this context, in accordance with the BRRD, non-significant entities are subject to supervision by the competent national authority, which serves as the resolution authority in the country of their registration. Consequently, in the case of Allfunds, the resolution authority is the Bank of Spain.

The transposition of the BRRD into Spanish law was carried out through Law 11/2015 of June 18th and Royal Decree 1012/2015 of November 6th. Among the most notable aspects of Law 11/2015, two key measures stand out: the establishment of the National Resolution Fund and the implementation of various resolution instruments.

Furthermore, Regulation (EU) 806/2014, published on 15 July 2014, introduced the Single Resolution Mechanism (SRM), complementing the BRRD and establishing a harmonized framework for bank resolution within the Eurozone and other participating countries in the Banking Union. This mechanism consists of two essential components: the Single Resolution Board (SRB), which serves as the central authority responsible for planning and executing bank resolutions, and the Single Resolution Fund (SRF), which is funded by bank contributions and aims to mitigate the financial impact of crises on public finances.

In line with the evolving regulatory landscape, resolution regulations were updated in 2021 alongside the capital framework. Specifically, Regulation (EU) 877/2019 and Directive (EU) 877/2019 (BRRD II) introduced further refinements. At the national level, Royal Decree 970/2021 and Royal Decree 1014/2021 were published, finalizing the transposition of BRRD II and the related resolution regulations into Spanish law.

Pillar 3 Information Disclosure

The present report aims to comply with Part Eight of Regulation (EU) No. 575/2013, as amended by Regulation (EU) No. 2019/876, which mandates that financial institutions publicly disclose relevant information in accordance with their size and business model.

Beyond the primary regulatory text, the European Banking Authority (EBA) and the Basel Committee on Banking Supervision (BCBS) have issued various standards and guidelines to accommodate the changes introduced in Pillar III following the implementation of Regulation (EU) No. 2019/876. As part of this process, in March 2021, based on draft implementing technical standards submitted by the EBA, the European Commission published Implementing Regulation (EU) 2021/637. This regulation establishes the implementing technical standards concerning the public disclosure of information related to Titles II and III of Part Eight of Regulation (EU) 2013/575, while simultaneously repealing previous regulations, including Implementing Regulation (EU) No. 2013/1423, Implementing Regulation (EU) 2016/200, and Delegated Regulation (EU) 2017/2295. The new framework became applicable in June 2021.

In line with the Commission's mandate under Article 434a of Regulation (EU) No. 2019/876, the EBA sought to establish a unified Pillar III framework through a comprehensive global package aimed at improving information clarity for stakeholders. Additionally, this framework strives to harmonize, to the extent possible, publicly disclosed information with supervisory reporting requirements. To facilitate this process, the EBA developed a reference document known as the "mapping tool."

During recent years, Implementing Regulation (EU) 2021/637 has undergone several key amendments to reflect regulatory developments. In June 2021, Implementing Regulation (EU) 2021/1018 introduced modifications to the implementing technical standards governing the disclosure of global systemically important indicators, thereby repealing Implementing Regulation (EU) 2014/1030. Subsequently, in April

2022, Implementing Regulation (EU) 2022/631 revised the disclosure framework concerning interest rate risk exposures related to non-trading book positions. Finally, in 2022, Implementing Regulation (EU) 2022/2453 introduced adjustments to the disclosure requirements associated with environmental, social, and governance (ESG) risks. This latest amendment represents a significant advancement in enhancing transparency in the management of non-financial risks by financial institutions.

1.5.2. New Regulation already applicable and under monitoring

This section contains a summary of new regulations with relevant impact in Allfunds' activities.

Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)

On 10 November 2022, the European Parliament approved the Corporate Sustainability Reporting Directive (CSRD): Directive (EU) 2022/2464.

On 31 July 2023, the European Commission adopted the ESRS for use by all companies subject to the CSRD. The standards cover the full range of environmental, social, and governance issues, including climate change, biodiversity and human rights.

The CSRD aims to bring the reporting of sustainability information in line with the reporting of financial information, enabling the public to have access to reliable and comparable data. A digital format will be imposed, allowing data to be uploaded to ESAP (the single access point for financial and non-financial information of EU companies). The CSRD common information reporting standards are based on the technical work developed by EFRAG (European Financial Reporting Advisory Group) and has been reflected in the ESRS adopted in July 2023. The improved reporting promoted by the CSRD will contribute to the transition to a more sustainable economy by enabling investors to better identify the activities and projects to which they can channel funds (sustainable finance). It will also assist in improved oversight of business conduct which respects human rights, the environment and good governance with the objective of delivering long-term value.

The main regulatory obligations for the Company are: (i) increased complexity as it involves the requirement to perform dual materiality assessments (impacts of the Company's business on the environment and society, and impacts of the environment and society on the Company's business model); (ii) Mandatory disclosure in the Company's Management Report with specific requirements related to non-financial information; (iii) Disclosure of sustainability targets and its performance (Impacts, Risks and Opportunities - IRO); (iv) Disclosure the compliance's performance with the transition to a sustainable economy (including limiting global warming to 1.5°C and climate neutrality by 2050); (v) The scope of the Directive's reporting and disclosure obligations includes the whole value chain of the Company; (vi) Mandatory assurance through a compulsory independent-external verification regarding the reported information.

The CSRD standards is applicable for fiscal years 2024 onwards, to be reported from 1 January 2025. Therefore, Allfunds has adapted its methodology for the sustainability report during 2024 to comply with the new standards.

It is worth to note that on 26 February 2025, the European Commission has adopted a package of proposals to simplify EU rules and boost competitiveness. Among other things, the package proposes to apply the CSRD only to the largest companies (those with more than 1.000 employees), focusing the sustainability reporting obligations on the companies which are more likely to have the biggest impacts on people and the environment. We will follow the development of this proposal to analyse how it will affect Allfunds.

Taxonomy Regulation - RTS

Commission Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139, and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852. The first one establishes additional technical screening criteria for activities that contribute to climate change mitigation or climate change adaptation. The second one defines the technical screening criteria for the four environmental objectives stated in the Taxonomy Regulation that were still pending and set out the minimum requirements that an economic activity should meet to qualify as environmentally sustainable.

Delegated regulation (EU) 2023/2486 establishes the technical screening criteria for economic activities that contribute substantially (i) to the sustainable use and protection of water and marine resources, (ii) to the transition to a circular economy, (iii) to pollution prevention and control, and (iv) to the protection and restoration of biodiversity and ecosystems and should ensure that the economic activity concerned has a positive impact on one of those objectives. The technical screening criteria for 'do no significant harm' (DNSH) should ensure that the economic activity has no significant negative environmental impacts, including climate-related impacts.

Both regulations apply in stages from 1 January 2024. They have impacts in the sustainability annual report, as well as in the disclosure information of investment products according to SFDR.

UK's Sustainability Disclosure Requirements (SDR).

The package of measures includes investment labels regime for funds based in the UK, naming and marketing rules, an anti-greenwashing rule for all FCA-authorised firms, and disclosure rules. It came into effect on 31 May 2024, and labels requirements are mandatory by 2 December 2024.

Economic Crime and Corporate Transparency Act 2023 ("ECCTA").

The UK's Economic Crime and Corporate Transparency Act (ECCTA) of 26 October 2023, introduces a new corporate criminal offence of 'failure to prevent fraud'.

The act came into force on 2023, although this offence will be applicable from 1 September 2025. It is a similar corporate offence to those already in force in the UK under the

Bribery Act 2010 ('failure to prevent bribery') and the Criminal Finances Act 2017 ('failure to prevent the facilitation of tax evasion').

Under the new offence, an organisation will be liable for failure to prevent fraud if one of its 'associated persons' commits a specified fraud offence, intending to benefit (directly or indirectly) the organisation, even if the main motivation of the fraudster is their personal benefit.

Italian Law 90/2024 updating the Italian Criminal Code

This Law introduces a new criminal offence "IT extortion" within the criminal code. It addresses new developments in cybersecurity and introduces amendments regarding cybercrimes and the coordination of responses to attacks on computer or telematic systems. The Law entered into force on 17 July 2024.

Circular CSSF 24/847 about ICT-related incident reporting

The purpose of this Circular is to introduce a new ICT-related incident reporting framework in order to allow CSSF to acquire a better and more structured overview of the nature, frequency, significance and impact of ICT-related incidents. This Circular entered into force on 1 April 2024, but we understand it will be replaced once DORA will be applicable from January 2025.

FINMA Circular 2023/1 Operational risks and resilience - banks.

Managing Operational risks and ensuring operational resilience.

This Circular relates to the rules on Operational risk management and internal controls, with the purpose to ensure operational resilience. It states the FINMA expectations for (i) ICT strategy and governance, (ii) the management of cyber risks (iii) the management of critical data risks, (iv) the design and implementation of Business Continuity Management, and (v) the management of risks from cross-border service business. It entered into force on 1 January 2024.

1.5.3. Recent legislation (not yet applicable in 2024)

Within the new regulations that will impact Allfunds activities, some of them applicable from the beginning of 2025, it is worth to point out the following:

CRD 6 & CRR III

On 19 June 2024, the European Commission published the Banking Package comprising updated Capital Requirements Directive (Directive 2013/36/EU) and updated Capital Requirements Regulation (Regulation No (EU) 2013/575). One of the main goals of the banking package is the **Basel III international standards full implementation in European banking regulation**, to ensure that banks throughout the world are better capitalised and more resilient to economic downturns.

Directive 2024/1619 (CRD6) amends the CRD (Directive 2013/36/EU) regarding supervisory powers, sanctions, branches of third-country institutions, and environmental, social, and governance risks. The CRD 6 aims to further strengthen

the EU prudential framework by addressing emerging risks to banks (especially those stemming from the climate crisis).

Regulation 2024/1623 (CRR III) amends the CRR (Regulation (EU) No 575/2013) introducing new requirements on Credit risk, Credit valuation adjustment risk, Operational risk, Market risk, and the Output floor for risk-weighted assets. It applies from 1 January 2025 (some points are applicable from 9 July 2024 although without impact in Allfunds activities).

Digital Operational Resilience Act (DORA)

On December 2022 the (EU) 2022/2554 regulation on digital operational resilience for the financial sector (DORA) was published. DORA regulation entered into force on 17 January 2023 and became applicable on 17 January 2025.

DORA regulation aims to ensure a harmonised legal framework in: (i) ICT-related incident reporting, (ii) digital operational testing, (iii) ICT third party risk management and (iv) oversight of critical ICT third parties' providers.

The main impacts of this regulation are distributed in five main pillars: (i) ICT Incidents Management & reporting; (ii) Resilience testing plans; (iii) Cyber Intelligence sharing of information; (iv) Third party ICT risk management; (v) ICT risk management Internal governance.

According to the scheduled planning, during 2023 and 2024, the different regulatory and implementing technical standards (RTS and ITS) developing DORA regulation have been published. The publication of those standards has been carried out in two batches:

- **Batch 1** (its final versions were published on 17 January 2024): (i) RTS on ICT risk Management framework; (ii) RTS on criteria for the classification of ICT incidents; (iii) RTS on data and information templates for ICT contractual arrangements registry; (iv) RTS on the policy regarding contractual arrangements on the use of ICT services supporting critical or important functions provided by ICT third parties.
- **Batch 2** (its final versions were published on 17 July 2024 and 29 November 2024): (i) RTS on reporting regarding ICT related important incidents; (ii) RTS on threat driven infiltration tests; (iii) RTS on elements to be determined and assessed when outsourcing ICT services which supports critical or important functions; (iv) ITS with regard to standard templates for the register of information in relation to ICT third-party service providers.

It is important to underline that Allfunds has already implemented an outsourcing methodology (through its Outsourcing Policy) and IT security measures that will overlap to some extent with DORA requirements. However, the impact on the Group's ICT risk Management and internal governance framework will be significant.

Instant Payments Regulation

The Instant Payments Regulation (IPR) (Regulation (EU) 2024/886) was adopted by the European Parliament and the Council on 13 March 2024. It covers credit transfers

denominated in euro within the European Union and updates the existing rules of the Single Euro Payments Area (SEPA).

This new regulation is intended to avoid unnecessary delays for retail clients and to improve the security of credit transfers. Banks and other payment service providers (PSPs) will have to ensure that credit transfers are instantly available and processed.

Key elements of the new system are:

- The cash transfer must reach the recipient's account and be confirmed within ten seconds.
- The service should be available 24/7.
- The **verification of payee**: ensuring verification of the payee to whom the payer intends to send a credit transfer.
- **Simplified sanctions screening**: payment screening will not be necessary in case of instant credit transfer if the entity verifies at least daily whether any of their payment service users are persons or entities subject to targeted financial restrictive measures.

The new regulation is applicable in phases. In Euro countries, implementation deadlines are 9 January 2025 for the reception of instant transfers, 9 October 2025 for issuance of instant transfers, and 9 October 2025 to verify the beneficiary.

Artificial Intelligence Act (Regulation (EU) 2024/1689)

The new regulation defines framework for the responsible use of artificial intelligence (AI) systems. It regulates the obligations for providers and deployers of AI systems, and tries to avoid risks such as bias, discriminations and accountability gaps, as well as promotes innovation in the EU.

The AIA establishes a risk **classification in four levels**:

- Minimal risk: solutions with minimal risk will not be regulated and be available as before.
- Limited risk or specific transparency risk: systems with limited risk will be allowed, but will have to fulfil certain transparency obligations, so users will have to be aware that they interact with AI.
- High risk: systems with high risk level will have to meet strict criteria.
- Unacceptable risk: systems considered as threat to people's safety, livelihoods and individual rights will be banned.

The application of AIA is scheduled in phases:

- From 2 February 2025, requirements applicable are related to:
 - General provisions. Take measures to ensure a sufficient level of AI literacy of the staff dealing with the operation and use of AI systems.
 - Identification of prohibited AI practices and/or assessing that prohibited practices are not being carried out.
- From 2 August 2025: chapters related to institutional governance of the artificial intelligence.

- From 2 August 2026, the most relevant chapters of the regulation will be applicable. The main requirements are related to:
 - Assessment and Classification of AI systems.
 - Specific requirements for high-risk AI systems and obligations for operators of such systems: risk management system, data governance, human oversight, conformity assessment procedure, register in the EU database, etc.
 - Fundamental rights impact assessment prior to deploying AI system.
 - Transparency obligations for providers and deployers of certain AI systems.
 - Establish and document a post-market monitoring system.
 - Reporting of serious incidents.
 - Drawing up of codes of conduct, including related governance mechanisms.
- From 2 August 2026, additional requirements for high-risk AI systems shall apply related to safety component conditions and third-party conformity assessment.

Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies.

Transposed in Spain by the Organic Law 2/2024 of equal representation and balanced presence of women and men. It shall apply gradually in respect of the Board of Directors of public interest companies reaching a 40% of the under-represented sex by 30/06/2029. Nevertheless, disclosure information requirement should be included within the sustainability report and is applicable from the report of financial year 2024.

The Directive entered into force in December 2022 and Member States had until 28 December 2024 to transpose the provisions of the Directive. Nevertheless, as of 31 January 2025 it is still pending the transposition in Netherlands.

Daisy Chains II directive

The Daisy Chains II directive (Directive (EU) 2024/1174) amends the Bank Recovery and Resolution Directive (Directive 2014/59/EU) as regards certain aspects of the minimum requirement for own funds and eligible liabilities (MREL).

Daisy Chains II aims of introducing proportionality in the application of the debt buffer to be held by banks and investment firms in order to be able to absorb losses and be recapitalised in resolution. More specifically, the Daisy Chains II Directive introduces the concept of 'liquidation entities' and provides that, as a rule, those should not be subject to MREL, unless the resolution authority decides differently on a case-by-case basis.

The directive is applicable from 14 November 2024 however as of 31 January 2025 it is still pending the transposition in Spain.

Directive (EU) 2019/882 - European Accessibility Act

This directive aims to harmonise accessibility requirements for certain products and services, including consumer banking, to improve the accessibility of relevant information, and to bring benefits to people with disabilities and elderly. It entails the implementation of practices, policies and procedures to address the needs of people with disabilities. The member states shall apply those measures from 28 June 2025.

Within Allfunds, this Directive could impact in Milan Branch, considering that the branch sends communications to end-investors under its role of paying agent of the fund houses. The need to implement the EAA for the product's manufacturers is currently under assessment with the Italian Asset Managers association. The Directive has been transposed in Italy through Leg. Decree n.82/2022.

ESG Rating activities Regulation

In November 2024 the European Parliament and Council adopted Regulation (EU) 2024/3005 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities.

The new rules aim to strengthen the reliability and comparability of ESG ratings by improving the quality, the transparency and integrity of the operations of ESG ratings providers and preventing potential conflicts of interests. The objective is to enable investors and rated companies to take better informed decisions with regard to managing ESG risks and the impacts of their investments or operations.

Under the new rules, ESG rating providers will need to be authorised and supervised by ESMA and comply with transparency requirements, in particular regarding to their methodology and sources of information (including non-EU ESG rating providers that wish to operate in the EU). This requirement will impact MainStreet Partners. The ESG Rating regulation shall apply from 2 July 2026.

New Anti-Money Laundering Directive (AMLD6)

On 31 May 2024, the European Union published the updated regulatory package on anti-money laundering and countering financing terrorism. It consists of (i) the Directive (EU) 2024/1640 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, repealing the AMLD4 of 2015 and AMLD5 of 2018; (ii) the Regulation (EU) 2024/1620 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA); and (iii) Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

The new regulatory package harmonises and clarifies the rules in force across the EU for the first time, closing loopholes for fraudsters. It will also ensure that the rules apply more consistently and are better enforced. The updated rules will cover the crypto-sector and will make the EU rules on beneficial ownership (persons who actually control a legal entity) more harmonised and more transparent. In this sense, related rules applicable to multi-layered ownership and control structures are also

clarified to make sure that hiding behind multiple layers of ownership of companies won't work anymore. These new rules also enhance due diligence measures to occasional transactions and business relationships involving high-risk third countries.

The new directive should be transposed by the Member States and applicable, as well as the new regulation, by 10 July 2027, although some provisions will be applicable earlier from July 2025 and July 2026.

Likewise, a new anti-money-laundering authority (AMLA) is set up to improve AML/CFT supervision in the EU and support cooperation between FIUs. AMLA will begin operations on 1 July 2025. AMLA will strengthen the EU's AML/CFT framework by creating an integrated mechanism with national supervisors in the member states to ensure that obliged entities comply with their obligations.

Retail Investment Strategy – MiFID

This regulatory project is an omnibus directive proposal with significant amendments on relevant European directives: MiFID, IDD, UCITS, AIFMD, Solvency¹¹ as regard the Union retail investor protection rules. The highlight for Allfunds is the impact it will have on the MiFID directive.

The Retail Investment Strategy (RIS) package was proposed by the European Commission in May 2023. After several months of negotiation, the European Parliament voted its position in April 2024. Afterwards, **in June 2024 the European Council agrees on its position on the Retail Investment Strategy (RIS)**. The RIS entails an enhanced framework to further improve transparency, in particular as regards: (i) Cost; (ii) Strengthened rules against misleading marketing communication; (iii) Rules to ensure impartial and high-quality advice; (iv) Rules to ensure that products distributed to retail investors offer the prospect of Value for Money. Nevertheless, the Council removed the proposed ban on inducements, included in the Commission proposal, when are received for execution-only sales (without advice service). Notwithstanding the above, a stricter inducements framework is defined mainly with (i) an inducement test, (ii) enhanced transparency and disclosure obligations about their impact on investment returns, and (iii) overarching principles to be respected when paying or receiving inducements. The provisions on inducements will be reviewed five years after the entry into force.

Another very important element of the RIS is the concept of 'Value for Money', which entails duties to both manufacturers and distributors, to ensure that investors are offered cost effective products, so products deliver 'value for money'. For this purpose, the entities must reinforce their governance rules to strengthen the pricing process and cost structure. Likewise, current RIS proposal mandates ESMA to develop cost and performance benchmarks for supervisory purposes (instead to the Commission approach with mandatory benchmarks for manufacturers). A deviation

¹¹ Directives 2014/65/EU (MiFID II), (EU) 2016/97 (IDD), 2009/65/EC (UCITS), 2011/61/EU (AIFMD), and 2009/138/EC (Solvency II).

from the relevant benchmark could be considered by the national competent authorities as a warning signal that the product does not deliver enough Value for Money. To this end, the supervisors will build a database with products peer groups.

In addition, the RIS includes changes in product governance, conflict of interest, ex-ante and ex-post information, the suitability and appropriateness tests and strength the requirements on knowledge and competence of investment advisors and the publicity content.

During 2023 and 2024, the divergent positions and different approaches about key elements of the RIS have become evident. The next step are the “trilogues” (meetings of the three European institutions) expected in the first half 2025, to achieve a common document to be finally approved. Therefore, the RIS application is not expected until 2027.

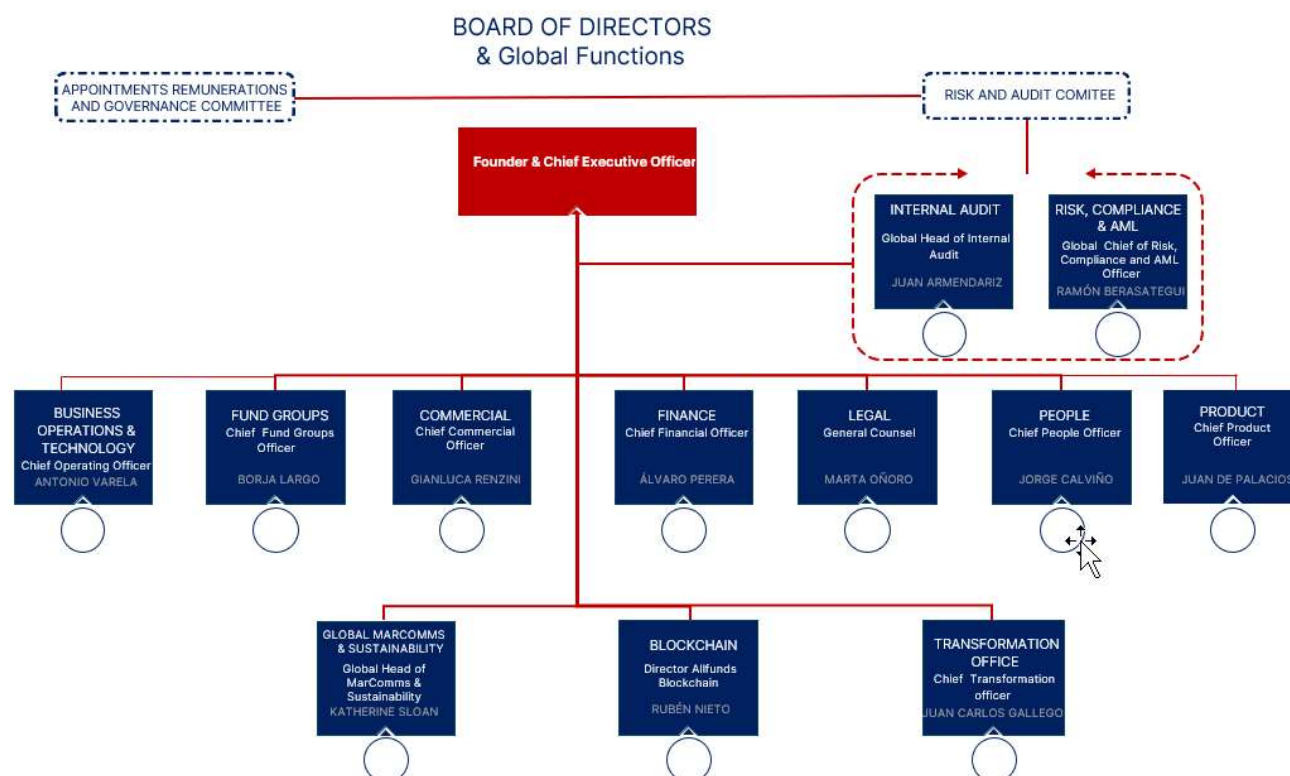
2. Global Risk Management and Control

2.1. Governance framework

The information in this section complies with the disclosure requirement in relation to policies and objectives of Articles 435.1. letter b) and 435.2. letter e) CRR. The information complies with section b) of the OVA¹² and section e) of the OVB¹³ requirements.

Allfunds Bank works under the organisational structure shown in the figure below:

Figure 3. Organisational structure as of 31 December 2024



Information flow on Risk Management to the Board of Directors

As shown in the figure 7, the internal control units are (i) in the second line of defence, the Risk Management, the Regulatory Compliance and the AML Units, and (ii) in the third line of defence, the Internal Audit Unit. Both lines report functionally to the Board of Directors through the Risk and Audit Board Committee and to the CEO through the Risk and Audit Committee¹⁴.

The Board of Directors, assisted by its Risk and Audit Board Committee, determines the nature, the amount, the format and the frequency of information on risks that should be received by the Committee and by the Board. The Global heads of the second and third line of defence (the Global Head of Risk, Compliance & AML and the Global Head of Internal Audit) attend the meetings of the Risk and Audit Board

¹² EU OVA - Institution risk management approach

¹³ EU OVB - Disclosure on governance arrangements

¹⁴ The Risk and Audit Board Committee is composed of Board members that assists the Board in the matters within its remit. It is different from the Risk and Audit Committee, which is an internal committee composed of members of the management team.

Committee in order to present their periodic reports, and they have direct access to the Board of Directors as they may deem appropriate. The Committee Chair periodically reports to the Board on the activities of the Committee, including on the reports received from internal control functions.

2.2. Management body of Liberty Partners

Liberty Partners is currently managed by two joint directors (*administradores mancomunados*), Ms Marta Oñoro Carrascal and Mr Íñigo Díez Bartolomé, who were appointed by its sole shareholder. Directors are responsible for managing and representing Liberty Partners in accordance with applicable laws and internal regulations. They constitute the highest decision-making body except for the matters reserved to the sole shareholder.

2.3. Board of Directors and Board Committees of Allfunds Bank

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.2 letters a) to d) CRR. In addition, it complies with section d) of the CRA¹⁵, section d) of the OVA¹⁶ and section a), c), d) of the OVB¹⁷ requirements.

The management body of Allfunds Bank consists in a Board of Directors with 12 members appointed by its sole shareholder.

The Board of Directors is the highest decision-making body of the Entity except for the matters reserved to the sole shareholder. It is responsible for the overall administration and management of the Bank. It delegates the day-to-day management to the CEO and its management team and focuses its activities on the general duty of supervision.

Its main duties include, among others, approving and overseeing the implementation of the overall business strategy and key policies, including the overall risk strategy, and monitoring and periodically evaluating the effectiveness of the internal governance system and internal control framework. In terms of risk management, the Board's responsibilities include creating the internal risk management framework, approving and validating the Entity's risk procedures, encouraging compliance with risk management policies and approving, where appropriate, the necessary investments, in both technological and human resources, to better monitor, control and manage its risks. The risk strategy, risk appetite and risk policies for the medium- and long-term are discussed at least once per year, and the Board approves any material changes to them. The Board of Directors receives risk updates from the Risk

¹⁵ EU CRA - General qualitative information about credit risk

¹⁶ EU OVA - Institution risk management approach

¹⁷ EU OVB - Disclosure on governance arrangements

and Audit Board Committee Chair, who in turn receives them from the Global Head of Risk, Compliance and AML, at least on a quarterly basis, which includes all relevant risk indicators and how they compare with the Company's risk appetite. Allfunds' Risk Appetite Framework and Risk Appetite Statement is reviewed and approved by the Risk and Audit Board Committee at least once a year.

The Board is also entrusted with the supervision and control of the effective operation of the Board Committees it has created and of the executive management it has appointed.

The composition of the Entity's Board of Directors as of 31 December 2024 is shown in the table below. Their profiles, including their relevant external directorships, are available on Annex 1.

Table 4. Board of Directors of Allfunds Bank as of 31 December 2024

Name	Board role	Last appointment	Term
David Bennett	Chair & Independent Non-Executive Director	May 2022	5 years
Lisa Dolly	Vice-Chair & Independent Non-Executive Director	October 2020	5 years
Sofía Mendes	Independent Non-Executive Director	January 2021	5 years
David Pérez Renovales	Independent Non-Executive Director	January 2021	5 years
JP Rangaswami	Independent Non-Executive Director	October 2023	5 years
Delfín Rueda	Independent Non-Executive Director	January 2021	5 years
Ursula Schliessler	Independent Non-Executive Director	January 2021	5 years
Johannes Korp	Non-Executive Director	November 2022	5 years
Chris Reid	Non-Executive Director	November 2022	5 years
Zita Saurel	Non-Executive Director	November 2022	5 years
Andrea Valier	Non-Executive Director	April 2024	5 years
Juan Alcaraz	Executive Director (CEO)	November 2021	5 years
Marta Oñoro	Secretary (non-member)	N/A	N/A

Directors are appointed by the sole shareholder for a five-year term and may serve any number of consecutive terms. Their appointment is subject to the approval of the Bank of Spain. From an internal perspective, directors must be selected in accordance with the Entity's Procedure for the Selection and Suitability Assessment of the Identified Staff, which was first approved in 2013 and last amended in 2023 and is available on the corporate website. This procedure requires a favourable suitability assessment conducted by the Remuneration, Appointments and Governance Committee of the Board in accordance with applicable regulations, including Bank of Spain regulations and Joint EBA and ESMA Guidelines on suitability assessment of key function holders. This process aims to assess each candidate's business and professional reputation, knowledge, skills and experience, and time availability, to confirm their ability to properly govern the Entity and to contribute meaningfully to the effectiveness of the Board.

The recruitment process starts with the production of the desired profile of the candidate, considering among others the knowledge, competences and experience sought in the new director. In doing so, the Remuneration, Appointments and Governance Committee also seeks to ensure that the Board composition is sufficiently diverse in terms of sex or gender diversity, age, knowledge, skills, experience, and cultural, international or other backgrounds so as to avoid groupthink. In 2023 the Board approved a group-wide Diversity and Inclusion Policy

that sets specific diversity targets in the boardroom: at least 40% of women by 30 June 2026 as will be required by EU Directive 2022/2381 on gender balance in the board once transported in Spain, and at least one director from an ethnic minority by 2025. In addition, since 2021 there is a Non-Executive Directors' Profile that sets out the main features that are sought in Non-Executive directors at Allfunds Group plc level. However, to the extent the Entity tries to keep the composition of both companies' Board of Directors aligned, the profile is also considered when recruiting the Entity's directors. As of the date of this report, women at the Board of Allfunds Bank account for 30% of the Board (four out of twelve directors) and there is at least one director from an ethnic minority.

Directors' suitability is further assessed on an annual basis as well as before their re-election and when circumstances so advise in order to confirm that they have the business and professional reputation, knowledge, skills and experience, and time availability, required to properly govern the Entity in accordance with applicable regulations. Directors' suitability is assessed at an individual and collective level.

The Board of Directors generally meets every quarter. The Board draws up an annual calendar of ordinary meetings on the basis of the matters within its competence. In addition, a Board of Directors meeting may take place whenever it is called by its Chair, on his own initiative or at the request of at least one third of its members, indicating the agenda of the meeting.

Board Committees

The Board of Directors has created two Board Committees that assist them in the performance of its duties: the Remuneration Appointments, and Governance Committee and the Risk and Audit Board Committee.

Remuneration Appointments, and Governance Committee

The Committee is composed of a minimum of three and a maximum of five Non-Executive directors. At least one third of its members and, in any event, its Chair must be independent.

As of 31 December 2024, and as of the date of this Report, the Remuneration, Appointments and Governance Committee was composed by Ms Lisa Dolly (independent Chair), Ms Zita Saurel (Non-Executive) and Mr JP Rangaswami (independent). Its Secretary is Ms Marta Oñoro (Board Secretary).

The Remuneration, Appointments and Governance Committee shall meet as many times as called by the Committee itself or its Chair, as deemed necessary. It shall also meet whenever the Board of Directors or its Chair requests the issuance of a report or the adoption of proposals. In 2024, the Committee met four times. The Committee draws up minutes of its meetings.

This Committee's main role is to support the Board of Directors in its duties to define and monitor the balance of skills and experience and the diversity of its members, to ensure and assess its effectiveness and organise its succession, and to design appropriate remuneration schemes.

Its key duties include:

In terms of appointments:

- Identify and recommend candidates to fill vacant positions on the Board of Directors, with a view to the candidates' appointment by the Board of Directors or by the General Meeting. Any director may request the Remuneration, Appointments and Governance Committee to take into consideration potential candidates to fill vacancies if they find them to be appropriate.
- Establish a goal of presence of the less represented gender on the Board of Directors and prepare guidance on how to reach or increase the number of directors of that gender in order to achieve this objective.
- Evaluate the balance of expertise, qualifications, diversity and experience of the Board of Directors, prepare a description of the skills and aptitudes necessary for a specific appointment, and assess the dedication of time expected to perform the role.
- Periodically, and at least once per year, evaluate the structure, size, composition and activities of the Board of Directors, and make recommendations with respect to possible changes.
- Periodically, and at least once per year, evaluate the suitability of the members of the Board of Directors and the Board as a whole, and report the findings to the Board of Directors.
- Periodically review the policy of the Board of Directors regarding the selection and appointment of the key function holders and make recommendations.
- Report on proposals for the appointment and separation of the members of Senior Management and the basic terms of their contracts.

Regarding remuneration:

- Propose to the Board of Directors decisions regarding remuneration, including those that have repercussions on the risk and risk management of the Company. In particular, it shall report on the general Remuneration Policy for members of the Board of Directors, senior executive vice presidents or similar positions and other members of the Identified Staff (as this term is defined in applicable legal provisions), as well as individual remuneration and other contractual terms of the members of the Board of Directors with executive duties and ensure their observance.
- Periodically, and at least once per year, evaluate remuneration policies in order to verify that remuneration standards and procedures approved by the Board of Directors are complied with.

Regarding governance:

- Monitoring governance trends, initiatives and best practices to determine their impact on the Group and making recommendations to the board on any governance changes to be implemented.
- Reviewing any proposed amendments to the Company's articles of association or the Board rules and recommending appropriate action to the board.

- Periodically assessing the functioning of the Board of Directors, its Committees and its individual members, and reporting on this to the Board of Directors, which assessment shall periodically be supervised by an external expert.
- Overseeing the Company's induction and development programs for directors.
- Overseeing the Group's initiatives, policies, and practices related to social or employee-related factors, except to the extent reserved to the full board or another committee of the board.

Risk and Audit Board Committee

The Committee is composed of a minimum of three and a maximum of five Non-Executive directors. The majority of its members and, in any event, its Chair must be independent.

As of 31 December 2024, and as of the date of this Report, the Risk and Audit Board Committee was composed by Mr David Pérez Renovales (independent Chair), Mr Johannes Korp (Non-Executive) and Ms Ursula Schliessler (independent). Its Secretary is Ms Marta Oñoro (Board Secretary).

The Risk and Audit Board Committee shall meet as many times as called by the Committee itself or its Chair, as deemed necessary. It shall also meet whenever the Board of Directors or its Chair requests the issuance of a report or the adoption of proposals. In 2024 the Committee met six times. The Committee draws up minutes of its meetings.

The Risk and Audit Board Committee supports the Board in its duty to oversee the integrity and quality of the Company's financial and non-financial reporting and the effectiveness of its internal and external control systems.

Its key duties include:

In terms of risks:

- Advise the Board of Directors on the Entity's current and future overall propensity for risk and its strategy in this area and assist it in monitoring the application of such strategy.
- Together with the Board of Directors, determine the nature, the amount, the format and the frequency of information on risks that should be received by the Committee and by the Board of Directors.
- Collaborate on the establishment of rational remuneration policies and practices. For this purpose, the Committee shall examine if the incentive policy provided for in the remuneration system takes into consideration risk, capital, liquidity and the probability and possibility of profits, without prejudice to the duties of the Remuneration, Appointments and Governance Committee.

Regarding audit:

- Monitor the effectiveness of the internal control, internal audit and risk management systems of the Entity.
- Supervise the Entity's external auditor and other third parties involved in the auditing or verification of non-financial information.

- Propose the appointment, remuneration and removal of the auditor.
- Review and approve the scope and frequency of the audits and review the audit and verification reports.
- Verify that the Board of Directors adopts in due time the corrective measures required to resolve deficiencies in internal control, violations of laws, regulations and policies, and other problems identified by the auditors.
- Monitor the establishment of accounting policies by the Entity and the choice of external frameworks against which non-financial reporting will be made by the Company.

In terms of Compliance and AML:

- Assess the Compliance Monitoring Programme.
- Assess Regulatory Compliance and AML reports with the assessment of compliance and AML risks and its management.
- Inform the Board of the overall measures to be taken to ensure compliance with applicable regulations based on the information provided by the Regulatory Compliance and AML Units.

2.3.1. Executive Committee

The Executive Committee exists to support the CEO in the day-to-day management of Allfunds' business. It currently consists of eight members, each of whom oversees a specific area of the business. The composition of the Executive Committee is shown in the table below:

Table 5. Executive Committee as of 31 December 2024

Name	Role
Juan Alcaraz	Chief Executive Officer
Gianluca Renzini	Chief Commercial Officer & Trading Services
Borja Largo	Chief Fund Groups Officer
Alvaro Perera	Chief Financial Officer
Antonio Varela	Chief Operating Officer
Jorge Calviño	Chief People Officer
Juan de Palacios	Chief Strategy and Product Officer
Marta Oñoro	General Counsel

2.3.2. General Management

The CEO, assisted by the executive management team, is entrusted with the day-to-day management of the business. Control Units report administratively to him. In terms of risk management, the CEO, supported by the Risk Management function, has the following duties:

- Proposing risk policies for the Group, identifying the different types of risks (credit, market, interest, operational, technological, legal, reputational and ESG, among others), and defining methodologies, processes, procedures and the internal control systems and measures appropriate for the level of risk that the Entity considers in its Risk Appetite.

- Authorising, where appropriate, potential technical exceedances that may occur within the assigned limits.
- Defining the responsibilities and functions of persons involved in risk management.
- Validating and authorising internal and external risk reporting except when subject to Board approval.
- Supervising that the level of assumable risk is in line with the strategic objectives set.
- Leading the Risk and Audit Committee, which, among others, reviews and approves the limits' structure established by the Entity for each risk factor.
- Evaluating and following the guidelines issued by regulatory authorities.
- Monitoring that risk levels are in line with the Risk Appetite.

The Board of Directors also makes sure of the following commitments through the CEO:

- The activity is carried out in authorized markets and geographical areas.
- Capital consumption on the basis of risks and exposures is at all times in line with the minimum levels required by regulation.
- The set of scenarios for executing the solvency/equity stress testing process, as well as the liquidity stress tests, are appropriate and comply with both the complexity of the Entity's business and the approved risk management policies.

The executive management team is responsible for the Entity's risk strategy and its risk management systems and controls, as well as for defining the Entity's risk appetite and approving the overall corporate risk management framework.

The specific responsibilities of the members of the executive management team include approving the Entity's ratings structure and related limits, authorizing temporary extensions of limits when breached and defining responsibilities and roles for individuals directly or indirectly involved with risk management. The executive management team members are also responsible for creating and monitoring the Entity's risk committee and monitoring results from the Entity's risk unit.

2.3.3. Internal Management Committees and Bodies

In addition to the Board Committees and the Executive Committee, the management team has created several internal Management Committees, each of which is specialised in different key functions, to assist in the day-to-day management of the Entity. The Management Committees existing as of 31 December 2024 were the following:

- **Client Acceptance Committee** (monthly): approves new countries and clients from a risk, AML/CFT and legal perspective.
- **Risk and Audit Committee** (monthly): monitors all types of risks, monitors and ratifies clients' credit ratings, monitors reporting obligations, and approves new reporting obligations including integration risks. Its specific responsibilities include requesting and monitoring new limits, requesting and

monitoring internal credit ratings, validating credit ratings proposed by the risk unit, reviewing and approving the effective limit structure, defining the investments necessary for better monitoring, controlling and managing the Entity's risks, monitoring and controlling risk management activities and procedures and coordinating its areas for risk management. This committee also supervises the risk unit and is responsible for, as proposed by the risk unit, approving and defining risk report content, approving communication channels, approving operating procedures for risk monitoring, control, calculation and follow-up.

- **Technology and Operations Committee** (bi-monthly): reviews technology and operational procedures and issues and updates on IT and Operations projects, including also tech solutions and Blockchain related services.
- **Cost Control Committee** (monthly): approves new costs and monitors all the Group costs.
- **Investment Solutions Committee** (monthly): reviews and approves all investment research and solutions initiatives and sub-advisory related solutions.
- **Crisis Management Committee** (on demand): manages exceptional circumstances that may involve a crisis situation.
- **ESG Committee** (quarterly): reviews ESG topics and monitors the implementation of ESG strategy.
- **Asset-Liability Committee (ALCO) (quarterly)**: Overseeing daily treasury balances and designing treasury policies and processes.

In addition to this structure of Management Committees, Allfunds Bank has an **Internal Control Body for AML/TF** composed by the CEO, the Chief Commercial Officer, the Global head of Risk, Compliance & AML, the Global Head of AML/CFT, the General Counsel, the Global Head of Sales Planning & Business Development, all members of the Entity's AML/CFT Unit, and those responsible for AML/CFT in the Entity's subsidiaries and branches when appropriate.

This Internal Body meets regularly and at least quarterly. Its main functions are:

- The drafting, approval and implementation of procedures through which policies to prevent money laundering and terrorist financing are implemented.
- Communication of such policies and procedures to the branches & subsidiaries located in 3rd countries.
- The execution of control and supervision mechanisms over these branches and subsidiaries to ensure compliance with policies and procedures.
- Approval of an annual training plan for the prevention of money laundering and terrorist financing, designed according to the risks of the business sector Allfunds Bank, S.A.U.
- The establishment of bidirectional communication channels, with precise instructions to managers, employees and agents on how to proceed in the event of detecting any facts or operations that may be related to money laundering or terrorist financing.

- The examination and monitoring of transactions likely to be related to money laundering or terrorist financing, in order to decide whether or not to notify the Spanish FIU (SEPBLAC), as well as the reviewing and follow-up of alerts detected through the ongoing screening tools regarding the entity's contractual counterparties.
- Any other matter or problem, changes and/or modifications of procedures related to the implementation of national and international legislation on the prevention of money laundering and terrorist financing.

2.4. Risk Management and Control

The information in this chapter complies with the information requirement in relation to policies and objectives of Article 435.1. letter a) CRR. In addition, it complies with section c) of the CRA¹⁸ requirement.

This section contains a description of the procedures established to identify, measure, manage, control and internally communicate the risks to which the Allfunds Group is or may be exposed.

2.4.1. Risk management approach

Risk management consists of identifying and measuring direct and indirect risks, as well as potential and emerging risks. This allows to determine the Group's appetite for the identified risks and the risk response - accept, avoid, mitigate or transfer those risks, in alignment with the Group's risk appetite.

Risk management further entails the ability to gain resilience, gain competitive advantage and identify new business opportunities. It also enables the creation of a modus operandi for assessing and preventing risks identified within the Group.

Allfunds has a general risk management and control model adapted to its business model, its organization, the countries where it operates and its corporate governance system. This model allows the Group to implement the risk management and control strategy and policies defined by the Board and to adapt itself to a changing economic and regulatory environment. The model is updated at least annually and is fully applied across the Group. It comprises the following elements: risk management framework, risk management strategy and objective, risk appetite framework and risk reporting.

2.4.2. Risk management framework

The Entity's risk management framework is based on the three lines of defence governance model: business and support units as first line of defence, Risk Management, Compliance and AML as second line of defence; and Internal Audit as third line of defence. This framework is designed to ensure effective and independent

¹⁸ EU CRA - General qualitative information about credit risk

oversight of the Entity's activities in line with the overall risk strategy which is established by the Board of Directors of the Entity and updated on an annual basis.

Figure 4. Three lines of defence



Furthermore, prioritizing risk training is a strategic priority for the Group to enhance a sound risk identification and effective risk management. During 2024, Senior Management have completed the annual mandatory program on risk management, compliance and AML principles, facilitated by experts from Allfunds and external training partners. In addition, during 2024 the Risk Management function has provided a Company-wide risk training to all employees with the objective to strengthen Allfunds' corporate risk culture by enhancing a sound risk identification and effective risk management through the Company.

2.4.3. Risk management strategy and objective

Prudence applied by the Entity in risk management is a basic pillar in its activity and in the services it provides to Distributors and Fund Houses. The Entity's organizational structure represents a system of clearly defined delegations for such risk management. The general principles that guide the definition, monitoring and management of the risks are the following:

- The risks assumed must be compatible with the assets of the Entity and in accordance with the objective solvency level.
- Willingness to maintain a "low risk" profile through:
 - Sticking to the distribution activity, avoiding incorporating proprietary positions in financial assets into the balance sheet that generate risks that the Entity is not willing to assume.
 - Searching for a high degree of diversification of structural risks, establishing limits to concentrations by customers, sectors, markets and/or geographies that may pose a threat to the solvency objectives, liquidity and recurrence of results.

- Paying ongoing attention to the risk identification and monitoring activities, so that all areas are provided with adequate and dynamic systems that result in optimal management and control of the risks assumed.
- Existence of control and monitoring procedures for all the risks incurred by the Entity in the performance of its activity.
- Existence of solid management mechanisms and mitigation of Operational and Reputational risks.

2.4.4. General principles of risk management and control

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.1. letter a) CRR. The information complies with sections f) and g) of the OVA¹⁹ requirement.

Risk management is one of the main pillars of the Entity's strategy. Senior Management acknowledges and supports the proper and efficient definition, assessment, control and monitoring of the risks assumed by the Entity during the course of its activities. The key principles are as follows:

- Independence of the Risk Management department from risk-generating functions.
- Common, widespread and shared risk culture throughout the organisation.
- Conservative control and evaluation criteria.
- Qualified and competent Risk Management department.

The Entity has a global risk management function designed according to its size, complexity and type of activity. The risk management function falls under the responsibility of the Risk Management department.

The Risk Management department is responsible for preparing and updating quantitative and qualitative procedures for monitoring, controlling and mitigating the potential risk resulting from the Entity's activity. Emphasis is placed on the nature and origin of risks, as well as on the procedures and methodologies governing management and control activities for each risk factor. The guidelines for implementing defined risk procedures are issued by the Risk Management department.

2.4.5. Risk Appetite Framework

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.1. letter f) CRR. In addition, it complies with section a) of the CRA²⁰ and section a) of the OVA²¹ requirements.

The Risk Appetite Framework (RAF) is a group-wide corporate management framework consisting of the process to determine risk appetite within the group's risk

¹⁹ EU OVA - Institution risk management approach

²⁰ EU CRA - General qualitative information about credit risk

²¹ EU OVA - Institution risk management approach

capacity, in order to achieve the management strategies formulated by the top management based on the group's management principles, together with the internal control system underpinning that process.

The RAF aims primarily at improving risk management in order to strengthen profitability, and enhance transparency on the process of deliberation and determination of the overall risk-taking policy in capital allocation and profit maximization, etc. It seeks to do so through the setting, communication, and oversight of risk appetite, as well as through the optimization and speed-up of allocation of management resources and through the reinforcement of the monitoring system by using the RAF as the universal language of the Group.

The Board of Directors approves the risk strategy on an annual basis and in particular the RAF to promote a good internal governance, the establishment of limits and objectives and the implementation of monitoring and surveillance mechanisms for the different risk types of risk. The last major update was performed in October 2024 and a minor review in February 2025, keeping the Group's risk appetite at low levels. This risk appetite level provides the foundation for the development of calculation and control methodologies for the risks incurred by the Group, which are implemented through its risk unit.

The Board of Directors reviews and discusses potential corrective measures, should any of the risk tolerance levels be exceeded. The Group has identified and implemented a set of key risk indicators to monitor its performance relative to its risk appetite. The key risk indicators report is provided to the Board of Directors of the Company on a quarterly basis. This report allows to identify deviations and potential breaches of the defined risk tolerance levels and discusses, if required, mitigating actions.

2.4.6. Risk Management department

The Risk Management department performs much of the daily work in managing the Entity's risk and is specifically responsible for:

- Defining procedures & methodologies to measure, control and monitor the risks incurred by the Entity.
- Proposing the limit structure and ratings to be assigned for each counterparty.
- Monitoring risk limits usage.
- Preparing periodic risk-related information for national supervisory authorities.
- Defining and preparing the necessary reports to monitor risk management.
- Preparing and updating the risk management policy as well as calibrating internal procedures.
- Defining investments necessary for better monitoring, controlling, and managing the Entity's risks.

2.4.7. Risk management structure

The Risk Management department has dual reporting lines: one to the CEO and other to the Board of Directors through the Risk and Audit Board Committee.

The global Risk team is based in Madrid (headquarters) with a local presence in Luxembourg, Switzerland and United Kingdom.

2.4.8. Risk reporting

Risk control and monitoring reports assist in the efficient and ongoing monitoring of the risks the Entity incurs in its daily activities. The format and nature of the information included in these types of reports aid the Entity's control of the operating limits defined for each counterparty and of other operating aspects related to the Entity's intermediation activity.

The main reports necessary for the Risk Management department to fulfil its duties include, but are not limited to, progress reports regarding execution settlement risk exposure limits, progress reports for overdraft limits, progress reports about Liquidity and Market risk, statistical reports and stress test results.

Progress reports about Liquidity and Market risk display limits for Liquidity risks (accumulated liquidity gap) and Market risks (set in terms of a percentage of own funds). These reports are produced daily.

Risk stress reports are produced as required and simulate the impact of risk scenarios that help complement and enhance risk decision planning. This type of analysis is mainly applied to Liquidity risk.

The following table shows the reporting channels and the frequency of reporting to the BoD:

Table 6. Reporting channels and frequency of reporting to the BoD

Type of information reported	Channel used	Frequency
Evolution of the Entity's risk	Risk & Audit Board Committee	Quarterly
Organizational changes with impact on risk	Risk & Audit Board Committee	Quarterly
Regulatory initiatives with an impact on the Entity	Risk & Audit Board Committee	Quarterly
Risk map updates	Risk & Audit Board Committee	Quarterly
Indicators included in the Risk Appetite Framework	Risk & Audit Board Committee	Quarterly

2.5. Risk Culture

2.5.1. Commitment of the Management Body

The Board of Directors of Allfunds Bank is the highest decision-making body of the Entity, and its main responsibilities include, among others, the clear definition and appropriate oversight of corporate culture, as well as integrating risks into the business strategy and key decision-making processes.

Through their actions and decisions, they promote accountability and ensure that all employees understand their roles in identifying, mitigating, and controlling risks. At the same time, their leadership sets a clear tone at the top, promoting ethical principles, transparency, and effective communication to reinforce consistency in risk management.

2.5.2. Principles and Values of the Allfunds Bank's Risk Culture

The bank's risk culture is based on the integration of solid principles which are actively promoted by the management body and Senior Management. These principles guide strategic decision-making, ensuring that the risk profile remains within the defined limits and aligned with the business strategy. The key risk culture principles are as follows:

- A fundamental value within this culture is the widespread and shared understanding of risk across the entire organization. By fostering a common risk culture, the bank ensures that all employees, regardless of their role, actively contribute to identifying, assessing, and managing risks.
- Allfunds Bank also adheres to conservative control and evaluation criteria, ensuring that all risk-related decisions are made prudently and within defined risk limits.
- Risk culture is underpinned by a clear commitment to the independence of the Risk Management department, ensuring that it operates separately from risk-generating functions. This separation allows for objective and unbiased risk evaluation, maintaining the integrity of the bank's decision-making processes.
- The Entity places great emphasis on having a qualified and competent Risk Management department, equipped with the necessary skills, expertise, and resources to effectively manage and mitigate risks in an ever-evolving financial landscape.

These principles collectively guide the Entity in maintaining a robust, transparent, and sustainable risk management framework.

2.5.3. Transparency and Communication

In the context of a risk culture that ensures prudent risk management, it is essential to promote a culture of effective communication, diversity, and constructive questioning at all levels.

Considering that, Allfunds Bank places significant emphasis on the director selection process, the Entity's Procedure for the Selection and Suitability Assessment not only evaluates business and professional reputation but also seeks to ensure that the Board's composition is sufficiently diverse in terms of gender, age, knowledge, skills, experience, and cultural, international, or other backgrounds. This proactive approach fosters an environment that values constructive questioning and diverse perspectives, which are critical for enhancing the quality of discussions and decision-making.

Furthermore, Senior Management collaborates closely with internal functions to promote integrity, accountability, and ethical conduct across all operational areas. The Entity ensures that all employees, regardless of their role, actively contribute to the identification, assessment, and management of risks. Through this proximity and accountability, the Entity fosters high-quality discussions and a secure environment for expressing concerns, thereby enhancing prudent risk management.

2.5.4. Risk Training and Awareness

Prioritizing risk training is a strategic priority for the Group to enhance a sound risk identification and effective risk management. During 2024, Senior Management have completed the annual mandatory program on risk management, compliance and AML principles, facilitated by experts from Allfunds and external training partners. In addition, during 2024 the Risk Management function has provided a Company-wide risk training to all employees with the objective to strengthen Allfunds' corporate risk culture by enhancing a sound risk identification and effective risk management through the Company.

2.5.5. Responsible Remuneration Policy

At Allfunds, the Remuneration Policy is carefully designed to align with the organization's strategic goals and risk appetite, prioritizing long-term vision over immediate benefits. This approach includes implementing clear limits on variable remuneration, deferring payments, and reimbursement policies.

In this regard, variable remuneration must be in harmony with the maintenance of a sound and robust capital base and should promote responsible business conduct. Accordingly, the Bonus is contingent upon Allfunds Bank meeting the liquidity, solvency, and capital requirements outlined in the Company's Risk Appetite Framework.

2.6. Internal Audit

The internal audit team of Allfunds Bank (also known as Internal Audit, Allfunds Internal Audit or AIA) has its headquarters in Madrid. The scope of AIA's work includes all the activities and functions of the AFB Banking Group.

2.6.1. Objectives and functions assigned to the Internal Audit department

The objective of AIA is to provide independent, reliable, valued, insightful and timely assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over current and evolving risks.

As a global function, AIA is responsible for the management of internal audit across the Group.

The Global Head of Internal Audit and staff of AIA are authorized to:

- Have unrestricted access to all information, functions, records, property and staff anywhere within the Group, relevant to their role.
- Have uninhibited right of access to the Board of Directors, the Chief Executive Officer and the appointed external auditors.
- Allocate resources, set frequencies, select subjects, determine scopes of work, assess audit need and coverage and apply the techniques required to accomplish audit objectives.

- Obtain the necessary assistance of staff in Allfunds Bank S.A.U. as well as other specialized services from within or outside.

AIA has an Audit Methodology that covers all phases of the audit cycle:

- Audit Universe Assessment.
- Annual Planning.
- Audit Execution, which includes audit planning, fieldwork and reporting.
- Tracking of open issues until closure.
- Business monitoring to identify key business developments that may impact the audit plan.

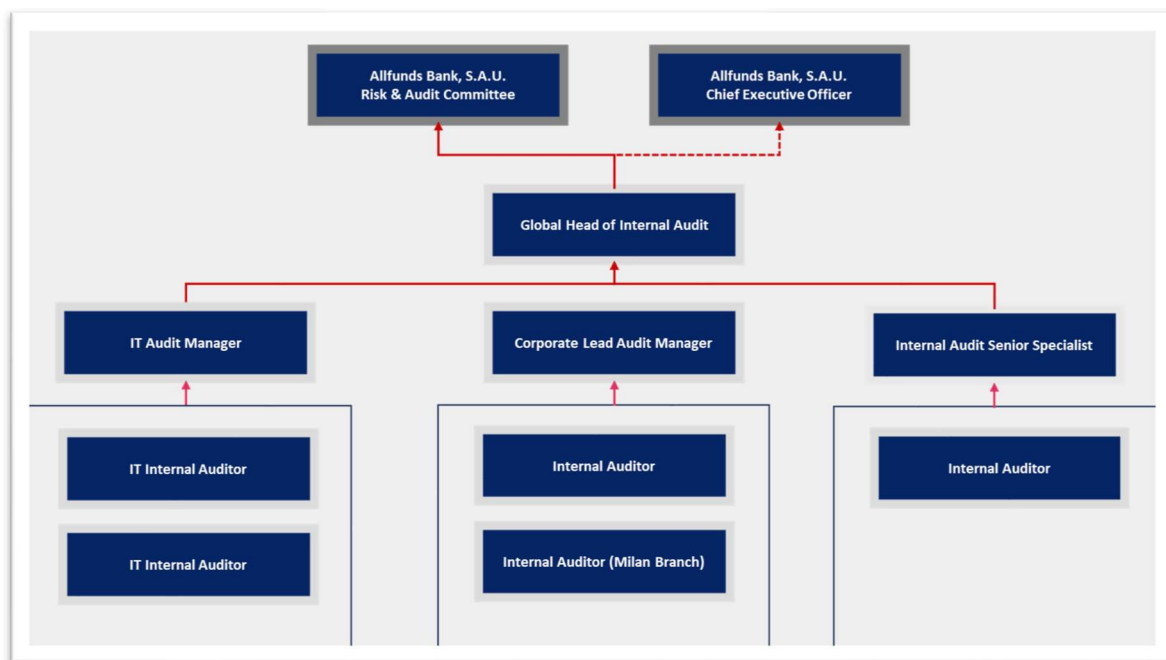
2.6.2. Internal Audit department resources

The Internal Audit team for the entity is a global function. The Global Head of Internal Audit reports functionally to the Chairman of the Risk and Audit Board Committee and administratively to the CEO.

AIA nine employees, eight of which are based in Madrid, and one is based in Milan. The team currently includes a Head of Internal Audit, two Audit Managers and four Audit Seniors.

The structure chart of the team is detailed below:

Figure 5. Internal Audit organization



Members of the Internal Audit team have a diverse background in financial services with relevant international experience in internal and external audit, in financial institutions covering retail, corporate and private banking, asset management and technology.

Regarding the tools used by AIA, the following are used on a day-to-day basis:

- Audit work is stored in Auto Audit, which is an audit software that allows team members to store audit documentation in a shared and secure environment. Auto Audit is used throughout the audit lifecycle, from annual planning and risk assessment, through audit fieldwork and issue tracking.
- AIA uses Arbutus Analytics to perform tests over large sets of data which are extracted by the IT team mainly. This testing approach, also known as Computer Aided Audit Tools & Techniques (CAATTs), allows AIA to significantly increase the level of assurance it provides.
- AIA has read-only access to the Dealing platform and the external web site (Connect) used by clients to obtain information on funds distributed by Allfunds.

During 2024, AIA has updated the Audit Methodology in order to ensure compliance with the requirements of the new Global Internal Audit Standards that were issued by the Institute of Internal Auditors in January 2024 and that are effective since January 2025.

2.7. Compliance function

As defined in the Allfunds Compliance Policy, the Compliance Function promotes adherence to standards, supervisory requirements, good conduct principles and values, acting as the second line of defence, by establishing controls, standards and measures, promoting open, critical and constructive debate, providing advice and appropriate reports for the benefit of Allfunds and, therefore, of its employees, counterparties and shareholders.

The purpose of the Compliance function is to minimise the probability of breaches and irregularities, and to identify, assess, report, and solve them promptly in case they occur.

‘Compliance risks’ are defined as:

- the risks of regulatory breaches of the obligations defined by the applicable regulatory framework.
- the risks of breaches of ethical codes, codes of conduct and internal regulations, which may result in sanctions, material or financial losses or damage to the Company's reputation.

Therefore, Compliance risks encompass Regulatory risk, Reputational risk, Conduct risk, Money Laundering risk and Criminal risk.

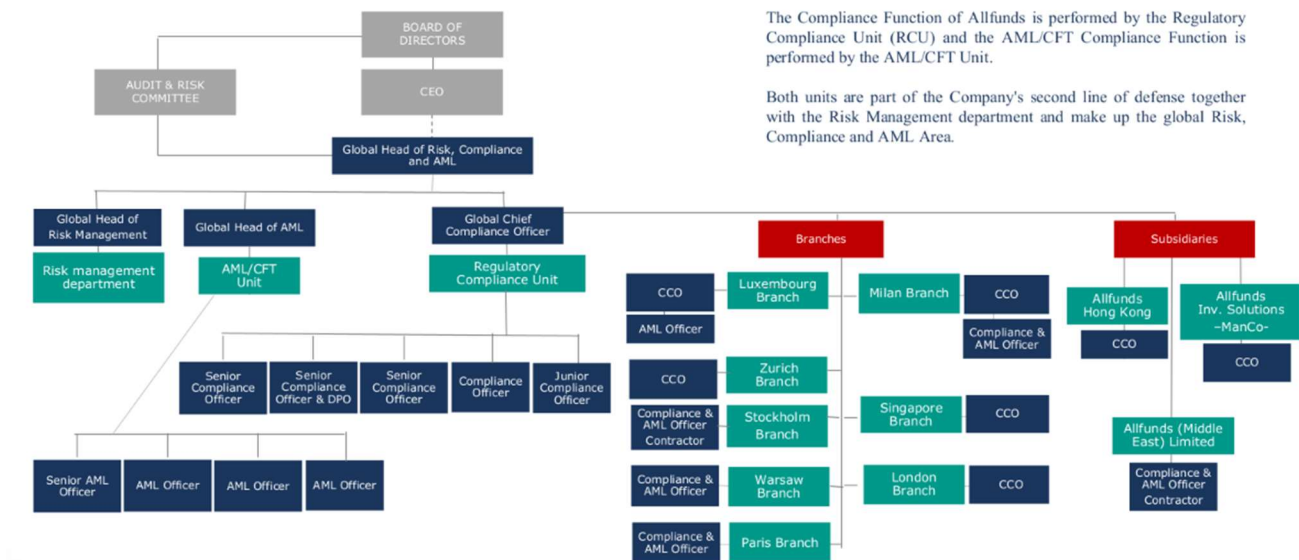
2.7.1. Compliance function organisation

The Compliance function of Allfunds is performed by the Regulatory Compliance Unit (RCU) and the AML/CFT Compliance function is performed by the AML/CFT Unit. The local compliance officers of the branches and subsidiaries develop both roles, regulatory compliance and AML/CFT, in their respective offices.

The Compliance function has been defined in accordance with the activities that the Company carries out and the type of business relationships it establishes and is hence focused on the financial market with institutional customers.

The Data Protection Officer of the Group is a member of the Compliance Unit.

Figure 6. Organisation of Compliance Function and AML Function



All the branches of the Company and the subsidiaries which, according to the regulations in force, require the existence of the compliance function, have established and designated a local compliance officer. Additionally, the Company's Compliance function establishes the action lines, coordination, standardisation and control of branches and subsidiaries. The local compliance officers have direct reporting channel with the Company's compliance function in the headquarters, to guarantee their independence, notwithstanding the jurisdiction in which they are located and their local reporting channels.

The Allfunds' Compliance function was made up of by 17 professionals at the end of 2024, 14 employees and 3 contractors: 6 members of the Regulatory Compliance Unit at headquarters and 11 in the branches as compliance officers.

2.7.2. Mission of the Compliance function

The mission of the Allfunds Compliance function has been defined in accordance with the supervisory guidelines as stated below.

EBA guidelines²² requires that staff within the compliance function possesses sufficient knowledge, skills and experience in relation to compliance and relevant procedures. The compliance function should be independent of the business lines and internal units it controls and have sufficient authority, stature and resources. It

²² European Banking Authority. Guidelines on internal governance under Directive 2013/36/EU. EBA/GL/2017/11 updated with EBA/GL/2021/05. In italics extracts from the guidelines.

must have enough capacity to address the main tasks identified by EBA for the compliance function:

- It should advise the management body on measures to be taken to ensure compliance with applicable laws, rules, regulations and standards, and should assess the possible impact of any changes in the legal or regulatory environment on the institution's activities and compliance framework.
- It should ensure that compliance monitoring is carried out through a structured and well-defined compliance monitoring programme and that the Compliance Policy is observed.
- It should verify that new products and new procedures comply with the current legal framework and, where appropriate, with any known forthcoming changes to legislation, regulations and supervisory requirements.
- It should take appropriate action against internal or external behaviour that could facilitate or enable fraud, ML/TF or other financial crime and breaches of discipline.

Likewise, MiFID II regulations²³ state that institutions should have a permanent and effective compliance function which acts independently and supervises the effectiveness of measures, policies, and procedures, advises and assists those in charge of providing investment and ancillary services, reports to the governing body and supervises the claims and complaints-handling process. Accordingly, the compliance function shall establish a risk-based monitoring programme to ensure that compliance risks are comprehensively monitored.

Reinforcing the above-mentioned MiFID's approach, the European Security Markets Authority (hereinafter ESMA) on its guidelines on certain aspects of the MiFID II compliance function requirements²⁴ outlines the monitoring, reporting and advisory activities of the compliance function. In particular, the ESMA highlights the role of the compliance function in relation to product governance and complaints management.

As part of Allfunds' organisational culture, the Compliance function will give support to other departments of the organisation in the first line of defence (business and support departments), to identify and mitigate regulatory and Reputational risks, thus promoting an ethical behaviour and a compliance culture.

Consequently, the **mission of Allfunds' Compliance function** could be summarized in (1) the identification, advice, supervision and reporting on compliance risks, carrying out their tasks independently; (2) adopting a proactive approach and close to the rest of the organisation, as part of its culture; (3) anticipating changes in the regulatory context, in order to incorporate them into the Compliance Programme, and (4)

²³ Delegated Regulation (EU) 2017/565 implementing Directive 2014/65/EU on markets in financial instruments. Art. 22

²⁴ ESMA 35-36-1952 guidelines of 06/04/2021 on *certain aspects of the MiFID II compliance function requirements*, which replaces ESMA guidelines on the same topic, issued in 2012.

mitigate regulatory and Reputational risks while promoting ethical and responsible behaviour.

Compliance function monitors the fulfilment with applicable regulations, standards and codes of conduct in order to treat fairly customers and stakeholders. As second line of defence, also monitors and verifies that the Company's policies and procedures are observed and duly updated and identifies improvement actions while promoting a solid risk and compliance culture across the organisation. Compliance functions are detailed in the Compliance Policy updated in December 2023.

2.7.3. Compliance certification: ISO 37301

Allfunds Compliance model has the international standard ISO 37301:2021 awarded by AENOR in 2022 and maintained in 2024. This ISO establishes the requirements of a management system to identify the main obligations affecting organisations and perform a risk assessment exercise for non-compliance.

This standard establishes the requirements of a management system to:

- Identify the main obligations that affect organisations and carry out an assessment exercise of the risks of non-compliance.
- Foster the compliance culture in a broad sense, promoting training and awareness of staff.
- Demonstrate the commitment of the organisation's top management and provide them with adequate control mechanisms.
- Strengthen the "compliance function" as an increasingly relevant function for the sustainability of organisations.
- Be able to prove to third parties the commitment to compliance.



This certification enables the RCU to ensure that our model fulfils the highest industry standards, reinforces our sustainability commitments, and strengthens our position in the financial market, with customers, suppliers, employees, and society in general in the different countries where Allfunds operates.

2.7.4. Monitoring Programme based on the regulatory risk assessment

The Regulatory Compliance Unit of Allfunds has developed a comprehensive risk-based compliance monitoring programme with the support of an external provider tool called ARCHER.

The Compliance Monitoring Programme (CMP) is a core pillar of the Compliance function in Allfunds. It enables the Regulatory Compliance Unit to ensure that Compliance risks are comprehensively monitored in accordance with the obligation established in different standards and the EBA and ESMA Guidelines.

The principles of the programme are defined in the Compliance Policy and the Compliance Risk Management Manual.

Objective

The Compliance Monitoring Programme is based on the analysis of Regulatory and Conduct risks with the aim of ensuring compliance with regulations and internal policies in accordance with the provisions of standards and the guidelines of the European Banking Authority and the European Securities and Markets Authority. The results are regularly presented to the Board's Risk and Audit Committee.

The programme aims to ensure that the internal policies, procedures, standards, codes of conduct applicable to Allfunds' business, organisation and control measures remain effective and adequate to prevent, detect, correct and mitigate the risk of non-compliance (including the prevention or mitigation of criminal risks) that could result in sanctions and/or material, financial or reputational loss. The CMP also seeks to encourage behaviour in accordance with regulations and ethical values, and to reinforce the compliance culture in Allfunds allowing the Compliance function to actively shape it and to manage compliance risks with a holistic approach.

Methodology

As for the Risk Assessment methodology, the RCU applies the best market practices in this matter. This methodology is applied both in the headquarters and in all the branches and subsidiaries.

The phases of the programme are the following:

Figure 7. Phases of the Compliance Monitoring Programme



- Identification and evaluation of Compliance risks (including regulatory and criminal risks) about regulations applicable to Allfunds' activities at global and local level. This risk assessment includes the assessment of potential criminal risks that Allfunds may incur in the event of unlawful or improper behaviour by

its staff. This phase includes the assessment and assignment of an inherent risk level to each regulatory requirement (including criminal risk requirements) using aggregated risk metrics (probability by impact).

- Allocation of mitigating controls and the control owner (first line of defence in the business and support areas and location liable for such controls at local and global level).
- Execution of regular monitoring of the correct design and effectiveness of controls through surveys campaigns to the control owners. All controls are evaluated by their responsible at least on an annual basis.
- As a second line of defence, the Regulatory Compliance Unit reviews controls implemented by the first line and the corresponding evidence. The residual risk level of each regulatory requirement is determined based on the robustness and effectiveness of the controls.
- Definition, together with the first lines of defence, of the action plans required to reinforce the controls deemed not efficient enough or to implement additional measures to mitigate existing risks. The Regulatory Compliance Unit monitors and oversees the implementation of the action plans defined.
- Regularly reporting the results of the monitoring process, as well as any finding or shortcoming detected, to Allfunds management bodies and to the Board of Directors through the Risk and Audit Board Committee.

All the phases of the programme are duly documented.

The Regulatory Compliance Unit verifies that the programme is constantly adapted to the regulatory environment, the requirements of supervisors and the assessment of the risk profile. This is a dynamic model that may be adapted to incorporate new regulatory obligations or changes in existing ones (identified through a Regulatory Radar service), organisational changes in those controls' owners or improvements in processes, as well as the incorporation of new jurisdictions or business where Allfunds expands its activities.

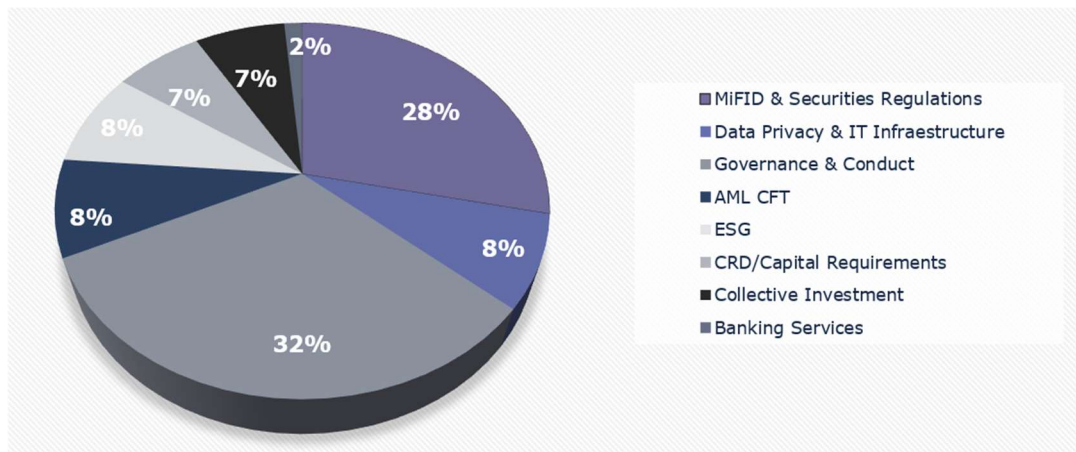
In this regard, over 2024, the programme has been updated and reinforced with:

- **In terms of regulation:** the inclusion of controls related with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), improvements about the gender balance among directors' disclosures, as well as specific local applicable regulation for the Allfunds branches, mainly the UK's Sustainability Disclosure Requirements (SDR), ICT-related incident reporting in Luxembourg and the Swiss circular about Operational risks and resilience. Likewise, we have reviewed that the existing controls cover the updates in the Italian criminal code and the UK Economic Crime and Corporate Transparency Act.
- **In terms of organisational changes:** with the inclusion of MainStreet Partners and Allfunds I&T Services (Shanghai) Co., Ltd in the group monitoring programme. It should be noted that the new management company Allfunds Middle Est, based in Dubai Financial Service Center is not yet included in CMP since this company has started its activities at the end of 2024.

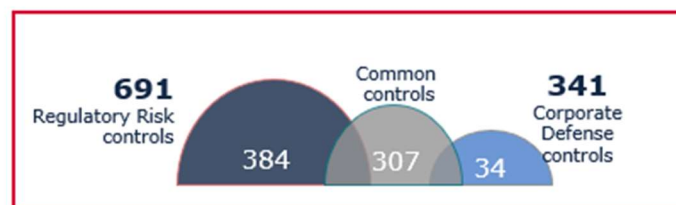
With those additions, the number of regulatory requirements monitored through the programme increases from 444 in 2023 to 464 in 2024. In addition, with the aforementioned criminal risks the corporate defence model monitored through the CMP covers 29 criminal risks.

The following figure presents the requirements included in the Compliance Risk Assessment, related to various regulatory topics, including criminal risks of the corporate defence model in the governance and conduct scope:

Figure 8. Regulatory requirements included in the Risk Assessment



The controls overseen with this programme are divided between regulatory matters and corporate defence (criminal risk mitigation) matters as follows:



The programme involves all the departments and offices, as first line of defence, with controls defined at local and global level.

With the aim of constant improvement, during Q3 2024 the RCU has implemented and efficiency plan over the CMP. It entailed the analysis of all existing controls to make the programme more efficient, maintaining the coverage of all applicable regulations and the same level of rigour in the scope of controls, to keep the certification ISO 37301. The analysis was done on the perimeter of (i) regulations included in 2023 and (ii) business units monitored in 2023. As results of this plan some controls have been merged, encompassed in other controls or grouped in the HQ team. The plan has impacted all business units and all departments, especially those with the highest number of associated controls.

Regulatory Radar

Allfunds performs its activity in a global and increasing regulatory environment. In order to have an adequate control over the regulatory publications that might affect

Allfunds, its branches and subsidiaries according to their activity, the Company has a regulatory radar tool service in place with KPMG as provider, in order to: (i) detect the new regulations according with the Regulatory Compliance Mission, and (ii) maintenance of the Compliance Monitoring Programme based on the Regulatory Risk Assessment under the appropriate measures which ensures its accuracy and update according to the Company structure (16 jurisdictions).

To reinforce compliance with the objective of new regulations detection, in addition to the regulatory information updated on a daily basis on the radar tool, KPMG holds a monthly meeting with Allfunds Head Office teams (with the participation of Compliance, AML, Risk Management, Internal Audit, Legal, Finance, Sustainability areas) to review the main regulatory publications with an impact on the Company's services, both in Spain and in the different jurisdictions where Allfunds has branches, subsidiaries and representative offices.

Likewise, each branch or subsidiary had a minimum of 2 specific sessions per year. Such meetings are attended by different Allfunds' local areas (Legal, Finance, Risk Management, Compliance, etc.). The aim of those sessions is to provide the local teams with easier access to regulatory developments in their respective jurisdictions.

2.8. Anti-Money-Laundering Compliance function

AML/CFT Compliance Function is performed by the Anti-Money Laundering AML/CFT Unit which is supported by the compliance officers of the branches and subsidiaries. Thereby, the AML/CFT Compliance Function was made up of by 15 professionals at the end of 2024, 5 members of the AML/CFT Unit at headquarters and 10 in the branches as compliance officers (9 employees and 2 contractors).

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) is an area of particular concern at Allfunds. Allfunds' commitment on this is reflected in its Anti-Money Laundering and Countering the Financing of Terrorism programme (hereinafter, AML&CFT), and in the policies, procedures and controls developed in this programme.

The goal of the Group in developing its AML&CFT programme is:

- To protect Allfunds' reputation preventing it from being used for the illicit laundering of assets or movement of funds to support and/or finance terrorism.
- To help preserve the integrity of the financial system, as well as the supervision of the authorities in order to prevent money laundering, corruption and to combat the financing of terrorism.

In line with this goal, all entities belonging to the Group regardless of their geographical location, must fully comply with applicable AML and CTF legislation.

Allfunds Bank has an updated AML&CFT Manual, which includes the policies and procedures relating to customers in the process of acceptance, as well as their monitoring and supervision in accordance with the AML&CFT programme in place at Allfunds Group. This Manual has been provided to all employees, and includes a clear

description of their obligations, as well as guidelines on how to develop Allfunds Bank activities in compliance with applicable regulations, which are managed and coordinated by the AML/CFT Unit. In this context, Allfunds Bank implements training plans adapted to the specific responsibilities and duties of each employee.

The areas on which the model is based are:

- Measures at the beginning of any business relationship with new counterparties (customers and fund managers), through robust due diligence and analysis of such entities. Also, prior to starting commercial activities in each geography, a country analysis is carried out.
- New customers are approved by the Customer Acceptance Committee, chaired by the CEO and attended by the Global Chief Compliance, AML & Risk Officer, the AML/CFT Unit and local Compliance Officers, the Risk Management Unit, the Legal department and the Sales and Business Development department. The committee discusses the analyses carried out on each customer by both the AML/CFT Unit and the Risk Management Unit, as well as the business reasons. The Committee is also in charge of approving new countries to establish customer relationships.
- In addition, due diligence of each entity is carried out by the AML/CFT Unit at the beginning of the business relationship with fund managers. If signs of significant Reputational risk are identified with any fund house, the issue is escalated to the Customer Acceptance Committee for approval or rejection.
- Ongoing counterparties monitoring measures. Allfunds has established the following tools: daily screening of counterparty data against international sanctions and embargo lists, periodic counterparty due diligence, daily screening of payments' flows, controls and alerts based on customer transactions and on-site visits and reviews of higher risk customers or of those in higher risk geographies.

The Anti-Money Laundering Unit reports to the Risk and Audit Committee and the Board of Directors, through its AML/CFT Reports, presented by the Global Chief Compliance, AML & Risk Officer

The proper management of risks relating to money laundering and financing of terrorism requires the identification and analysis of risks relating to money laundering and the financing of terrorism to which Allfunds is exposed, and the design and effective application of the policies and procedures that are proportionate to the risks identified. This risk analysis must take into account the type of customer, product and service offered, the distribution channels of the products and services, and the jurisdictions in which the customers of Allfunds conduct their business.

The Board of Directors of Allfunds Bank is responsible for the approval of the AML/CFT policies and measures and appoints the AML Compliance Officer (AMLCO), who is the Global Chief Compliance, AML & Risk Officer, thereby ensuring sufficient independence and authority, and direct reporting to Senior Management and the Board of Directors. All this helps to ensure that the information is reported in a timely, comprehensive and accurate manner in regard to all questions linked to the efficient

management of AML&CFT risks, in order to enable the Board and management to take the necessary decisions. The procedures developing this AML/CFT Policy are approved by the Internal Compliance Committee.

In this context, Allfunds Bank implements training plans adapted to the specific responsibilities and duties of each employee.

2.8.1. AML/CFT risk assessment

Allfunds carries out on an annual basis a comprehensive ML/FT Risk Assessment, in accordance with the applicable and in force AML Directive and the EBA Guidelines (ML/TF Risk Factors Guidelines).

Allfunds assess the ML/TF risk to which it is exposed as a result of the nature and complexity of its business based on information from a variety of internal and external sources, as well as the controls and measures in place for their mitigation.

Risks

- Client risk: distribution of client risk rating, existence of PEPs, sanctioned clients, and other objective data.
- Geographical risk: clients located in risk areas, clients located in embargoes countries or in countries with deficiencies on AML/CFT.
- Product and services risk: complexity of the product or services provided.
- Channel risk: anonymity in transactions / difficulty in determining the beneficial owners, third parties not linked to the product may carry out payments, receive payments, etc.

Controls

- Internal controls and governance: AML function resources (human and IT resources), participation in committees, measures to ensure compliance with applicable regulation, organizational changes.
- Clients onboarding and KYC procedure: due diligence measures according to standards.
- Detection and operational controls: alert systems, screening controls, transaction monitoring.
- AML/CFT Training: staff and management training, AML Unit training.

The outcome of the annual ML/FT Risk Assessment is submitted to the Internal Compliance Committee and to the Board of Directors through the Risk and Audit Board Committee.

3. Capital

3.1. Capital management and adequacy

The strategic objectives set by the Entity's Management in relation to the management of its own funds are the following:

- Comply with the applicable regulations regarding minimum capital requirements both at individually and consolidated levels.
- Seek maximum efficiency in the management of own funds, so that, along with other profitability and risk variables, the consumption of own funds is considered a fundamental variable in the analysis associated with investment decision-making for the Company.
- To meet these objectives, the Entity has a series of policies and processes for managing its own funds, the main guidelines of which are:
 - The Entity monitors, controls and analyses the levels of compliance with regulations regarding own funds.
 - In the Entity's strategic and commercial planning, the impact of decisions on the Entity's computable own funds and the consumption-profitability-risk relationship is considered a key factor in decision-making.

Due to all of the above, the Entity considers that the own funds and the own funds requirements established by the aforementioned regulations constitute a fundamental element of the Entity's management, affecting, among others, investment decisions or the analysis of the viability of operations.

3.2. Pillar I regulatory capital requirements

The information in this section complies with the disclosure requirement in relation to countercyclical capital buffers of Article 440 letters a) and b) CRR.

Based on the current regulatory framework (art. 92 CRR), the AFB Banking Group must always meet the following capital adequacy requirements:

- A Common Equity Tier 1 (CET1) ratio of 4.5%.
- A Tier 1 capital (common equity plus additional capital) ratio of 6%.
- A total capital ratio of 8%.

In addition to the above, based on its annual supervisory review and evaluation process (SREP), at the end of 2023 the Bank of Spain informed the Group to maintain a Pillar II capital requirement of 7.0%, of which at least 56.25% must be met with Ordinary Tier 1 capital (CET1), and 75% with Tier 1 Capital (Tier 1) with effect from 1 January 2024²⁵.

Finally, in addition to these requirements, Directive 2013/36/EU introduced the **capital buffers** during a peak phase of the economic cycle, with the objective of

²⁵ In their last SREP decision Bank of Spain has established to reduce the Pillar II requirement from 7.0% to 1.5% with effect from 1 January 2025.

creating a more stable banking system that helps softening, instead of amplifying, economic and financial crisis.

These buffers may be used to absorb losses in difficult economic or stressful times. While its use does not involve a breach of the regulation, this could generate restrictions on dividends of the entity or the payment of variable remuneration for its managers.

- A **capital conservation buffer** of 2.5% of Common Equity Tier 1 capital is set in order to provide the entity with enough ordinary capital to absorb losses in an economic environment of stress. In case of non-compliance, limits on profit distribution or payment of variable remuneration of its executives are imposed.
- A **countercyclical buffer** that can be up to 2.5% of Common Equity Tier 1 capital. The level that this buffer must reach is set by the national competent authorities using macroeconomic variables, when a period of excess credit growth that might be leading to the build-up of system-wide risk is observed. In this regard, the institution-specific countercyclical capital buffer is obtained as the weighted average of the countercyclical capital buffers that apply in the jurisdictions in which the relevant credit exposures of the institution are located.

Specifically, the countercyclical capital buffer requirement of the AFB Banking Group based on its geographic exposures was 0.6400% as of 31 December 2024. The following tables provide additional information on the calculation of this buffer.



Table 7. CCyB1 - Geographical breakdown of relevant credit exposures for the calculation of the countercyclical capital buffer (EUR thousand)

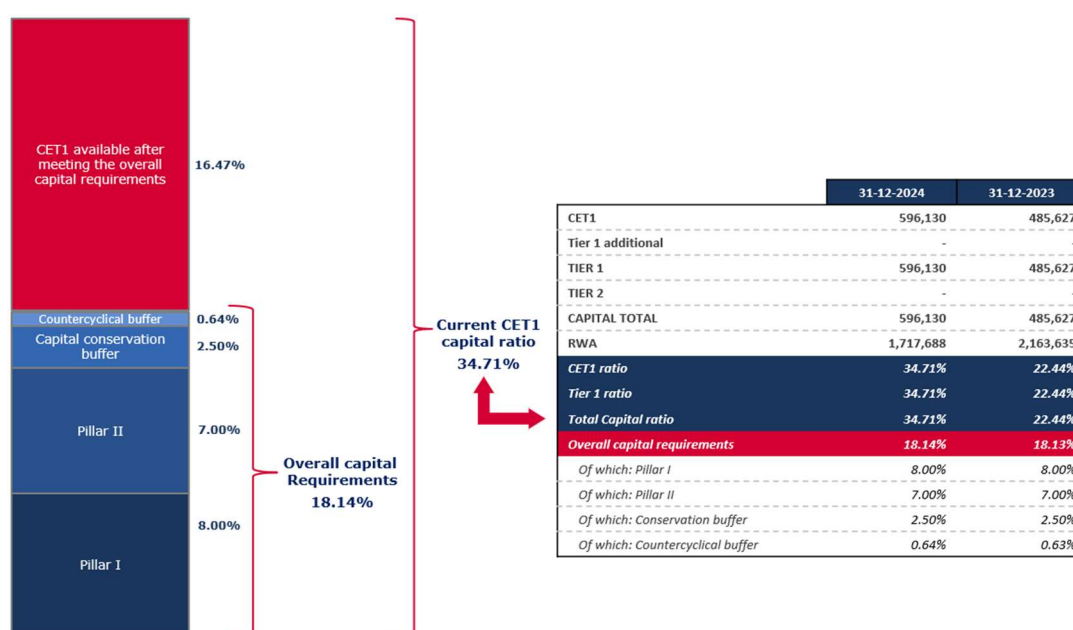
	a	b	c	d	e	f	g	h	i	j	k	l	m	
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclic al buffer rate (%)	Countercyclical buffer requirement (%)	
	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
Breakdown by country:														
United Kingdom	29,767	-	-	-	-	29,767	2,381	-	-	2,381	29,761	10,0963%	2.00%	0.2019%
Luxembourg	100,414	-	-	-	-	100,414	8,033	-	-	8,033	100,414	34,0627%	0.50%	0.1703%
Ireland	20,064	-	-	-	-	20,064	1,605	-	-	1,605	20,064	6,8057%	1.50%	0.1021%
France	33,476	-	-	-	-	33,476	2,678	-	-	2,678	33,476	11,3556%	1.00%	0.1136%
Germany	5,717	-	-	-	-	5,717	457	-	-	457	5,717	1,9378%	0.75%	0.0145%
Sweden	1,690	-	-	-	-	1,690	135	-	-	135	1,690	0,5724%	2.00%	0.0114%
Norway	906	-	-	-	-	906	72	-	-	72	906	0,3053%	2.50%	0.0076%
Hong Kong	3,107	-	-	-	-	3,107	249	-	-	249	3,107	1,0558%	0.50%	0.0053%
Belgium	1,765	-	-	-	-	1,765	141	-	-	141	1,765	0,5979%	1.00%	0.0060%
Denmark	487	-	-	-	-	487	39	-	-	39	487	0,1654%	2.50%	0.0041%
Netherlands	468	-	-	-	-	468	37	-	-	37	468	0,1569%	2.00%	0.0031%
Total countries with CCyB	197,861	-	-	-	-	197,861	15,827	-	-	15,827	197,855	67,1118%		
Italy	38,054	-	-	-	-	38,054	3,044	-	-	3,044	38,054	12,9076%	-	-
Spain	27,867	-	-	-	-	27,867	2,209	-	-	2,209	27,609	9,3669%	-	-
Switzerland	15,505	-	-	-	-	15,505	1,240	-	-	1,240	15,505	5,2580%	-	-
United States of America	4,909	-	-	-	-	4,909	393	-	-	393	4,909	1,6665%	-	-
Singapore	3,673	-	-	-	-	3,673	293	-	-	293	3,665	1,2424%	-	-
United Arab Emirates	3,415	-	-	-	-	3,415	273	-	-	273	3,415	1,1576%	-	-
Total countries with a 0% CCyB or without CCyB and Own Funds Requirements above 1%	93,423	-	-	-	-	93,423	7,452	-	-	7,452	93,157	31,5990%		
Other countries	3,823	-	-	-	-	3,823	304	-	-	304	3,823	1,2889%	-	-
Total countries without CCyB and with Own Funds Requirements below 1%	3,823	-	-	-	-	3,823	304	-	-	304	3,823	1,2889%		
Total	295,107	-	-	-	-	295,107	23,583	-	-	23,583	294,835	100%		0.6400%

Table 8. CCyB2 - Amount of institution - specific countercyclical capital buffer (EUR thousand)

	a
1 Total risk exposure amount	1,717,688
2 Institution specific countercyclical capital buffer rate	0.6400 %
3 Institution specific countercyclical capital buffer requirement	10,994

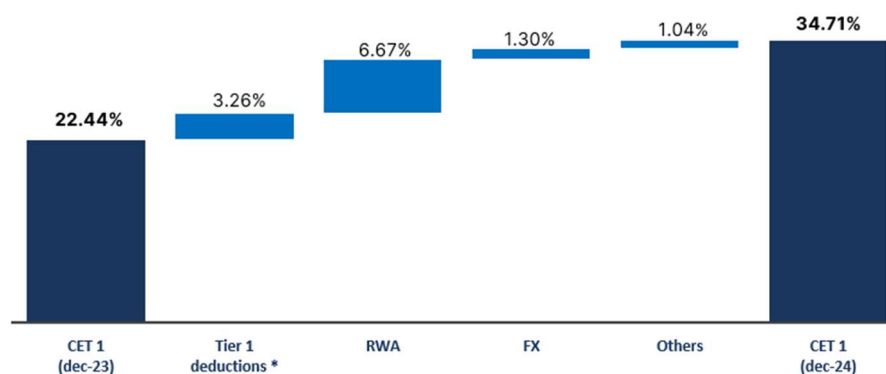
Considering all the requirements described above, as of 31 December 2024, the Group had to comply with Overall Capital Requirements (OCR) of 18.14%. The AFB Banking Group's CET1 ratio remained at high levels (34.71%), comfortably above this OCR and the internal alert level established in the Group's Risk Appetite Statement (19.25%).

Figure 9. Capital distribution constraints and qualifying own funds (EUR thousand)



The following graph explains the evolution of the CET1 ratio in 2024 according to its different elements:

Figure 10. 2024 CET1 ratio evolution



* Deductions mainly derive from intangible assets generated in previous years and deferred tax assets.

The CET1 ratio as of the end of 2024 shows a notable improvement compared to 2023 driven by two factors:

- A significant increase in own funds, thanks to the application of lower deductions from intangible assets generated in previous years.
- A substantial reduction in RWA, due to lower Credit risk exposures, as previously mentioned in section "Financial highlights of 2024", with positive impact on credit-risk RWA.

3.3. Eligible own funds

The information in this section complies with the disclosure requirement in relation to own funds of Article 437.1. letters b) to e) and 447, letter h) CRR.

Common Equity Tier 1 capital includes the following elements:

- Share capital and share premiums associated with the share capital.
- Retained earnings and other reserves, which refer to the net amount of the accumulated profits or losses recognised in prior years in the consolidated statement of profit or loss that were appropriated to equity and not distributed subsequently to the sole shareholder.
- Profit of the year attributable to the parent Company.
- Accumulated other comprehensive income, which refers to valuation adjustments related to financial assets at fair value through other comprehensive income, mainly due to foreign exchange differences.

Additionally, Common Equity Tier 1 must be adjusted by the following deductions:

- Additional value adjustments resulting from prudent valuation.
- Goodwill and intangible assets net of related tax liabilities.
- Deferred tax assets.
- Other regulatory adjustments²⁶.

The following table shows the reconciliation of shareholders' equity and regulatory capital as of 31 December 2024 and 2023, which provides a better understanding of the previous concepts.

²⁶ It includes a EUR 26 million intragroup loan to the parent company Allfunds Group Plc that is planned to be extinguished in 2025.

Table 9. CC1 - Composition of regulatory own funds (EUR thousand)

Ref. *	Eligible capital own funds	31/12/2024	31/12/2023
a)	Capital instruments and the related share premium accounts	2,768,312	2,726,312
b)	Retained earnings	-51,187	-71,428
c)	Accumulated other comprehensive income (and other reserves)	1,195	48,096
e)	Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
	Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,718,320	2,702,980
	Additional value adjustments	-14	-15
d)	Intangible assets (net of related tax liability)	-1,848,474	-2,177,169
	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)	-1,259	-1,273
	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)	-	-38,896
e)	Losses for the current financial year	-246,443	-
	Other regulatory adjustments	-26,000	-
	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-2,122,190	-2,217,353
	Common Equity Tier 1 (CET1) capital	596,130	485,627
	Additional Tier 1 (AT1)	-	-
	Tier 1 (Common Equity Tier 1 + Additional Tier 1)	596,130	485,627
	Tier 2 before regulatory adjustments	-	-
	Tier 2 regulatory adjustments	-	-
	Tier 2	-	-
	Total capital (Tier 1 + Tier 2)	596,130	485,627

* Reference to template EU CC2 where these items are included as of 31 December 2024.

Following the merger of UBS with Credit Suisse on 19 March 2023, on 23 August 2024 UBS decided to discontinue the 25 June 2019 Credit Suisse's exclusivity agreement with Allfunds from 1 January 2025. In compliance with IAS 21.48 and IAS 21.49, Allfunds' management assessed the recoverable amount, estimating it at zero, as the business depended on the exclusive distribution of proprietary and third-party funds by Credit Suisse.

From a capital point of view, this event was neutral as the impairment loss recorded in the income statement (Ref. "c" and "e" on table 9) was compensated by the strong decrease in deductions thanks to the reductions derived from the recycling of the accumulated differences from the purchase price allocation process into the heading "Impairment or Reversal of Impairment of Non-Financial Assets", along with the derecognition of the net assets of the liquidated business (Ref. "d" on table 9). This was a one-off event with no further implications to the capital strength of the Group.

3.4. Own funds requirements by risk type

The information in this section complies with the disclosure requirement in relation to Capital of Article 438, letter d) CRR.

Part Two, Title II to VI of CRR define capital requirements for Credit risk, Operational risk, Market risk, Settlement risk and credit valuation adjustment risk, respectively.

The following table shows the minimum amount of capital the Group is required to hold in order to safeguard its solvency, based on the amount of risk assumed for each Pillar I risk.

Table 10. OV1 - Overview of RWA (EUR thousand)

		Risk Weighted Assets		Total own funds requirements
		31/12/2024	31/12/2023	31/12/2024
1	Credit risk (excluding CCR)	633,870	1,167,505	50,710
2	Of which: the standardised approach	633,870	1,167,505	50,710
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	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	-	-	-
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250%	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	10,868	16,655	869
21	Of which the standardised approach	10,868	16,655	869
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	1,072,950	979,475	85,836
EU 23a	Of which basic indicator approach	1,072,950	979,475	85,836
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	105,136	131,449	8,411
29	Total	1,717,688	2,163,635	137,415

* Capital requirement of Pillar I: 8% RWA

In spite of the increase in RWA for Operational risk after the update of the Basic Indicator with the Gross Margin of 2024, a significant decrease is shown in Pillar I RWA, due to a strong reduction in RWA for Credit risk, driven by the revised accounting treatment of revenue, as previously mentioned above. While this change is neutral from a P&L, it positively impacts RWAs related to Credit risk. Market risk remained at low levels. These changes move Operational risk on top of Credit risk as the most capital-consuming risk, with Market risk as a minor concern.

Figure 11. Distribution of capital requirements



3.5. Leverage ratio

The information in this section complies with the disclosure requirement in relation to Leverage ratio of Article 451.1 letters a), b), d), and e) CRR. In addition, it complies with sections a) and b) of the LRA²⁷ requirement.

The Basel III agreement introduced a regulatory financial leverage ratio. In January 2014, the Basel Committee published the definitive calculation of the leverage ratio, together with an obligation to publish certain information to the market, applicable from 1 January 2015. In October 2014, the European Commission modified the CRR (via Delegated Regulation 2015/62) in order to adapt the new form of the calculation.

In accordance with Article 451 of the CRR, entities have to notify the leverage ratio. The aim of this ratio is to ensure that banks do not circumvent requirements for secure and long-term forms of capital. The leverage ratio is defined as Tier 1 capital divided by a measure of non-risk weighted assets (the leverage exposure).

This exposure is calculated as the sum of the following components:

- Asset value, excluding derivatives and without elements considered as deduction in Tier 1.
- Off balance sheet accounts (mainly, guarantees, non-used credit limits, letters of credit) weighted by the conversion factors of the standard Credit risk method.
- Net value of derivatives (capital gains are netted against impairment with the same counterparty) including surcharge for potential future exposure.
- A surcharge to cover the potential risk of security transactions.
- A surcharge to cover the potential risk of credit derivatives (CDS) in the uncovered part.

BCBS revised the definition of the leverage ratio in 2017. In particular, a series of technical adjustments were made to the method for calculating total exposure (the denominator of the leverage ratio), mainly relating to exposure to derivatives and the treatment of off-balance sheet exposure. The final calibration of the leverage ratio was set at 3% for all institutions.

As part of the Allfunds' commitment to maintaining robust solvency ratios and managing the risk of excessive leverage, the Group has incorporated the leverage ratio as an indicator within its risk appetite framework. The monitoring of this ratio is performed within the wider monitoring of the entity's solvency levels and includes an evaluation of the exposure and the entity's own funds, ensuring an adequate tracking of excessive leverage risk.

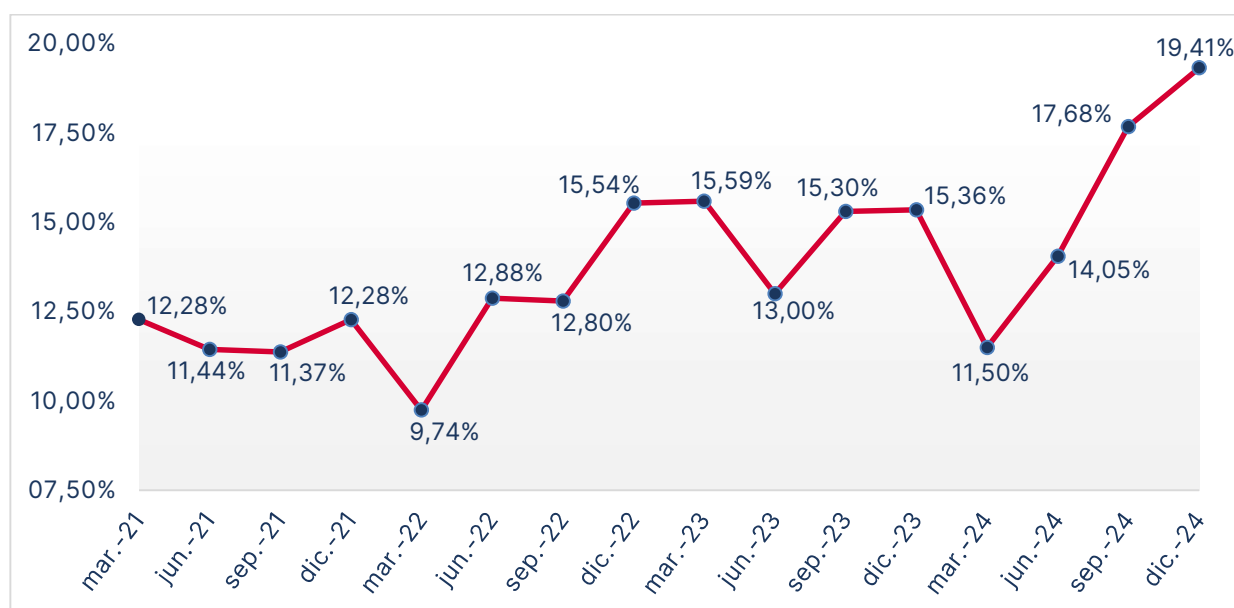
Within this management framework, limits have been established to ensure that leverage remains well below levels that could be considered risky, without adversely affecting business activities. The estimates of this ratio and its evolution are included

²⁷ EU LRA - Disclosure of LR qualitative information.

in the monitoring and reporting processes, which are presented with monthly and quarterly frequency through the Internal Risk and Audit Committee and to the Board of Directors through the Risk and Audit Board Committee.

As of 31 December 2024, the AFB Banking Group showed a leverage ratio of 19.41%, remaining at strong levels with a significant increase from 15.36% as of the end of 2023, comfortably above regulatory levels (3.0%) and aligned with the Group's risk appetite set in the Risk Appetite Statement (alert level of 5.0%). The increase is justified by lower exposures, mainly explained by the revised accounting treatment of revenue, in accordance with IFRS 15, as previously mentioned in section "Financial highlights of 2024".

Figure 12. Evolution of the leverage ratio



Allfunds' high leverage ratio results from the strong relationship between equity and total assets, reflecting a capital structure with a higher proportion of own funds.

Additionally, the variations typically observed in the leverage ratio correspond to the specific characteristics of Allfunds' business model, where the asset level—mainly consisting of cash accounts held at central banks or credit institutions with immediate liquidity—is closely linked to customer deposits resulting from their commercial activity, in which Allfunds acts as an intermediary. The level of these deposits, and consequently a significant portion of the Group's assets—since Allfunds does not engage in investment activities but, as mentioned, allocates everything to immediately available liquidity accounts—depends on clients' needs and the balances they maintain in their accounts at different points in time.

The following tables show the relevant information as of 31 December 2024 required by the Commission Implementing Regulation (EU) 2016/200 of 15 February 2016.

There are no differences in the reconciliation of the leverage ratio with the financial statements.

Table 11. LR2 - LRCom - Leverage Ratio Common Disclosure (EUR thousand)

		CRR leverage ratio exposures	
		a	b
		31-12-2024	31-12-2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,945,946	5,376,858
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)	-1,875,733	-2,217,338
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	3,070,213	3,159,520
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	927	2,859
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	-	-
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	927	2,859
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 deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
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 (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
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	596,130	485,627
24	Total exposure measure	3,071,140	3,162,379
Leverage ratio			
25	Leverage ratio	19.41%	15.36%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	19.41%	15.36%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	19.41%	15.36%
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	NA	NA
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 receivables	-	-
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 exposure measure (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)	3,071,140	3,162,379
30a	Total exposure measure (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)	3,071,140	3,162,379
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)	19.41%	15.36%
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)	19.41%	15.36%

Table 12. LR3-LRSpl - Split-up of on balance sheet exposures (excluding derivatives and SFTs) (EUR thousand)

	a
	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which: 4,945,946
EU-2	Trading book exposures -
EU-3	Banking book exposures, of which: 4,945,946
EU-4	Covered bonds -
EU-5	Exposures treated as sovereigns 1,660,092
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns -
EU-7	Institutions 1,115,169
EU-8	Secured by mortgages of immovable properties -
EU-9	Retail exposures 1,061
EU-10	Corporates 133,267
EU-11	Exposures in default -
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets) 2,036,357

3.6. Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

The Bank Recovery and Resolution Directive (BRRD) provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of the bail-in tool. Failure to meet MREL may negatively impact institutions' loss absorption and recapitalisation capacity and, ultimately, the overall effectiveness of resolution. This requirement is part of the necessary steps needed to make institutions resolvable. The BRRD requires that MREL is tailored to bank-specific features, including its size, business model, funding model and risk profile and the needs identified to implement the resolution strategy. MREL targets²⁸ are set by EU resolution authorities, after consultation with prudential supervisors, and should be complied with by banks at the end of the transitional period, set as of 1 January 2024.

On 1 March 2024, Allfunds received a notification from the Bank of Spain, in its capacity as the domestic preventive resolution authority, regarding the decision taken by the Single Resolution Board (SRB) concerning the minimum requirement for own funds and eligible liabilities applicable to the Entity on an individual basis.

The requirements to be met with immediate effect from the notification date included a minimum requirement for own funds and eligible liabilities (MREL) requirement of 15.00% of the total risk exposure amount (TREA) and 3.00% of the leverage ratio exposure (LRE).

²⁸ MREL is expressed as percentages of TREA and LRE. For this purpose, the required amount of MREL is expressed as percentages of the unadjusted values of TREA and LRE.

In 2024, Allfunds comfortably met the previous requirements and were closely monitored through its Risk Appetite Statement, with alert levels set at 19.25% and 5.00%, respectively.

It is particularly noteworthy that Directive (EU) 2024/11741 introduced changes to MREL regulations, specifying that resolution authorities are not required to set MREL for liquidation entities unless there is a justified need to impose a requirement above the minimum loss absorption amount. Such justification must be based on potential financial stability risks, including the risk of contagion to the financial system and the Deposit Guarantee Fund's capacity to respond effectively.

Following these changes, on 18 December 2024, the Bank of Spain concluded that it is not justified to impose an MREL exceeding the required loss absorption level. Consequently, the MREL requirement issued in March 2024 has been revoked.

3.7. Pillar II economic capital. Capital planning & Stress Test

The information in this section complies with the disclosure requirement in relation to Capital of Article 438, letters a) and c) CRR. In addition, it complies with section a) of the OVC²⁹ requirement.

Economic Capital (EC) is the capital needed to support all business risks with a certain level of capital adequacy. The entity calculates Pillar II capital demand using EC on a going concern methodology based on an internal estimate of capital requirements based on its risk profile.

Required economic capital in December 2024 amounted to EUR 327,138 thousand. Compared to the available economic capital base of EUR 596,130 thousand, this implies a capital surplus of EUR 268,992 thousand.

Capital planning

The implemented capital planning process aims at assuring the adequacy of current and future capital, including under very adverse economic scenarios. To accomplish this, based on the entity and affiliates' initial status (Financial Statements, their capital base and their regulatory ratios), and plugging in the estimated results, a three-year solvency projection for the entity and its affiliates is obtained.

Stress test

The AFB Banking Group includes stress testing as part of its ordinary risk management in order to assess the impact on capital and profitability of hypothetical stress scenarios. The programme analyses the different types of risks collectively assumed by the entity during its activities and analyses risk factors separately. In particular, emphasis is set in the following material risks:

²⁹ EU OVC - ICAAP information.

- Credit risk
- Counterparty risk
- Operational risk
- Technological risk
- Interest rate risk
- Liquidity risk
- Market risk

This programme takes into consideration the relations between different types of risk. The Stress Tests Programme includes both stress tests based on a disaggregate approach (risk factors are considered independently) and an aggregate approach (scenarios that combine different risk factors are applied). It also includes a reverse stress test based on the impairment of the entity's solvency ratios.

Lastly, the Programme includes a series of interventions to easily adjust the assumptions. Thus, the definitions of the scenarios are adapted to the complexity of the Bank's operations and include contingency procedures, in accordance with the level and severity of the assumed risks.

4. Credit risk and Counterparty Credit risk

4.1. Definition

Credit risk is defined as the probability of a loss arising from the failure of a debtor to meet its contractual obligations.

In the specific case of the Group, Credit risk may arise from a distributor's failure to meet its settlement obligations derived from its subscription orders or from a fund houses' (or transfer agent's) failure to meet its settlement obligations derived from one or several distributors' redemption orders.

Counterparty Credit risk is the risk arising from the possibility that a counterparty may default on amounts owned on a derivative transaction before its maturity.

Considering the Group's business activity, and due to the exchange rate hedging derivatives service offered to customers, there may be exposure to counterparty risk.

4.2. Limits and diversification

The information in this section complies with the disclosure requirement in relation to Credit risk of Article 439, letter a) CRR. In addition, it complies with section d) of the CCRA³⁰ requirement and section b) of the CRA³¹ requirement.

Understanding Credit risk and Counterparty Credit risk at Allfunds requires to take into consideration several aspects stemming from the fact that it does not carry out the normal activity of a commercial bank, focussing on the wealth management industry around the intermediation/distribution of third-party investment funds (UCIs) and the provision of digital services.

- The Group does not participate in active lending activities³² (loans are not granted to clients, which must fund their own trading activities) and it is not exposed to high-risk assets.
- The Group only works with regulated financial institutions.
- All clients require to go through a multistep approval process before any activity is authorized. All clients are assigned an internal credit rating, within a TIER-scale from 1 (best) to 4 (worst, implying rejection), which estimates their probability of default (PD).
- The Group does not allow distributors to redeem money if they do not have a sufficient balance in their account, or if they do not have an internal limit that allows them to leave a slight authorised overdraft on an intraday basis.
- According to the credit score, a reduced intraday-overdraft limit is assigned for clients operating through cash accounts for settlement purposes. This limit

³⁰ EU CCRA - Qualitative disclosure related to CCR

³¹ EU CRA - General qualitative information about credit risk

³² Payment in cash has to be received by Allfunds on settlement date either from distributors (subscriptions) or transfer agents (redemptions), avoiding exposure to Credit risk. In the same way the collection of accruals from fund houses is expected to happen before releasing payments to Allfunds' distributors as Allfunds plays the role of collector on behalf of its clients. The margin between collections and payments should be seen as the real Credit risk exposure.

allows Allfunds to mitigate Credit risk and it is implemented through effective procedures.

- For those clients that settle their transactions through “omnibus” accounts instead of their own cash accounts at Allfunds, no overdraft limit is granted.
- Regarding trading on derivatives, the Group only enters into short-termed FX spots and forwards with expiration dates ranging from one to three dates as a general rule in order to provide foreign exchange services to those clients that wish to operate in different currencies but settle in their base currency. These trades are settled through a list of eligible counterparties, which are required to sign ISDA agreements and a collateral agreement in order to reduce Counterparty Credit risk exposure at all times (see section 4.8).

4.3. Structure and organisation

The Credit risk management function is managed by the Risk Management department whose main mission is to control, monitor and manage the risks arising from the business activity of the entity.

4.4. Reporting, measurement and mitigation systems

The information in this section complies with the disclosure requirement in relation to policies and objectives of Articles 435.1. letters c) and d) CRR.

Allfunds’ systems allow the Banking Services department, within the Operations Unit, to perform intraday monitoring on clients’ accounts in relation to their trading activity (subscriptions, redemptions and other proceeds related to their investments). Alerts are issued to counterparties based on confirmed settlement dates, if needed.

The Risk Management department also monitors the liquidity net-balance by counterparty through independent controls at the end of the day, issuing alerts if needed, along with detailed reports on clients’ balances and limit consumptions. The purpose of these controls at an early stage is to avoid being exposed to Credit risk and take immediate action in case a client fails to honour their trades on settlement date for an unjustified reason. Alert levels on trading activities by counterparty are also in place in order to identify in advance high-volume trades that will be settled in the next days (ex-ante controls).

Credit risk measurement is performed based on the expected and unexpected losses. The Group has developed an internal credit model to assess a client’s probability of default, which may be used to set overdraft limits when needed, following a strictly controlled framework. This system allows the Risk Management department to know at any time the credit limits consumption by counterparty.

4.5. Own funds requirements

The information in this section complies with the disclosure requirement in relation to ECAI and Credit risk of Articles 444, letter e) and 453, letters g) to i) CRR.

As of 31 December 2024, Pillar I capital requirements for Credit risk amounted to EUR 50,710 thousand, in accordance with the Standardized Approach provided for in Chapter 2 of the CRR. The information included in the next pages provides additional information on Credit risk exposures.

The following table shows total exposures, RWA and RWA density broken down by exposure class as of 31 December 2024 (2023 is only presented for comparison purposes).

Table 13. CR4 - Standardised approach - CR exposure and CRM effects (EUR thousand, 31-12-2024)

		a	b	c	d	e	f
	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 exposures	RWA	RWA density (%)
1	Central governments or central banks	1,660,092	-	1,660,092	-	105,136	6.33%
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	1,115,941	-	1,115,941	-	233,901	20.96%
7	Corporates	133,422	-	133,422	-	133,422	100.00%
8	Retail	1,061	-	1,061	-	795	74.93%
9	Secured by mortgages on immovable property	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	11,235	-	11,235	-	11,235	100.00%
16	Other items	149,387	-	149,387	-	149,381	100.00%
17	Total Credit risk - SA portfolio	3,071,138	-	3,071,138	-	633,870	20.64%

(*) The figures reported in the template include the amount of derivatives, as this does not represent a significant value.

Table 14. CR4 - Standardised approach - CR exposure and CRM effects (EUR thousand, 31-12-2023)

		a	b	c	d	e	f
	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 exposures	RWA	RWA density (%)
1	Central governments or central banks	1,421,204	-	1,421,204	-	131,449	9.25%
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	891,875	-	891,875	-	186,937	20.96%
7	Corporates	133,830	-	133,830	-	133,830	100.00%
8	Retail	688	-	688	-	516	75.00%
9	Secured by mortgages on immovable property	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	11,275	-	11,275	-	11,275	100.00%
16	Other items	703,507	-	703,507	-	703,498	100.00%
17	Total Credit risk - SA portfolio	3,162,379	-	3,162,379	-	1,167,505	36.92%

(*) The figures reported in the template include the amount of derivatives, as this does not represent a significant value.

In accordance with Chapter 2, Section 2 of the CRR on Capital Requirements for Credit risk, different risk-weights are applied to Allfunds' balance-sheet exposures in order to calculate risk-weighted exposure amounts. The application of risk weights is based on the exposure class to which the exposure is assigned and its credit quality, which is determined by reference to the credit assessments of ECAIs (Standard & Poor's by default³³).

The following tables show total exposures by activity sector, following the ECAI's criterion.

³³ Fitch or Moody's are only used if Standard & Poor's is not available, which happens on very rare occasions and only for marginal exposures.

Table 15. CR5 - Standardised approach (EUR thousand)

Exposure class ^(*)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
1	Central governments or central banks	1,618,038	-	-	-	-	-	-	-	-	-	-	42,054	-	-	-	1,660,092	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	1,102,550	-	-	-	-	13,391	-	-	-	-	-	1,115,941	-
7	Corporates	-	-	-	-	-	-	-	-	-	133,422	-	-	-	-	-	133,422	-
8	Retail	-	-	-	-	-	-	-	-	1,061	-	-	-	-	-	-	1,061	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	11,235	-	-	-	-	-	11,235	-
16	Other items	6	-	-	-	-	-	-	-	-	149,381	-	-	-	-	-	149,387	-
17	Total	1,618,044	-	-	-	1,102,550	-	-	-	1,061	307,429	-	42,054	-	-	-	3,071,138	-

^(*) The figures reported in the template include the amount of derivatives, as this does not represent a significant value



Table 16 shows capital requirements for Credit risk after the application of risk-weights to the exposures shown in Table 15.

Table 16. Standardised Approach: RWA by asset classes and risk weights (EUR thousand)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
Exposure classes		Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	105,136	-	-	-	105,136	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	220,510	-	-	-	-	13,391	-	-	-	-	-	233,901	-
7	Corporates	-	-	-	-	-	-	-	-	-	133,422	-	-	-	-	-	133,422	-
8	Retail	-	-	-	-	-	-	-	-	795	-	-	-	-	-	-	795	-
9	Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	11,235	-	-	-	-	-	11,235	-
16	Other items	-	-	-	-	-	-	-	-	-	149,381	-	-	-	-	-	149,381	-
17	Total	-	-	-	-	220,510	-	-	-	795	307,429	-	105,136	-	-	-	633,870	-

Concentration of exposures by industry or counterparty type

Due to the specific business activity of the Group as described in section 4.2, Credit risk exposure is focused exclusively on the financial services sector, mainly credit institutions and fund houses.

Maturity of exposures

The following table shows the distribution by maturity of the Group's exposure to Credit risk:

Table 17. CR1-A - Maturity of exposures (EUR thousand)

	a	b	c	d	e	f
	Net exposure value					
Exposure class	On demand	< =1 year	r>1 year <=5 years	>5 years	No stated maturity	Total
Loans and advances	172,863	97,713	1,845	444	-	272,865
Debt securities	-	6,267	-	-	-	6,267
Total	172,863	103,980	1,845	444	-	279,132

4.6. Strategies and management processes

The information in this section complies with the disclosure requirement in relation ECAI of Article 444, letters a) and d) CRR. In addition, it complies with sections a), b) and d) of the CRD³⁴ requirement.

Due to the specific activity of the Group as described in section 4.2, its business strategy does not consider carrying out any active credit business activity. Thus, any credit exposure with the Group's regulated-financial counterparties will be temporary, will have a short-term nature and will be exclusively related to their daily trading activity. The Group does not allow sustained long-term exposures to any counterparty.

On the other hand, and in accordance with the directives established by the Board of Directors subject to a limited risk acceptance framework, liquidity generated by the Group's equity (reserves) and daily flows from operations from its UCI-distribution and intermediation activities is allocated to central banks (short-term or overnight deposits), in current accounts at sight and short-term deposits (with no penalty for early cancellation) with high credit quality entities. On 31 December 2024 the Group's liquidity was mainly deposited in the following counterparties³⁵.

³⁴ EU CRD - Qualitative disclosure requirements related to standardised approach

³⁵ Ratings by S&P Global. Ratings for central banks correspond to the Sovereign rating.

Table 18. Credit ratings

Counterparty	Type of Counterparty	Rating
Bank of Spain	Sovereign	A
Bank of Italy	Sovereign	BBB
Banque Centrale du Luxembourg	Sovereign	AAA
Swiss National Bank	Sovereign	AAA
Banco Santander S.A.	Credit Entity	A+
Caixabank S.A.	Credit Entity	A
Cecabank S.A.	Credit Entity	BBB+
Citibank N.A.	Credit Entity	A+
Credit Agricole CIB	Credit Entity	A+
DBS Bank Ltd	Credit Entity	AA-
Danske Bank A/S	Credit Entity	A+
JPMorgan Chase Bank N.A.	Credit Entity	AA-
BNP Paribas S.A.	Credit Entity	A+
State Street Bank International GmbH	Credit Entity	AA-
UBS AG	Credit Entity	A+
HSBC Bank Plc	Credit Entity	A+
HSBC Bank USA N.A.	Credit Entity	A+
Bank of America, N.A.	Credit Entity	A+
Bank of New York Mellon SA/NV	Credit Entity	AA-
Skandinaviska Enskilda Banken AB	Credit Entity	A+

Exposures to Central Banks have been assigned a 0% risk weight and for exposures to rated institutions Articles 120 (1) (2) have been applied.

Article 136 refers to the EBA, EIOPA and ESMA implementing technical standards in order to identify the credit quality steps with the relevant credit assessments of the ECAI ('mapping'). In this sense, the following equivalences have been applied as of 31 December 2024.

Table 19. Mapping of external rating to credit quality steps (S&P Global, Moody's & Fitch Ratings)

	CQS	S&P	Moody's	Fitch	Maturity < 3 months	Maturity > 3 months
LONG-TERM CREDIT RATING	1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%
	2	A+ to A-	A1 to A3	A+ to A-	20%	50%
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	20%	50%
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	50%	100%
	5	B+ to B-	B1 to B3	B+ to B-	50%	100%
	6	Lower than B-	Lower than B3	Lower than B-	150%	150%

4.7. Credit risk adjustments

The information in this section complies with the disclosure requirement in relation to Credit risk of Article 442, letter a) CRR. In addition, it complies with section a) of the CRB³⁶ requirement.

A financial asset is considered to be impaired³⁷ when there is objective evidence that events have occurred which:

- In the case of debt instruments (loans and debt securities), gives rise to an adverse impact on the future cash flows that were estimated at the transaction date.
- In the case of equity instruments, means that their carrying amount may not be fully recovered.

A financial asset is considered to be past due but not impaired when, according to IFRS 9, default of more than 30 days is a presumption that can be rebutted in those cases in which the entity considers, based on reasonable and documented information, that such non-payment does not represent a significant increase in risk. As of 31 December 2024, the Group has not considered periods higher than 30 days.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the year in which the impairment becomes evident. The reversal, if any, of previously recognized impairment losses is recognized in the consolidated income statement for the year in which the impairment is reversed or reduced.

Impairment losses on debt instruments classified as loans and receivables are estimated and recognized as set forth in Annex IX of Bank of Spain Circular 5/2017.

³⁶ EU CRB - Additional disclosure related to the credit quality of assets

³⁷ Therefore, its carrying amount is adjusted to reflect the effect of impairment.

Table 20. CR1 - Performing and non-performing exposures and related provisions (EUR thousand)

		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							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		Accumulat ed partial write-off		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 whi ch: sta ge 2	of which: stage 3								
005	Cash balances at central banks and other demand deposits	2,626,682	2,626,682	-	-	-	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	250,130	221,306	28,824	17,351	-	17,351	-793	-342	-451	-11,495	-	-11,495	-	-	-	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	97,047	97,047	-	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	124,001	95,177	28,824	17,351	-	17,351	-776	-325	-451	-11,495	-	-11,495	-	-	-	
060	Non-financial corporations	28,005	28,005	-	-	-	-	-	-	-	-	-	-	-	-	-	
070	Of which: SMEs	28,005	28,005	-	-	-	-	-	-	-	-	-	-	-	-	-	
080	Households	1,077	1,077	-	-	-	-	-17	-17	-	-	-	-	-	-	-	
090	Debt Securities	6,267	6,267	-	-	-	-	-	-	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	6,267	6,267	-	-	-	-	-	-	-	-	-	-	-	-	-	
120	Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



	institutions																
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	122,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	94,657	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	27,667	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	3,005,403	2,854,255	28,824	17,351	-	17,351	-793	-342	-451	-11,495	-	-11,495	-	-	-	-

4.7.1. Adjustments and impairments

The information in this section complies with the disclosure requirement in relation to Credit risk of Article 442, letter f) CRR.

The Group held past due but not impaired financial assets in the accompanying balance sheets as of 31 December 2024 and 2023 amounting to EUR 28,824 thousand and EUR 20,578 thousand, respectively, all of which had maturities of less than 30 days, were held with other financial companies and originated from uncollected commissions for the commercialization of shares in UCIs, as well as amounts overdrawn in current accounts at those dates.

Financial assets classified as financial assets at amortised cost and collectively estimated to be **impaired due to Credit risk** on 31 December 2024 amounted to EUR 17,351 thousand, relating mostly to the commissions of shares from Collective Investment Undertakings pending collection at that date, all of which had maturities of more than 90 days. Considering its small amount, impaired assets are residual.

Valuations adjustments to impaired assets amounted to EUR -12,288 thousand, that can be split in “allowances for performing exposures and exposures under special monitoring” (Stage 1+2) estimated of EUR -793 thousand and “allowances for non-performing exposures” (Stage 3) amounting to EUR -11,495 thousand as of 31 December 2024.

On 31 December 2024, the Group did not hold any financial assets classified as loans and receivables and considered to be **written-off assets**.

Table 21. CR2 - Changes in the stock of non-performing loans and advances (EUR thousand)

		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	16,428
020	Inflows to non-performing portfolios	5,158
030	Outflows from non-performing portfolios	-
040	Outflows due to write-offs	-4,235
050	Outflow due to other situations	-
060	Final stock of non-performing loans and advances	17,351

4.7.2. Ageing of past-due exposures

The information in this section complies with the disclosure requirement in relation to Credit risk of Article 442, letters c) and d) CRR.

The following table shows the ageing of the exposures susceptible to impairment when said exposures are past due.



Table 22. CQ3 - Credit quality of performing and non-performing exposures by past due days (EUR thousand)

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal 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 are 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 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	2,626,682	2,626,682	-	-	-	-	-	-	-	-	-
010	Loans and advances	250,130	221,306	28,824	17,351	-	8,458	5,698	3,179	16	-	17,351
020	Central banks	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	97,047	97,047	-	-	-	-	-	-	-	-	-
050	Other financial corporations	124,001	95,177	28,824	17,351	-	8,458	5,698	3,179	16	-	17,351
060	Non-financial corporations	28,005	28,005	-	-	-	-	-	-	-	-	-
070	Of which SMEs	28,005	28,005	-	-	-	-	-	-	-	-	-
080	Households	1,077	1,077	-	-	-	-	-	-	-	-	-
090	Debt securities	6,267	6,267	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-
110	General governments	6,267	6,267	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-
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	2,883,079	2,854,255	28,824	17,351	-	8,458	5,698	3,179	16	-	17,351

4.8. Counterparty Credit risk

This section complies with section d) of the CCRA³⁸ requirement.

The CRR describes Counterparty Credit risk as the risk a counterparty to a transaction could default before the final settlement of the transaction's cash flows. It includes the following transaction types: derivative instruments, repurchase agreements, securities or commodities lending, long settlement transactions and margin lending transactions.

Due to the business nature of Allfunds' banking activities, as described under section 4.2, the Entity does not require the general use of the afore mentioned financial instruments, being limited just to the foreign currency exchange services offered to those clients who decide to settle their subscriptions or redemptions in a different currency than the UCI's currency. In the provision of those services to its clients, the Group seeks to fully mitigate foreign exchange risk by hedging the notional amounts required by its clients through short-termed FX spots and forwards with expiration dates ranging from one to three dates³⁹ as a general rule (mirror trades).

These trades are settled through a list of eligible counterparties all of which are required to sign an ISDA agreement with its collateral agreement (CSA)⁴⁰ in order to reduce counterparty Credit risk exposure at all times.

As of 31 December 2024, the market value of those short-termed derivatives remained at low levels for the Group's solvency and liquidity, amounting to EUR 927 thousand (long exposures) and EUR -1,896 thousand (short exposures), respectively (EUR 2,859 thousand and EUR -1,266 thousand as of 31 December 2023).

Based on the limited exposure and the existing tight risk management framework, counterparty risk is not assessed as a material risk for the Entity. Thus, additional capital requirements for Counterparty Credit risk are not considered necessary, apart from those included in the Credit risk section, which already apply Credit risk weights to these FX spot and forward trades.

4.9. Concentration risk

Concentration risk is defined as the risk of loss due to large exposures to a small number of debtors to which the entity has lent money. For this reason, the Group considers Concentration risk as a subtype of Credit risk that includes:

³⁸ EU CCRA - Qualitative disclosure related to CCR

³⁹ Mutual funds with non-daily trading, such as those with weekly or monthly cut-offs, may require an FX hedge forward with expiration date adjusted to the fund's settlement date, but those are exceptional cases.

⁴⁰ Collateral agreements include the obligation of a daily exchange of collateral in the form of EUR-cash, in order to mitigate the current exposure (Variation Margin) with each counterparty in relation to the trades subject to such agreement. In addition, Initial Margin is set at 0 for further mitigation. Collateral agreements are part of the ISDA Master Agreement with its CSA Annex for derivative transactions.

- Large (connected) individual exposures.
- Significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors, e.g., sector, economy, geographical location, instrument type.

Concentration risk can take place in assets, liabilities or in off-balance sheet items, by executing or processing transactions, or through a combination of these wide categories. Due to their nature, Credit risk concentrations are due to common or correlated risk factors, which in times of crisis negatively affect the solvency of each of the counterparties comprising the concentration.

In practical terms, Concentration risk in the Group may be derived from:

- The liquidity of the Group allocated to cash accounts in either European central banks or in high-credit-quality entities.
- Receivable amounts from fund houses.

Thus, according to the nature of the exposures:

- From a sectorial point of view, the Group's exposure is concentrated in the financial sector, which can be considered as a highly regulated and supervised sector, specifically in highly solvent entities, with no exposure to high-risk sectors.
- From a geographical point of view, the Group's most relevant exposures are with regulated clients operating in EU markets, especially Spanish and Italian entities.
- From a counterparty point of view, the Group does not hold significant exposures to single clients or group of connected clients.

The Entity follows a prudent approach regarding this risk, with continuous monitoring, aiming at a high geographical and sub-sectorial diversification both in its balance sheet and income statement. In this sense, the Entity aims at reducing the exposure to concentration risk, diversifying the exposure to individual counterparties so as not to incur additional capital needs for this risk.

For the grouping and calculation of the concentration indices, the Entity is subject to the guidelines established by the CRR under Part Four Large Exposures⁴¹, which in practical terms for the Allfunds Group implies that non-individual exposures, including all types of credits and variable investments, may not exceed the smallest amount between 100% of regulatory own funds or EUR 150 million as of 31 December 2024.

Allfunds has established a robust procedure in order to achieve its goals on measurement, monitoring and reporting.

⁴¹ Large exposure is defined by those exposures with a value equal to or exceeding 10% of eligible capital.

5. Market risk

5.1. Definition

The information complies with section a) of the MRA⁴² requirement.

Market risk can be defined as the risk of losses in positions held due to adverse movements in market variables (interest rates, exchange rates, equities, commodity prices or credit spreads and the volatility of each of these) which may affect the valuation of financial instruments and assets in trading activity.

Taking into consideration that the Group does not hold equities, commodities or credit exposures, the main categories of risk driving Market risk are foreign exchanges and to a minor extent, interest rates. According to the investment guidelines established by the Board of Directors, Allfunds does not keep on- or off-balance sheet positions sensitive to variations in interest rates or prices, thus Market risk exposures mainly come from non-EUR denominated assets related to commissions.

As a complementary activity to the intermediation/distribution of UCIs, foreign currency exchange services are offered to those clients who decide to settle their subscriptions or redemptions in a different currency than the UCI's currency. In order to avoid any foreign exchange risk at Allfunds the notional amounts are hedged through short-termed FX spots and forwards with expiration dates ranging from one to three days⁴³ as a general rule.

5.2. Limits and diversification

The risk appetite for Market risk has been established as low and has been defined as target level for the capital requirements for Market risk expressed as a percentage of regulatory own funds. Thus, the Group does not allow to make investments in financial instruments that may be adversely impacted by market prices.

There is, however, an exception derived from the Liquidity Coverage Requirements, for which the entity may keep from time to time a HQLA portfolio in the form of short-term and liquid sovereign debt to comply with the legal requirement. The exposure of this HQLA portfolio to interest rate or market price changes is considered low as they are short-termed, EUR-denominated and Euro-zone based sovereign references. As of 31 December 2024, the Group's HQLA mainly consisted of cash balances at the European Central Bank, with a marginal exposure of EUR 6.3 million to UK debt.

The primary driver of the Group's net revenue is the total market value of Assets under administration (AUA), which are not part of Allfunds on-balance sheet items as they represent the market value of its clients' investments in mutual funds. Therefore, AUA do not represent a direct exposure to Market risk for Allfunds. A decline in the

⁴² EU MRA - Qualitative disclosure requirements related to market risk.

⁴³ Mutual funds with non-daily trading, such as those with weekly or monthly cut-offs, may require an FX hedge forward with expiration date adjusted to the fund's settlement date, but those are exceptional cases.

total market value of AUA due to poor market performance (such as a decline in the prices of financial instruments) would not result in direct losses for Allfunds.

According to the facts described above, Market risk is assessed as a low risk for the Group and no need to allocate additional capital for this risk has been identified. Pillar I capital requirements for Market risk are considered to be sufficient (see section 5.5.).

5.3. Structure and organization

The information complies with section b) of the MRA⁴⁴ requirement.

The Market risk management function is managed by the Finance and Risk Management departments. The Board has established an investment policy for which no financial investments can be made, to avoid Market risk, with the exception of the HQLA mentioned above.

5.4. Reporting, measurement and mitigation systems

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.1. letters c) and d) CRR. In addition, it complies with section c) of the MRA⁴⁵ requirement.

The Finance department performs a continuous monitoring of the Group's exposure to foreign currency, adopting measures, if needed, to mitigate the risk.

Additionally, the Risk Management Unit performs independent controls and monitoring in order to verify that the risk exposure remains within the risk appetite. Alerts are issued to the Finance department, if needed, in case hedging is required to mitigate Market risk.

Finally, the Group includes Stress Test exercises on its annual ICLAAP with macroeconomic scenarios to assess the potential adverse effect on the average value of AuA and its potential adverse impact on the Group's business, financial condition and results of operations.

⁴⁴ EU MRA - Qualitative disclosure requirements related to market risk.

⁴⁵ EU MRA - Qualitative disclosure requirements related to market risk.

5.5. Own funds requirements

The information in this section complies with the disclosure requirement in relation to Market risk of Article 445 CRR.

Title IV of Regulation (EU) 575/2013 details the calculation of own funds requirements for Market risk in the trading book. As of 31 December 2024, Pillar I capital requirements for Market risk amounted to EUR 869 thousand, in accordance with the CRR.

Table 23. MR1 - Market risk under the standardised approach (EUR thousand)

		a
		RWA
	Outright products	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	10,868
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus approach	-
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	Total	10,868

6. Operational risk

6.1. Definition

In accordance with the Basel framework, Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk but excludes strategic and Reputational risk. Therefore, Operational risk is inherent to all products, activities, processes and systems and is generated by all business and support areas. For that reason, all employees are responsible for the management and control of the Operational risk generated in their daily activities, contributing to keep the risk profile within the risk appetite defined by the Group.

6.2. Limits and diversification

Given the nature of Allfunds' activities, Operational risk is one of the most significant risks the entity is exposed to. Therefore, in order to measure the level of Operational risk with regards to the levels of tolerance and capacity, Allfunds Bank has a set of indicators in its Risk Appetite Statement that allow for regular monitoring to ensure that Operational risk losses are acceptable to the Bank, and if they are exceeded, an action plan must be defined.

In addition to those indicators, Allfunds Bank has Operational Key Indicators (OKIs), which provide information on risk exposure and key operational processes, by warning of possible deteriorations in the internal control environment to allow early detection of potential threats.

Through this alert system, Allfunds Bank is able to assess its risk profile and monitor its alignment with the risk strategy and the risk appetite. The level of risk exposure during 2024 has remained at moderate levels, in alignment with the medium-low appetite defined in the RAS.

6.3. Structure and organisation

As described in Allfunds' Operational Risk Policy, and in accordance with the internal governance model adopted by Allfunds Bank, the Operational risk management framework follows the three line of defence model: Operational risk is managed across the different business and support units, controlled by a global team within the Risk Management department specialized in Operational risk, and independently reviewed by the Internal Audit function.

The Operational Risk Management function, as second line of defence, is responsible for coordinating, supervising and promoting the identification, assessment, monitoring, mitigation, control and communication of Operational risks throughout the Entity.

Operational Risk Management is conducted on the basis of the following lines of action:

- Identification of Operational risks at process level conducted by process managers (first line of defence) and supervised by the Operational risk function (second line of defence). The result is a comprehensive assessment of the Entity's risk exposure, which leads to the definition of mitigation actions. As mentioned above, the detection, monitoring and management of Operational risk exposure is supported by the use of Operational Key Indicators (OKIs).
- Collection and registration of information on Operational risk incidents in an internal database, allowing monitoring of the level of exposure and insight into the root cause of all incidents. This information also allows to monitor deviations of actual losses from appetite thresholds.
- Global risk culture and awareness on the relevance of the management and control of Operational risks. This is carried out through the communication and dissemination of the Operational Risk Policy and the procedures that articulate it, as well as through the global risk training provided to all employees.

Regarding top-down management of Operational risk, the Board of Directors is the body that determines the risk policy of Allfunds Bank, including Operational risk. It delegates its attributions in the Senior Management which serves as support for the fulfilment of the different functions through the Risk and Audit Board Committee and the Internal Risk and Audit Committee.

The Risk and Audit Board Committee (quarterly) is responsible for advising the Board of Directors on the global propensity to current and future Operational risk and its strategy, in order to determine the nature, quantity, format and frequency of Operational risk information that should be received, identifying the exposure, risk appetite, mitigation plans, as well as the information systems and internal controls that will be used to control and manage the aforementioned risks.

The Risk and Audit Committee (monthly) has the following Operational risk related objectives:

- Monitoring the Operational risk exposure ensuring that losses are within the tolerance limits approved by the Board of Directors.
- Supervising that the Operational risk management methodology is aligned with the growing sophistication of the financial market, the best market practices and the needs of Allfunds Bank.

6.4. Reporting, measurement and mitigation systems

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.1. letters c) and d) CRR. The information complies with sections a) and d) of the ORA⁴⁶ requirement.

⁴⁶ EU ORA - Qualitative information on operational risk.

Allfunds' Operational Risk Policy and the procedures that articulate it set out the general principles and guidelines for action in relation to the communication and escalation of Operational risk arising from Allfunds' activities. This framework aims at promoting a global risk culture by defining the internal tools that allow to identify, assess and escalate Operational risks.

During the 2024 financial year, the Operational Risk Unit has undertaken a comprehensive evolution of its internal control and Operational risk management systems, with the objective of aligning the self-assessment methodologies and loss event quantification with the requirements of CRR III. In this context, new tools have been implemented for the qualitative management of Operational risk scenarios and the detection of inherent risks, alongside a newly established automated system for the identification and recording of operational events.

This initiative strengthens the position of the Operational Risk function in relation to supervisory expectations and market practices, incorporating control measures that will facilitate detailed monitoring of the nature of losses and their associated traceability.

The Operational risk framework is developed through the following reporting, measurement and mitigation processes within the Operational risk management cycle:

- **Risk and Control Self-Assessment (RCSA):** internal exercise through which inherent and residual Operational risks are assessed, allowing the identification of strengths and weaknesses of the Operational risk environment. The assessment is carried out using risk matrices, where probability and impact of risks are assessed. The RCSA is an ongoing exercise with a "forward looking" vision that is updated once a year or when one of the following situations apply: launching of new services, activities, processes or systems whose operating environment may increase the risk exposure; relevant organisational changes; outsourcing of activities/processes.
- **Operational risk events database:** all business and support areas are responsible for identifying and communicating Operational risk incidents to the Risk Management department, ensuring the integrity of the information presented to facilitate the analysis of the causes that generated them and the establishment of the necessary preventive and corrective measures.
- **Operational Key Indicators (OKIs):** a set of specific metrics that monitor the behaviour of the processes and activities of Allfunds Bank, allowing the identification of potential sources of Operational risk or deficiencies in operational processes.
- **Mitigation Measures:** the Operational risk function conducts an ongoing monitoring of actions plans defined by the risk owners to reduce major sources of risk identified within their areas, not only to control the implementation status but also to assess effectiveness in terms of risk mitigation. Risk owners are required to define implement mitigation measures by risk when one or more of the following situations occur:

- Tolerance limits defined within the risk appetite are exceeded.
- OKIs show deteriorating trends in operational processes.
- RCSAs shows a residual risk that exceeds objective/target risk levels.
- Relevant Operational risk incidents occur.
- Business continuity and disaster recovery tests are not satisfactory.
- Budget deviations exist when there are processes where Operational risk management is integrated into the business strategy.
- **Third-party risk:** the Operational Risk team performs an analysis of outsourced services by assessing the potential impact of the outsourcing arrangement to make an estimation of the extent to which the outsourcing increases or reduces Operational risk. This analysis is performed jointly with IT Risk, Legal, Compliance and IT Security, along with the first line of defence areas related to the third-party/outsourcing process.

As a further Operational risk mitigation mechanism, Allfunds has an insurance policy in order to transfer some risks that are not intended to be assumed. The insurance policy has a high level of coverage, including a specific cybersecurity policy.

Operational risk internal reporting process at Allfunds Bank comprises the elaboration and communication of management information to the relevant individuals and bodies. The information escalated allows to:

- Improve the level of interaction of Senior Management and the different areas in Allfunds regarding Operational risk management.
- Elaborate management reports that allow top management to acknowledge the Operational risk profile and exposure to be able to take the necessary decisions and actions in accordance with Allfunds' strategy.

Internal reporting is carried out at two different hierarchical levels that present a comprehensive and complete view of Operational risk profile, with different aggregation criteria:

- Monthly reporting to the members of the Internal Risk and Audit Committee.
- Quarterly reporting to the Board of Directors through the Risk and Audit Board Committee.

Additionally, Operational risk management information is reported externally, with different disclosure levels depending on the counterparty:

- Public information.
- Due diligences requested by third parties.
- Regulatory reporting.

6.5. Own funds requirements

The information in this section complies with the disclosure requirement in relation to Operational risk of Article 446, letter a) CRR. The information complies with section b) of the ORA⁴⁷ requirement.

Capital requirements for Operational risk at Allfunds Bank is calculated using the Basic Indicator Approach (BIA) according to Chapter 2 of Title III of the CRR. Although this method doesn't require a robust Operational risk framework, Allfunds has a strong Operational risk management methodology, as described in section 6.4, that will allow for a better transition to the new requirements introduced through CRR III.

The capital requirements for Operational risk of AFB Banking Group as of 31 December 2024 stood at EUR 85,836 thousand.

In order to assess if additional capital is required for this risk the bank performs an estimation of future losses from operational errors with historical data. If this amount represents more than 2% of Gross Margin, an additional 3% would be added on top of the basic indicator approach, to reach a weight of 18% up from the basic 15%. As of 31 December 2024 operational net losses represented 0.58% of Gross Margin and 0.63% of Own Funds, therefore deeming unnecessary the application of additional capital requirements to hedge this risk.

Based on this calculation, it is not deemed necessary to allocate additional capital as the Pillar I requirements already adequately reflect Allfunds' capital needs for Operational risk. This is supported by the fact that, over the past three years, operational events have never exceeded 2% of the gross margin. Additionally, the 7% capital requirement under Pillar II also reflects the capital requirements imposed by the Bank of Spain for Operational risk.

Table 24. OR1 - Operational risk own funds requirements and risk-weighted exposure amounts (EUR thousand)

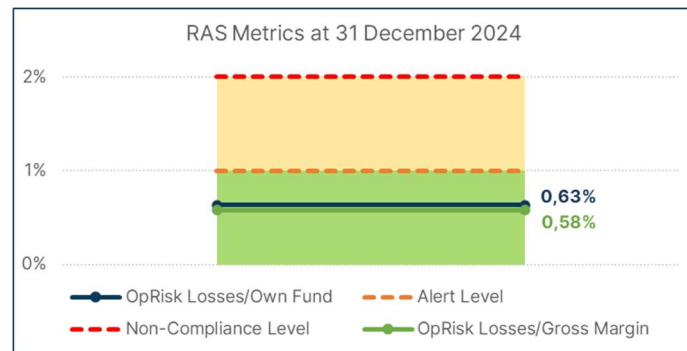
		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		31/12/2022	31/12/2023	31/12/2024		
1	Banking activities subject to basic indicator approach (BIA)	501,876	556,325	658,513	85,836	1,072,950
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	<u>Subject to TSA:</u>	-	-	-		
4	<u>Subject to ASA:</u>	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

⁴⁷ EU ORA - Qualitative information on operational risk.

6.6. Operational risk profile

Within its set of Operational risk indicators, the Group has two Operational risk appetite metrics that allow to monitor that losses remain at acceptable levels. As shown in the following figure, as of 31 December 2024 both metrics closed below alert levels, in compliance with Allfunds' low risk appetite.

Figure 13. Operational RAS indicators as of 31 December 2024



The Operational risk profile of Allfunds Bank's activities is based on the distribution of losses among the different type of events defined by the Basel Committee. The figure below illustrates this distribution, comparing last year with the previous three years:

Figure 14. Historical Operational risk losses (% Basel-type)



Figure 15. Distribution by type of event 2024



The evolution of losses by type of event shows that most operational losses are manual failures in processes (Execution, Delivery and Process Management: 75.52%) and systems failures (Business Disruption and System Failures: 24.48%) following the trend of previous years, where events for Operational risk continue to be concentrated in these two categories.

6.7. Operational risk subcategories

Operational risk includes the following subcategories, which are generally integrated in the Operational risk management framework and are controlled jointly with the other support and control units:

The following subcategories of Operational risk are integrated within Allfunds' Operational risk management framework:

- **Technology risk**, which can be defined as the risk of losses due to the inadequacy or failure of hardware and software of technical infrastructures, due to cyber-attacks or other circumstances, which may compromise the availability, integrity, accessibility and security of infrastructures and data. Given the relevance of technology risk in Allfunds, its management is decentralized in the Technology Risk function (which is part of the Risk Management department). For additional information regarding Technology Risk refer to section 7. ICT risk of this report.
- **Conduct risk**, which can be defined as the risk associated to losses due to the inadequate provision of financial services to clients, including cases of inappropriate or negligent behaviour. This risk is managed by the Compliance department, which analyses conduct risks within the Compliance Monitoring Programme with the aim of ensuring compliance with regulations and internal policies. The results are regularly presented to the Risk and Audit Board Committee.
- **Legal risk**, which is the risk associated with the possibility of legal contingencies that affect the Group's business, not related to clients (in which case it would be conduct risk). This includes the loss that could result from legal proceedings initiated against the Company. **Regulatory risk** is also included in this category, referring to the risk of a transaction potentially conflicting with applicable laws and regulation or with a regulator's policy, of services not being provided in accordance with the applicable regulations or, more generally, of legislation potentially changing during the life of a contract under which services are being provided. This risk is managed by the Legal and Compliance departments.

The Legal department reviews and analyses laws and regulations applicable to the services provided by the Entity and drafts and negotiates all the contracts that the Bank enters into further to such previous legal analysis.

There are several mitigating factors implemented to mitigate legal risk, the most relevant ones being:

- All agreements are based on standard templates drafted in accordance with applicable laws and regulations. Deviations are only authorized if validated by a senior lawyer and all agreements must be validated by the Legal department before being signed.

- All services are designed and rendered in accordance with applicable laws and regulations.
- Legal and advisory support from external law firms is obtained when necessary.
- The Global Head of Legal department is also the Secretary of the Board of Directors and keeps its members informed about legal concerns.
- **Outsourcing risk**, derived from a third party or from another group entity (intra-group outsourcing) negatively providing systems or services related to the impact on the entity's performance and risk management. For additional information regarding Outsourcing Risk refer to section *10.5 Outsourcing Risk* of this report.
- **Model risk**, which is the risk of loss as a result of failures in the design and implementation of models used for decision-making. This risk has a minimal impact now since the Entity does not widely use internal models (either statistical algorithms or battery of rules) for decision-making. However, model risk is more and more prevalent in other activities than financials securities valuation, such as assigning consumer credit scores, real time probability, prediction of fraudulent credit card transactions, etc. Potential sub-types of model risk, such as errors in their design, use of unauthorized models or their malfunction, are taxonomized in Basel categories 4 (Clients, Products and Business Practices) and 7 (Execution, Delivery and Process Management) so, if required, the Entity could use the internal Operational risk events database to identify this type of risk and to calibrate the possible capital requirements for the Capital Self-Assessment process.

All these risk types are classified as subcategories of Operational risk, so any type of event related to them will be taxonomized within the Basel categories of Operational risk. This allows the Entity to use the Operational risk events internal database to identify these subtypes of Operational risk in order to calibrate the possible capital requirements for the Capital Self-Assessment process.

7. ICT risk

7.1. Definition

In accordance with the Digital Operational Resilience Act (DORA) and the guidelines of the European Banking Authority (hereinafter, EBA) EBA/GL/2019/04 on ICT and security risk management, ICT risk is defined as any reasonably identifiable circumstance related to the use of the network and information systems that, if materialized, could compromise the security of the network and information systems, any technology-dependent tool or process, operations and processes, or the provision of services, producing adverse effects in the digital or physical environment.

This encompasses losses due to breaches of confidentiality, failures or integrity issues of systems and data, inadequacy or unavailability of systems and data, or the inability to adapt information and communication technology (ICT) within a reasonable timeframe and at reasonable costs when the environment or business requirements change (i.e., agility). In addition to these three consequences on the main properties of information, the definition of risk also includes the absence of controls for data authenticity, referring to the veracity of the data's origin, ensuring they originate from legitimate sources.

Security risks due to internal/external events such as cyber-attacks or physical security are also included in this definition.

Thus, Allfunds is aware of the increasing importance of ICT risks for the entity due to:

- Reliance of Allfunds core business operations on digital platforms, whose interconnection level and complexity are constantly evolving.
- Increase of external threats like cybercrime and their related impact on financial entities, so as the entire financial sector (systemic risk).
- Evolution of Allfunds' business processes, by adopting new technologies and therefore modifying the entity's risk profile against current and emerging ICT risks.
- Relevant exposure to third parties providing digital services.
- New regulatory requirements focusing on the development of digital resilience capabilities.

The Group recognizes the importance of this risk within its business model. Therefore, ICT risks are incorporated into the Risk Appetite Framework (RAF), where acceptable thresholds are periodically monitored, and alerts are set up to trigger specific courses of action for its mitigation. Additionally, this risk is part of the overall risk governance framework, outlining the roles and responsibilities of every person involved based on the three line of defence model. To ensure adequate treatment of this risk, Allfunds has a robust management model that enables the identification, measurement, monitoring, mitigation and effective reporting of the risk over time, particularly those that have a direct impact on critical assets or processes.

7.2. Limits and diversification

Within the management framework for this particular risk category, a set of indicators has been established. These indicators draw their foundation from the tolerance levels as defined by the group in the Risk Appetite Statement (RAS). Additionally, they incorporate alert levels approved by the BoD and designed to facilitate a nuanced and efficient control and monitoring process. This approach ensures a thorough and systematic evaluation of the risk landscape, allowing for timely responses and proactive measures in alignment with the overarching risk management strategy.

The primary purpose of these indicators is to set a proactively management of the associated risk, aiming to foresee and detect incidents, provide information on ICT risk exposure and alert of possible deteriorations and vulnerabilities of the internal control environment, by monitoring information technology security, systems availability and continuity, technological infrastructure obsolescence, data integrity in systems and the management of IT outsourcing.

7.3. Structure and governance

Allfunds has a global unit specialized in ICT Management within the Risk Management department, whose main function is to perform a proactive management by detecting and responding to potential risks in order to keep their related impact and exposure within the entity's risk appetite, as established withing Allfunds' ICT risk methodology so as the three lines of defence internal control model.

This methodology has been structured following the taxonomy defined by the EBA in the Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation Process (SREP) (EBA/GL/2017/05) and the new Guidelines on ICT and Security Risk Management (EBA/GL/2019/04). In addition, the methodology is fully aligned with the international standards ISO 27001 and NIST Cybersecurity Framework. In this regard, the whole team is certified in quantitative risk frameworks, such as FAIR, that are also included within the ICT methodology.

Thereby, Allfunds manages ICT risk based on the three lines of defence model:

First line of defence:

This line of defence comprises risk owners who have operational responsibility for managing business risks. Typically, these owners include the IT staff responsible for the day-to-day operation of technology controls.

- The Chief Technology Officer (CTO), supported by the Chief Information Security Officer (CISO), is ultimately responsible for assessing the risks associated with the current technological ecosystem and related cyber-threats, so as establishing a suitable and cost-effective management strategy.
- The risk owner is responsible for the asset or business unit affected by the risk, or a representative in case several assets or business units could be involved.

Second line of defence:

The second line aims to provide control and oversight over the accountability of the first line of defence. The second line sets the standards through the publication of internal policies and standards, continuous ICT risk assessments and providing advisory and monitorization on detected findings.

Specifically, the ICT Risk Management function is responsible for:

- Local implementation of the ICT risk methodology, leading and ensuring the performance and completeness of the assessments and analysis.
- Definition of the ICT risks management plan and monitorization of its fulfilment.
- In-depth assessment on specific IT scopes based on the Risk Map or assets criticality.
- Involvement of the appropriate stakeholders, ensuring that the current exposure to ICT risk and its implications are properly communicated and acknowledged by all relevant parties.

The ICT Risk and Operational Risk functions are collaboratively aligned to provide a comprehensive perspective on non-financial risks at Allfunds, facilitated by a unified governance framework.

Both functions follow the same governance structure composed of:

- The Risk and Audit Board Committee (quarterly).
- The Risk and Audit Committee (monthly).

Third line of defence:

The principal function of the third line of defence, represented by the Internal Audit Unit, is to provide assurance on the effectiveness of ICT risk governance, management and internal controls existent within first two lines of defence.

7.4. Reporting, measurement and mitigation measures

The information in this section complies with the disclosure requirement in relation to policies and objectives of Article 435.1. letters c) and d) CRR.

Allfunds has implemented an evolved and mature methodology that allows the quantification and management of exposure against ICT risk according, to its size and nature. The methodology is based on main regulations and standards applying to Allfunds, enhancing the entire ICT risk management cycle in terms of strategy and planning, identification and evaluation, mitigation, monitoring, control and communication.

2024 has been a year in which the ICT Risk function has evolved significantly, consolidating its methodology and adapting it to the DORA regulation. The following IT tools underpin the methodology:

Measurement tools

The **Technology Key Indicators (TKI)** and Risk Appetite metrics aim to provide Allfunds key information to measure how relevant risk levels are kept within pre-defined appetite thresholds. Definition of risk appetite is key, as it determines the risk level that Allfunds is willing to assume, thus determining the related risk management strategy.

In this regard, Cyber risk is one of the most important categories to be assessed and monitored. Thus, Allfunds monitors several metrics whose main objective is to provide key insights regarding the Bank's risk level against relevant cyber threats by measuring capabilities on the effectiveness of cyber protection solutions, vulnerability management, incident response and business continuity, among others.

In this regard, relevant external threats are regularly monitored throughout a strategic cyber-intelligence service, that provides periodical insights about main threats potentially impacting Allfunds, so as actionable learned lessons from the industry which are shared to be shared with the first line of defence.

Additionally, strategic master plans and cyber maturity assessments performed by the Cybersecurity department are also overseen, by measuring how identified actions are put in place accordingly, as well as potential deviations.

Management tools

The **Technology Risk Assurance Framework (TRAF)** model enables the identification of Allfunds ICT risk based on most relevant processes, assessing the residual risk borne by Allfunds, overall quality of the controls and whether additional enhancements or mitigation actions shall be implemented.

The scope of the TRAF entails all areas within the Technology area, thus providing a global vision regarding the protection level of key assets and their related risks, which are framed within specific risk scenarios where clear threat actors are identified so as the specific path it would follow to materialize the associated risks.

The **Risk Acceptance Process** defined by Risk Management aims to require explicit acceptance of potential risks scenarios that would not be accepted beforehand in normal operations.

Reporting and mitigation tools

The **Technology Risk Inventory (TRI) and Monitoring** aims to centralize and maintain a global inventory of detected ICT risks by registering related threats, related action plans so as their mitigation status. Allfunds has defined a TRI process to ensure that identified risks are assessed yearly.

By using the aforementioned metrics such as incident management, vulnerability management, and awareness, Allfunds risk level is calculated. The quality of the data under analysis is ensured through robust processes that gather information from multiple sources within the IT department.

8. Structural Interest Rate risk

8.1. Definition

8.1.1. Interest Rate Risk in the Banking Book (IRRBB).

Structural risks are those composed of the Market risks inherent to the balance sheet, excluding the trading book. One of these structural risks is Structural Interest Rate risk which can be defined as the current or future risk to both the income statement (revenues and expenses) and the economic value of equity (present value of assets, liabilities and off-balance sheet positions) arising from adverse interest rate fluctuations affecting interest rate-sensitive instruments in non-trading activities. In other words, it is the possibility of incurring losses due to the potential impact of changes in interest rates on the entity's economic value of equity (EVE) or its net interest margin/income (NII) arising from timing mismatches in maturities and repricing of all balance sheet assets and liabilities.

Structural Interest Rate risk may arise from four different sources:

- **Repricing risk** (or mismatch risk): arises due to different maturity (fixed-rate products) or repricing (variable rate products) periods of assets, liabilities and off-balance sheet positions.
- **Curve risk:** arises from a change on the slope and/or curvature of the yield curve as a result of different fluctuations in each time slot.
- **Basis risk:** arises from imperfect correlation between changes on the reference interest rates for different instruments with similar repricing and maturity characteristics.
- **Option risk:** arises from the (implicit or explicit) options associated with certain balance sheet transactions that may change their future flows and generate mismatches in their maturities.

8.1.2. Credit Spread risk in the Banking Book (CSRBB).

Additionally, according to the BIS regulation *“Standards, Interest Rate Risk in the Banking Book”* (April 2016), CSRBB is defined as a risk related to Interest Rate risk, which must be properly monitored and assessed. CSRBB refers to any kind of asset/liability spread risk of credit-risky instruments that is not explained by IRRBB and by the expected credit/jump to default risk. The 2022 EBA regulation (EBA/GL/2022/14) has specified the criteria for the assessment, measurement, and monitoring of Credit Spread risk in the banking book.

CSRBB assesses the impact of market price fluctuations due to Credit risk, liquidity, or other characteristics of credit-risk-exposed instruments. Since this risk is not accounted for within other existing risk management frameworks, such as IRRBB or expected default risk, it must be analysed individually and separately by the institution.

The CSRBB therefore reflects a combination of two elements:

- Changes in the market credit spread or the market price of Credit risk, which represent the Credit risk premium required by market participants for a given credit quality.
- Changes in the market liquidity spread, which represent the liquidity premium driven by market appetite for investments and the presence of buyers and sellers willing to transact.

The European Banking Authority (EBA) published on 20 October 2022, a final set of Guidelines and two final draft Regulatory Technical Standards (RTS) specifying technical aspects of the revised framework capturing interest rate risks for banking book (IRRBB) positions. In this context, the guideline EBA/GL/2022/14, issued on the basis of Article 84.6 of Directive 2013/36/EU, specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of Credit Spread risk, of institutions' non-trading book activities.

8.2. Limits and diversification

The information in this section complies with the disclosure requirement in relation to Interest Rate risk of Article 448.1 letters e), f) and v) CRR.

The impact of interest rate fluctuations on the Groups' economic value is expected to be very limited due to the highly liquid nature of its balance sheet, as the vast majority of its items has immediate liquidity. The Group's balance sheet does not replicate the typical structure to be found in a commercial or investment bank and can be characterized by the following aspects:

- Most exposures are in the form of cash accounts at central banks or credit institutions with immediate liquidity and, in some specific cases, weekly remunerated and cancellable deposits at credit institutions, small overdrafts linked to the clients' trading activity with an estimated maturity of 1 day and receivable amounts from fund houses with maturities ranging between 30 to 45 days.
- Most assets and liabilities are matched by maturity and currency: clients' overnight balances at Allfunds are placed in central banks or cash accounts with credit institutions, matching both in currency and a 1-day maturity; additionally, exposures to fund houses (assets) and its clients (liabilities) in relation to commissions are almost matched by term and currency as well, with maturity differences below 15 days (as a general rule, Allfunds first collects rebates from the fund houses and only then pays the distributors to safeguard liquidity, so that these exposures have slightly shorter maturities for assets than for liabilities). By the end of the quarter, these exposures to fund houses are not very relevant as most of the invoices with fund houses and clients have been settled, so it has a very limited interest rate sensitivity. Regarding currencies, there are no mismatches either since non-EUR liquidity generated by clients' balances and commissions is kept in the same currency.

- Clients' cash balances (liabilities) and Allfunds' accounts in other entities (assets) are referenced to variable interest rate indices minus a differential, thus the balance sheet is highly immunized to interest rate movements as assets and liabilities are impacted in similar ways, offsetting each other.

The main limits established for IRRBB are:

- Limit on the sensitivity of the net interest margin over a one-year period.
- Limit on the sensitivity of the economic value of equity.

In the event any of these limits were breached, there would be an immediate escalation through the Risk and Audit Committee in order to explain and report on the reasons for the breach and provide a remediation plan to rectify the situation. The progress made in implementing this plan would be subsequently monitored, and its execution supervised and controlled by the second line of defence. This framework of internal limits represents a strict control framework in order to ensure an adequate fulfilment of regulatory requirements.

Allfunds Bank calculates quarterly the impact of interest rate shocks on its Economic Value of Equity (EVE) and its 12-month Net Interest Income (NII), based on the direct application of shocks to the interest rate curves.

The main interest rate scenarios used are regulatory scenarios defined by the EBA for the calculation of EVE and NII sensitivities. These scenarios encompass both parallel and non-parallel movements of the interest rate curve. Based on this, sensitivity is calculated as the difference between the base scenario and the stressed scenario.

The limits established by Allfunds for its metrics ensure that the entity complies with the obligation to report the thresholds proposed by the EBA in the EBA/GL/2022/14:

- EVE: If the decrease in EVE exceeds 15% of Tier 1 capital, the entity must report to the competent authority.
- NII (Large Decline): If the decrease in NII exceeds 5% of Tier 1 capital, the entity must report to the competent authority.

8.3. Structure and organisation

In spite of keeping a low exposure to structural interest rate risk at the Allfunds' Group, this risk follows a similar organisational structure than other financial risks through the direct involvement of Senior Management and the Board of Directors within the corporate model of three lines of defence, with a clear assignment of roles and responsibilities.

- First line of defence: led by the Finance department by managing interest rate risk in order to guarantee its recurrent assessment through management and regulatory metrics.
- Second line of defence: assigned to the Risk Management area, ensuring the integration of interest rate risk in management procedures, in the strategy and in the risk appetite framework. It is also responsible for calculating, monitoring and controlling RAS metrics and reporting them to the Risk and Audit

Committee and the Risk and Audit Board Committee. On the other hand, the Compliance Unit ensures that all relevant regulatory obligations are implemented.

- Third line of defence: Allfunds Internal Audit (AIA), acting as an independent unit, supervises the monitoring, management and control of interest rate risk and evaluates the adequacy and effectiveness of the governance processes and management and internal control activities.

8.4. Reporting, measurement and mitigation systems

The information in this section complies with the disclosure requirement in relation to policies and objectives and Interest rate risk of Articles 435.1. letters c), d), 448.1 letters a), b), d), e), i) and 448.2 CRR. In addition, it complies with sections a), c), e), g) and i) of the IRRBBA⁴⁸ requirement.

The Entity regularly monitors interest rate risk and seeks to forecast challenging situations or identify potential deviations that could result in losses to the Group's estimated net interest income. For this purpose, regular monitoring of this risk is reported in different governing bodies through the IRRBB metrics incorporated into the current Risk Appetite Framework (RAF):

- The Risk and Audit Committee.
- The Risk and Audit Board Committee with focus on any relevant issue that should be brought to the attention of its members in case approval is needed.

Allfunds has established an annual robust methodology for identifying and measuring the materiality of each Interest Rate Risk in the Banking Book (IRRBB) sub-risk.

The CSRBB impact is determined through a sensitivity model that analyzes changes in credit spreads for assets within the CSRBB scope.

In the case of CSRBB, the entity performs an annual evaluation of the potential inclusion of new exposures that could fall within the CSRBB scope (making use of this questionnaire).

Based on the latest materiality exercise conducted, it has been determined that there is no significant material exposure to CSRBB as the positions subject to this risk represent an insignificant amount of the entity's current portfolio. Nevertheless, Allfunds continues to monitor this risk on a regular basis and will make adjustments to its management framework when required by market conditions or regulatory circumstances.

The metrics developed for the control and monitoring of the Group's interest rate structural risk and Credit Spread risk are aligned with market best practices, based on the results obtained from the exercise of identifying and evaluating the materiality of the previously mentioned sub-risks.

⁴⁸ EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities.

Exposure to structural interest rate risk is measured on two levels:

- Net interest margin sensitivity (NII): analysis focused on the expected change in the net interest margin over a 1-year horizon, comparing the baseline scenario with different scenarios reflecting shocks in the interest rate curves. This analysis better captures the short-term interest rate risk.
- Sensitivity of the economic value of equity (EVE): analysis focused on potential changes in the discounted economic value of the individual interest-sensitive items in the statement of financial position in the event of changes in interest rates. This sensitivity is mainly influenced by the new discount factors that apply in each adverse scenario, but also by the determination of the new future cash flows for assets with variable yields. This analysis better captures the long-term interest rate risk.

For the measurement of IRRBB, Allfunds performs a gap analysis based on "unconditional cash flows". The gap analysis allocates all relevant interest rate-sensitive instruments into predefined time buckets according to their repricing or maturity dates, which are either contractually fixed or based on behavioural assumptions. It calculates the net positions ('gaps') in each time bucket. The analysis approximates the change in net interest income resulting from a yield curve shift by multiplying each net position by the corresponding interest rate change.

Similarly, for EVE measurement, an appropriate yield curve is selected for each instrument type. The modified duration of each instrument is calculated from the change in its net present value due to a 1 percentage point parallel shift of the yield curve. The modified duration of equity is determined as the modified duration of assets times assets divided by equity, minus the modified duration of liabilities times liabilities divided by equity.

The allocation of cash flows across different buckets requires a variety of inputs and a detailed analysis of each product. Allfunds conducts this analysis when determining cash flows, considering the following inputs:

- Product-specific parameters.
- Customer and/or Bank behavioural parameters.
- Expert judgment.
- Market data.
- Historical data from the portfolio itself.

All positions on the Group's interest-rate-sensitive statement of financial position are included in the analysis along with the projection of their future flows under the baseline and stressed scenarios. Due to the business nature of Allfunds' banking activities, the projection of future flows does not require from complex modelling of behavioural assumptions.

Allfunds conducts a robust IRRBB stress testing exercises to assess their exposure to interest rate fluctuations and ensure resilience under adverse market conditions. These exercises involve modelling various interest rate shock scenarios, including parallel shifts, steepening or flattening of the yield curve, and idiosyncratic shocks

affecting the institution's balance sheet. The analysis evaluates the impact on economic value of equity (EVE) and net interest income (NII), considering behavioural assumptions such as deposit repricing, loan prepayments, and customer reactions. The IRRBB stress testing of Allfunds is aligned with the supervisory outlier tests defined by the European Banking Authority.

Allfunds performs six different interest rate shock scenarios for each currency that are considered significant for Interest Rate risk purposes:

1. Parallel shock up.
2. Parallel shock down.
3. Steepening shock (short-term rates down and long-term rates up).
4. Flattening shock (short-term rates up and long-term rates down).
5. Short-term rates shock up.
6. Short-term rates shock down.

The Regulatory Technical Standards (RTS) on Interest Rate Risks in the Banking Book (IRRBB) Supervisory Outlier Tests specify the supervisory shock scenarios, as well as the criteria to evaluate whether there is a significant decline in net interest income or in the economic value of equity that could trigger supervisory measures. This test assesses the impact on the economic value of equity and net interest margin risks of the banking book under different interest rate variation scenarios. This exercise enables comparability between institutions.

The following table presents the measurements of this risk for the current year, both in terms of economic value and margin, considering the positions existing as of 31 December 2024 (excluding trading book positions). The key assumptions used for the IRRBB calculations presented in the table below are the same as those established for the regulatory metrics of the Supervisory Outlier Tests (SOT).

The analysis also includes variations in the Economic Value of Equity (EVE) and Net Interest Income (NII) for each of the prescribed scenarios under the EBA's SOT scenarios, for each of the relevant currencies for Allfunds Bank (EUR and USD):

Table 25. IRRBB1 - Interest rate risks of non-trading book activities⁴⁹ (EUR thousand)

		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel up	-863	-1,029	11,716	10,773
2	Parallel down	827	1,055	-28,168	-12,009
3	Steepener	972	985		
4	Flattener	-1,098	-962		
5	Short rates up	-965	1,068		
6	Short rates down	1,059	1,092		

⁴⁹ The relevance of each currency has been determined in accordance with EBA/ITS/2023/03.

The previous table reflects that:

- Allfunds' exposure to structural interest rate risk is very low for both the economic value of equity (EVE) and net interest income (NII) ratios. Neither increases nor decreases in interest rates are expected to have a relevant direct impact on the Company.
- The sensitivity of the economic value of equity to interest rate movements is explained by the Group's highly immunized balance sheet to interest rate movements as assets and liabilities are impacted in similar ways, offsetting each other.
- The sensitivity of the interest income margin to interest rate movements is explained by the fact that the main source of the entity's income comes from commissions and fees stemming from its clients' trading activities on mutual funds and digital services, but not on financial instruments or funding activities.
- The Group's sensitivity to long-term rates is close to zero as all exposures are short-termed.

8.5. Own funds requirements

In spite of the low impact the Bank has decided to allocate additional capital to this risk, due to conservative criteria, according to the potential impact of a parallel movement in the main interest rate curves (200bps in EUR and USD). As of 31 December 2024, Pillar II capital requirements for interest rate Market risk amounted to EUR 1,098 thousand, in accordance with the CRR.

9. Liquidity and Funding risk

9.1. Definition

This information complies with sections b) and c) of the LIQA⁵⁰ requirement.

Liquidity comprises all form of cash under the entity Allfunds Banking Group which includes all inflows coming from existing branches or subsidiaries, together with Liberty Partners S.L.U. The Group manages its balance sheet prudently whereby a variety of funding sources is readily available. Given this situation, the level of encumbrance of Allfunds Banking Group's balance sheet is relatively low.

Liquidity risk can be defined as the possibility of incurring losses due to insufficient liquid funds being available or accessible to meet its payment obligations. Thus, any financial institution is exposed to two types of Liquidity risk on its balance sheet:

- Structural Liquidity risk: the risk that the Group might not be able to deal efficiently with expected and unforeseen present and future cash flows, as well as the need to generate amounts in addition to its payment commitments without affecting its daily operations or financial situation.
- Market Liquidity risk: the risk that the Group might not easily compensate or undo a position at market prices due to market distortions (such as that which occurred in the crisis that began in 2007).

Regarding the double nature of Liquidity risk, the Group's Liquidity risk management framework focuses on Structural Liquidity risk, considering Market Liquidity risk a marginal dimension derived from the Group's own activity. It is important to highlight that Allfunds' activities are quite different from those of a traditional credit institution, which make it much less vulnerable to environments of restricted financing and lack of liquidity.

Effective Liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behaviour. Liquidity risk management is of paramount importance because a liquidity shortfall at a single institution can have system-wide repercussions.

Therefore, liquidity management is applicable to all balance-sheet and off-balance-sheet items (including contingent liabilities) that either generate or drain liquidity.

9.2. Limits and diversification

Due to the current business model of the Group as well as the existing cash balance structure where most of the Group's positions are either on cash accounts or overnight deposits, the exposure to Liquidity risk is extremely low. Nonetheless, although there is very low potential risk that may arise from operating liquidity (derived from not being able to unwind or close a position in time), the Group has

⁵⁰ EU LIQA - Liquidity risk management.

decided to segregate the existing balance between different categories so that dedicated controls and alerts can be set up to prevent unexpected movements. Additionally, the Group has established liquidity limits aimed at covering structural Liquidity risk and maintaining a minimum level of liquid assets in order to avoid any financing gap between assets and liabilities.

Allfunds Bank is subject and compliance with regulatory measures, specially, those ones related to “large exposure” and “concentration” which prevent any concentration issue on its funding sources. Additionally, our existing Treasury policy and currency structure focused on high liquid assets and EUR as major currency, made us rely around 70% of our portfolio on Central Banks Deposit Facilities which mitigates these funding issues. Regarding the additional portion of the portfolio, allocated to cash account and O/N deposits within financial institutions, the distribution remains under regulatory limits mitigating concentration which does not pose a significant level for several reasons.

- Firstly, this dependence is due to the nature of Allfunds Bank's business model, which operates as an intermediary and receives liquidity exclusively from its depositors, in this case, financial entities, who require it to execute transactions within the platform and/or for their operational or commercial purposes. In this regard, Allfunds Bank is not reliant on retail or wholesale funding for the development of its activities, as deposit-taking is not part of its business model.
- Secondly, the financial sector is subject to strict regulation and supervision by national and international authorities, ensuring rigorous standards in risk management, capitalization, and liquidity.
- Furthermore, Allfunds’ depositors have high creditworthiness, which reduces counterparty risk and the likelihood of liquidity issues or defaults.

9.3. Structure and organization

The information complies with sections h) and i) of the LIQA⁵¹.

The Group follows conservative criteria in the management and dilution of losses for this risk. Allfunds has defined procedures and methodology in order to properly manage Liquidity risk. The procedures also provide a full coverage of the liquidity standards required by the Regulator.

Treasury Policy is governed by the Executive Committee and delegated to the Treasury department. The Executive Committee delegates the responsibility for the regular review of the Group’s Treasury and, in particular, the treasury investment strategy, performance, and accounting issues to the ALM Committee (“ALCO” Asset-Liability Committee). The Group’s Investment Policy and procedures are reviewed

⁵¹ EU LIQA - Liquidity risk management.

periodically to ensure continued validity with respect to the management, control, and reporting needs of the Treasury department.

The Treasury team is responsible for managing liquidity and financing while also controlling the evolution of the Liquidity risk in its capacity as the first line of defence.

Additionally, short-term cash flows related to Allfunds clients' operations are managed by the Banking Services department within the Operations department under the supervision of the Treasury team. There is an internal procedure that states the main steps to ensure a correct liquidity and treasury management on a daily basis.

Due to the current business model and the low exposure to Liquidity risk, the probability of incurring losses derived from insufficient liquid funds being available or accessible to meet its payment obligations is low.

9.3.1. Liquidity and financing management framework

This information complies with sections b) and c) of the LIQA⁵² requirement.

The Group has a governance framework for liquidity and financing management approved by the Board of Directors and aimed at meeting the objectives defined by the Board, using short-term indicators (LCR) and long-term indicators (NSFR and ALMM).

This framework is articulated through an organizational structure with three lines of defence aimed at the adequate admission, monitoring, control and review of Liquidity risk; with roles and responsibilities distributed among them, and between each of the different teams and people forming them, in order to ensure adequate risk management and avoid potential conflicts of interest.

In order to ensure the adequate supervision of liquidity and financing management and Liquidity risk management, Allfunds' Steering Committee is established as a body delegated by the Board of Directors for the periodic supervision of risk management.

Due to the relevancy of an effective liquidity management as well as an adequate Liquidity risk framework the Group has a permanent ALM Committee (ALCO) whose responsibility is to review the policy while ensuring its alignment with market trend and Company evolution.

9.3.2. Roles and responsibilities of the Board of Directors

This information complies with sections b) and c) of the LIQA⁵³ requirement.

The Board of Directors is responsible, among other things, for the following aspects related to the management of the Group's liquidity and financing management:

- Approve the liquidity and financing management strategy.

⁵² EU LIQA - Liquidity risk management.

⁵³ EU LIQA - Liquidity risk management.

- Approve the appetite for Liquidity and Financing risk.
- Approve the Management Framework and Liquidity risk policies.

9.3.3. Lines of defence

This information complies with sections b) and c) of the LIQA⁵⁴ requirement.

Liquidity and financing are managed through an organisational structure with a clear segregation of the roles and responsibilities for each of the lines of defence, with the aim of avoiding conflicts of interest and managing risk in order to comply with the risk appetite approved by the Board of Directors, as shown below:

Table 26. Lines of defence. Liquidity needs

	1 ^a line of defence	2 ^a line of defence	3 ^a line of defence
Main functions	<i>Execution</i>	<i>Identification, measurement and control</i>	<i>Assessment, valuation and review</i>
Areas	Business	Risks	Audit
Roles & Responsibilities	- Assume daily responsibility for the management of the entity's liquidity and in compliance with applicable regulations for credit institutions. - Manage the group of assets and daily liquidity position of the entity - Make the entity's excess liquidity profitable and find the best option in the market to maintain the amount of high-quality liquid assets, thus maintaining the liquidity ratio in line with the risk appetite statement. - Ensure compliance with the limits and indexes in the operation related to the application of funds. - Provide all required information to the 2LoD for their control function.	- Analysis of the liquidity position through indicators used by the Entity. - Inform the Board of Directors if the established thresholds for the 1LoD are exceeded and support and advise the 1LoD on action plans related to liquidity and financing - Analysing the imbalances in the flows of the financing structure and in the application of the funds that may arise due to their maturities - Control that there are no financing shortfalls by analysing asset and liability flow maturities. - Monitor the metrics required by the Bank of Spain in terms of liquidity. - Define the Stress Testing Programme.	- Examine the suitability and relevance of the controls that, among other things, should ensure the accuracy and completeness of the data and information, including the capacity of the necessary instruments to perform this function. - Lead the periodic review of liquidity management and financing processes. - Ensure compliance with policies, liquidity and financing processes and report any non-compliance to the Risk and Audit Committee and the Risk and Audit Committee.
Cross-sectional areas	Technology		Accounting
Roles and Responsibilities	Provide broken-down information from the data source (Host) located on the Bank's servers, to the system that generates the accounting information (CIS).		Generate the accounting information required by the Bank of Spain to assess and report on liquidity management.

⁵⁴ EU LIQA - Liquidity risk management.

9.4. Reporting, measurement and mitigation systems

The information in this section complies with the disclosure requirement in relation to policies and objectives of Articles 435.1. letters c), d) and 451bis. 4 CRR. In addition, it complies with sections a), d), e) and f) of the LIQA⁵⁵ requirement.

Principles of management and monitoring of Liquidity risk applied by Allfunds comply with the guidelines of the European Banking Authorities and the principles and requirements established by the CRR through the calculation of the liquidity ratios. In particular, the main processes implemented by the Group include the following items:

- Liquidity ratios (LCR, NSFR and ALMM).
- Liquidity Stress Testing.
- Definition of a minimum level of liquid assets or liquidity buffer.
- Construction of a High-Quality Liquid Assets Portfolio.

The Group must be well positioned at all times to meet any short-term liquidity needs through the management techniques used and the diversification of its liquidity reserves.

In order to preserve the Group's liquidity, including its intraday liquidity, the following mitigating controls have been established:

- Monitoring and control of payments of amounts greater than EUR 3 million derived from the settlement of subscription or redemption orders of units of UCIs. The Banking Services department releases payments higher than the aforementioned amount once it has been verified that the related counterparty has punctually sent the required funds.
- Regular ALM monitoring to grant full visibility on existing needs and capabilities. Daily monitoring of inflows/outflows from balances held in current accounts.
- Regarding liquidity withdrawals, the system does not automatically allow customers to withdraw funds from their current accounts if the action leaves the account balances overdrawn. Authorisation is required from the Risk Management department to allow this situation.
- Daily monitoring of balances per entity/branch or subsidiary.
- Daily monitoring of balances per currency and counterparties.

Additionally, the liquidity statements are monitored each month in order to identify possible gaps between short-term inflows and outflows in a normal market environment. If a risk of a liquidity lag is identified, it will be escalated through the Risk and Audit Committee and, ultimately, to the Board of Directors through the Risk and Audit Board Committee.

⁵⁵ EU LIQA - Liquidity risk management.

The alert levels and default thresholds are reviewed by the Board of Directors at least once a year or when circumstances so require.

9.5. Own funds requirements

The information complies with section g) of the LIQA⁵⁶ requirement.

No additional capital is deemed necessary for Liquidity risk since current measures are considered adequate to prevent possible losses resulting from adverse liquidity scenarios.

Additionally, in order to face 'extraordinary' stressed scenarios, the entity keeps a prudential buffer of liquidity in the context of the LCR, having established a target LCR ratio of 50% above the minimum regulatory requirement, mainly allocated to central banks.

All funds' liquidity reserves are found to be adequate to counterbalance its normal outflows as well as to face any contingency regarding massive liquidity withdrawals by their customers in 48 hours. In this sense, as part of its stress programme the Group includes liquidity stress exercises in order to test the Bank's strength to successfully face such a severe adverse scenario and handle an orderly return of all funds to its counterparties. The outcome of this exercise is satisfactory, and it is disclosed to Bank of Spain within their SREP obligations.

9.6. Measurement of liquidity needs

9.6.1. Financing plan and liquidity indicators

The information complies with section a) of the LIQB⁵⁷ requirement.

The Group's Liquidity Management and Financing Plan integrated in its business plan is based on the performance of its main activity, which is the distribution of holdings/shares of Collective Investment Units (hereinafter CIUs) at the institutional level with the minimum assumption of risks in the processes of liquidation of subscription and redemption orders.

As a result, the Plan's fundamental premise is to meet the payment obligations from CIUs subscription and redemption orders, and its objective is that the Bank be well positioned at all times to meet any short-term liquidity needs thanks to the management techniques used and the diversification of its liquidity reserves.

Derived from this principle, the Plan contains two pillars of action:

- The Group does not apply active policies to attract deposits from the public (subject to review). The financing received is purely linked to its clients' trading activity.

⁵⁶ EU LIQA - Liquidity risk management.

⁵⁷ EU LIQB - Other qualitative information on the scope of application.

- The application of financing is aimed at liquid investments, in general, all type of placements convertible into cash in a very short period of time, but mainly:
 - Current accounts in credit institutions and official institutions.
 - Interbank deposits or repurchase agreements that can be cancelled at any time at the request of the Group.
 - Money Market funds.
 - Derivatives such as CDS or insurances for hedging purposes.
 - Other liquid investments: this includes collateralised transactions such as repos, term repos, where underlying collateral is rated minimum of credit quality investment grade.

The defined principles are particularly the principles of management and monitoring of Liquidity risk applied by Allfunds to comply with the guidelines of the European banking authorities and the principles and requirements established by the CRR through the calculation of the LCR, NSFR and ALMM.

As explained above, Allfunds' activity is very different from that of a traditional credit institution, which makes it much less vulnerable to environments of restricted financing and lack of liquidity.

Even though the Group's core activity does not require so, Allfunds is constantly working in order to guarantee contingency financing lines, either through official institutions or corporate ones, that could help the entity to tackle any unexpected market event.

9.6.2. Liquidity and financing policies

The Liquidity Policy, governed by the Executive Committee, follows two major principles which are Client's Safety and Regulatory Compliance. Consequently, under these principles, the entity has developed a Liquidity Policy guiding the investment decisions. In fact, a fundamental element in the investment strategy is to consider the liability structure in the context of Asset Liability Management, as well as levels of LCR and NSFR.

The Group has a Liquidity risk Management Policy that allows to:

- Establish internal measures to ensure that Allfunds Bank maintains a sufficient level of liquidity to meet its payment obligations, even under adverse liquidity scenarios.
- Define an efficient process to establish, monitor, report and change the necessary liquidity buffer to keep the Group's risk profile within the levels approved in the risk appetite framework.
- Define and delegate responsibilities to manage measurement and monitoring processes and internal controls to ensure that liquidity ratios are kept at adequate levels.

Changes to this Policy and to the thresholds established for liquidity ratios must be authorized by the Board of Directors, through the Risk Appetite Framework and Risk Appetite Statement (RAF/RAS).

9.6.3. Main liquidity indicators

The information in this section complies with the disclosure requirement in relation to Liquidity of Articles 451bis 1, 451bis 2, letters a) to c), 451bis 3, letters a) to c) and 451bis 4 CRR. In addition, the information complies with sections b) to f) of the LIQB⁵⁸ requirement.

Allfunds' Risk Appetite Framework includes Liquidity risk as a relevant risk due to the impact it might have on the business.

The main indicators and thresholds defined by the entity for Liquidity risk are shown below:

Liquidity Coverage Ratio (LCR)

The LCR is the basic indicator used for liquidity management which ensures that the bank maintains high quality liquid assets (HQLA) to cover liquidity needs in a severe stress scenario lasting 30 days. The composition on 31 December 2024 being as follows:

⁵⁸ EU LIQB - Other qualitative information on the scope of application.



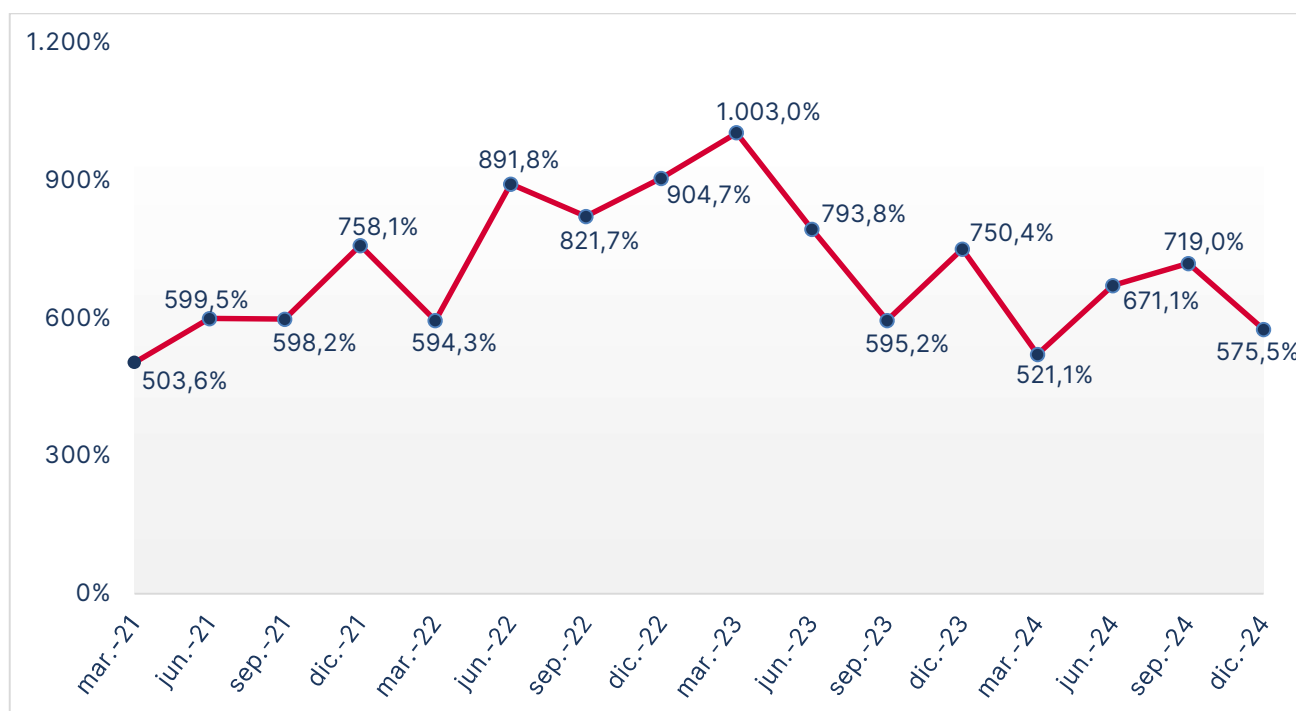
Table 27. LIQ1 - Quantitative Information of LCR (EUR thousand)

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31/12/2024	30/09/2024	30/06/2024	31/03/2024	31/12/2024	30/09/2024	30/06/2024	31/03/2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					1,596,957	1,881,818	1,550,047	2,434,460
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	2,045,650	2,505,460	2,056,800	2,742,542	511,413	626,365	514,200	685,636
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	2,045,650	2,505,460	2,056,800	2,742,542	511,413	626,365	514,200	685,636
7	Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	1,165	50	405	559	1,165	50	405	559
11	Outflows related to derivative exposures and other collateral requirements	1,165	50	405	559	1,165	50	405	559
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	157,420	107,937	133,209	153,121	157,271	86,889	111,339	131,423
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					669,849	713,304	625,944	817,618
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	23	22	19	17	12	11	10	9
19	Other cash inflows	1,085,777	1,204,680	954,674	895,657	392,332	451,577	395,008	350,432
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	1,085,800	1,204,702	954,693	895,674	392,344	451,588	395,018	350,441



EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	1,085,800	1,204,702	954,693	895,674	392,344	451,588	395,018	350,441
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					1,596,957	1,881,818	1,550,047	2,434,460
22	TOTAL NET CASH OUTFLOWS					277,505	261,716	230,926	467,177
23	LIQUIDITY COVERAGE RATIO					575.47%	719.03%	671.23%	521.10%

Figure 16. LCR Evolution



In order to determine the main drivers of this ratio it must be considered the nature of two of the largest asset masses in Allfunds' balance sheet, which are directly related to two of the largest liability masses:

- Customers deposits (liabilities): these flow directly into the balance sheet's assets in the form of cash accounts in high-credit quality institutions and Central Banks. Due to its short-term nature these exposures are key for the LCR ratio.
- Fees derived from the margin between the collection of rebates from fund houses and the payment of a portion of these rebates to institutional clients, following quarterly cycles. Considering the positive balance between receivable and chargeable fees, these exposures are not a key factor for the LCR ratio.

For these reasons, the determining factors impacting on the LCR are customers deposits and exposures to central banks. As explained above, the high correlation between clients' deposits (liabilities) and cash deposits (assets), and the strong liquidity position kept in cash, cash-equivalent assets and balances in central bank, the Group is able to maintain high levels in the LCR ratio, complying with regulatory requirements at all times.

Allfunds fulfils both the obligation to report on the LCR ratio on a monthly basis and the obligation to maintain a HQLA liquidity buffer. The high-quality liquid assets approved by the Board of Directors are formed by reserves in EU central banks, reserves in BoE (Bank of England), reserves in SNB, public debt denominated in EUR, USD, and GBP and investments in UCIs invested in high credit quality money market underlying. Therefore, all the above assets are available to the Finance department for cash conversion at any time. This ratio is also reported to the Risk and Audit

Committee and to the Risk and Audit Board Committee, as well as to the National Supervisory Authority.

Net Stable Funding Ratio (NSFR)

The NSFR is the basic indicator used in managing financing, which is defined as the amount of available stable financing on the amount of stable financing, which as of 31 December 2024 has the following composition:

Table 28. LIQ2 - Net Stable Funding Ratio (NSFR) (EUR thousand)

ASF		a	b	c	d	e
		No maturity	Unweighted value by residual maturity			Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	596,130	-	-	-	596,130
2	Own funds	596,130	-	-	-	596,130
3	Other capital instruments		-	-	-	-
4	Retail deposits		-	-	-	-
5	Stable deposits		-	-	-	-
6	Less stable deposits		-	-	-	-
7	Wholesale funding:		2,046,560	-	-	1,023,280
8	Operational deposits		2,046,560	-	-	1,023,280
9	Other wholesale funding		-	-	-	-
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	1,165	387,839	38,699	2,024,076	2,237,345
12	NSFR derivative liabilities	1,165				
13	All other liabilities and capital instruments not included in the above categories		387,839	38,699	2,024,076	2,237,345
14	Total available stable funding (ASF)					3,856,755



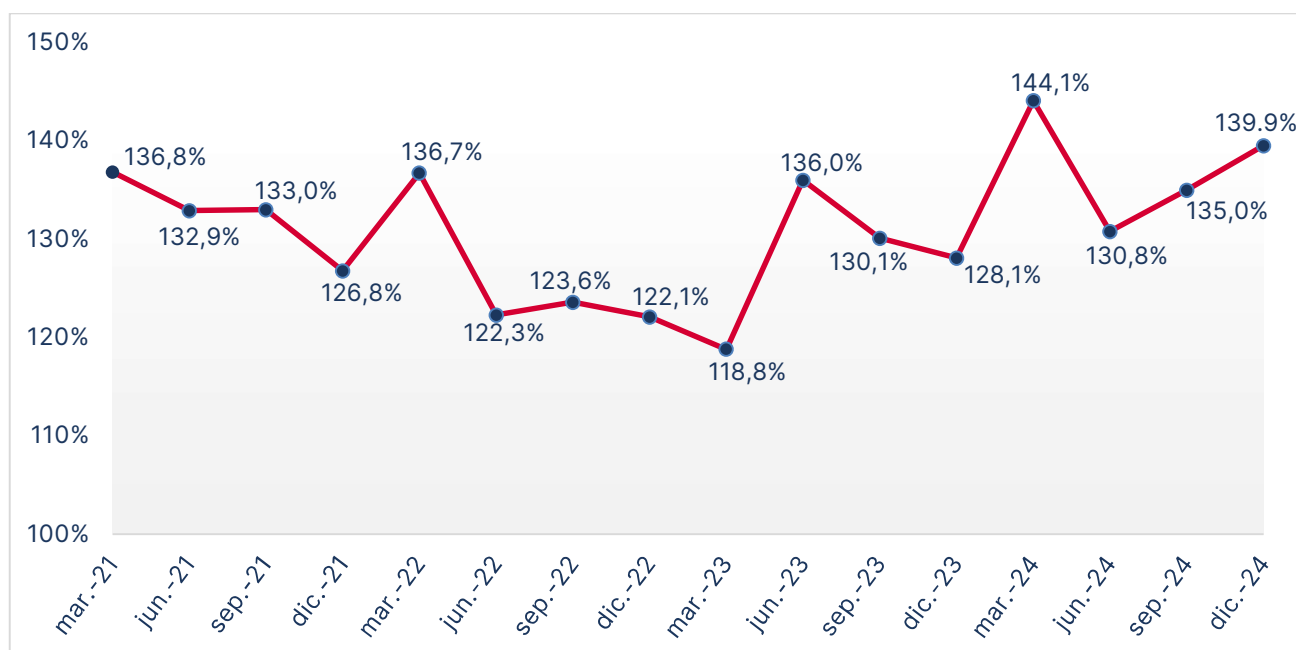
RSF

RSF		a	b	c	d	e
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
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		1,108,082	-	-	554,041
17	Performing loans and securities:		166,593	130	11,926	95,184
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		-	-	-	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		166,593	130	691	83,949
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		-	-	11,235	11,235
25	Interdependent assets		-	-	-	-
26	Other assets:		125,823	48,707	2,020,559	2,107,923
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
29	NSFR derivative assets		197			197
30	NSFR derivative liabilities before deduction of variation margin posted		-			-
31	All other assets not included in the above categories		125,626	48,707	2,020,559	2,107,726
32	Off-balance sheet items		-	-	-	-
33	Total required stable funding (RSF)					2,757,148

NSFR

34	Net Stable Funding Ratio (%)		139.88%
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Figure 17. NSFR Evolution



The numerator encourages the strengthening of capital, wholesale financing at more than 1 year and stable retail financing. The denominator, on the other hand, penalises the credit investment as its term and degree of mobilisation increase.

This ratio aims to limit excessive dependence on short-term wholesale funding during periods of abundant liquidity in the market and encourage a more accurate assessment of the Liquidity risk of all items on and off the balance sheet.

The Group calculates the NSFR quarterly and its result is sent to the Risk and Audit Management Committee and to the Risk and Audit Committee (delegate of the Board of Directors), as well as to the Regulator.

Additional Liquidity Monitoring Metrics (ALMM)

The Group has defined other liquidity indicators to monitor liquidity (**ALMM - Additional Liquidity Monitoring Metrics**) that are introduced to increase effective supervision of liquidity, providing a more complete view of the Group's liquidity position in proportion to the nature, scale and complexity of the Bank's activities.

The metrics calculated are the maturity ladder, the concentration of financing by counterparty and by product type, the prices according to different financing and refinancing durations, and the concentration of the counterbalancing capacity by issuer and counterparty. This metrics are calculated and analysed monthly, and its result is sent to the Regulator, but it is not monitored.

9.7. Unencumbered assets

The information in this section complies with the disclosure requirement in relation to Capital of Article 443 CRR. In addition, it complies with section a) of the AE4⁵⁹ requirement.

Due to business model of Allfunds with high capacity to generate cash, no significant assets are encumbered for collateral purposes. At the end of December 2024, the last available state about the encumbered assets of Allfunds Bank (consolidated) was as follows:

Table 29. AE1 - Encumbered and unencumbered assets (EUR thousand)

		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	29,897	-			5,078,671	1,601,955		
030	Equity instruments	-	-	-	-	11,235	-	11,235	-
040	Debt securities	-	-	-	-	6,267		6,267	-
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	6,267	-	6,267	-
080	of which: issued by financial corporations	-	-	-	-	-	-	-	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	29,897	-			5,061,169	1,606,255		

⁵⁹ EU AE4 - Accompanying narrative information.



10. Other risks

10.1. Reputational risk

Different due diligence processes are carried out within the entity in order to identify any element that could potentially have a negative impact on reputation. These processes are carried out in the following instances:

When developing new products or services

The Company has a Product Governance Policy, approved by the Board of Directors which defines the framework to develop new products, services or significant changes to the existing ones, as defined in the EBA Guidelines on Internal Governance (EBA/GL/2021/05). This policy has been updated in June 2024.

The policy sets out the main criteria to be considered for the approval of new products and services and establishes the involvement of the Risk and Compliance teams, which must carry out a prior assessment.

When onboarding new clients or during an already established relationship

In the case of new clients, the approval is subject to a previous analysis performed by the AML/CFT Unit and Risk Management of Allfunds Bank, supported by the Sales department. This analysis will determine the potential impact on the ML/FT, reputational, money laundering and financial risks of the Bank. Approval of new clients is overseen on the Customer Acceptance Committee (CAC), chaired by the CEO and coordinated by the AML/CFT Unit. For the medium risk and high-risk customers, the AML/CFT Unit applies enhanced due diligence measures prior to be submitted to the CAC.

Likewise, any new asset management house to be onboarded through Allfunds' platform has to be priorly reviewed by the AML/CFT Unit, with the support of the Fund Groups department. The AML/CFT Unit, in case of concerns, may submit the new fund house to the CAC for approval. By doing so, any particular asset and/or asset management house that the Entity regards as sensitive of generating Reputational risk will not be incorporated into the product range available to clients⁶⁰.

Conversely, if a client requests trading a product of its kind, the Bank requires the signature of a legal agreement whereby the client disclaims all subsidiary responsibility resulting from the investment, and therefore the customer assumes and accepts all risks involved in the investments concerned (including a possible default).

⁶⁰ If a client requests trading a product of its kind, the Bank requires the signature of a legal agreement whereby the client disclaims all subsidiary responsibility resulting from the investment, and therefore the customer assumes and accepts all risks involved in the investments concerned (including a possible default).

When contracting new suppliers or during the already existing relationship with them.

In addition, the Company has several policies and procedures to manage the relationship with third parties, with the aim to comply with applicable regulation and reduce Reputational risk:

- **Outsourcing Policy:** Sets out the guidelines for acting in the case of outsourcing of services or activities. It takes into account the regulatory context, as well as the practices for governance and management that should be the basis for the relationship with the providers of these services. This is so that the delegation or outsourcing of activities or services is not carried out in a way that can undermine the effectiveness of the internal control function. Allfunds conducts an ongoing monitoring of the service providers using a risk-based approach, in particular ensuring that the service performance, availability, integrity and security of data and information is guaranteed.
- **Supplier Selection Procedure:** Establishes the guidelines to be followed and requirements that must be met by the third party entities with which Allfunds signs service provision agreements, including most notably: (i) ethical and corporate culture complying with the applicable laws and regulations in each territory (ii) general data protection (iii) environmental practices, (iv) prevention of money laundering, (v) corporate social responsibility, (vi) risk management and (vii) IT Security.

This procedure includes the acceptance of the Supplier Code of Conduct and establishes a periodic monitoring process. The Supplier Selection Procedure has been updated in 2024 to strengthen its alignment with the Company Code of Conduct, adapts to new regulations (e.g. DORA regulation – ICT providers security measures), and reinforce the developing of corporate defence appropriate measures to mitigate the risk of supplier's actions which may affect Allfunds good name and reputation or generate liability for the Company.

- **Intermediaries Selection Procedure:** Developing the Best Execution Policy. In the case of transactions with ETF or UCIs with whose management companies Allfunds does not have a distribution agreement, the clients' orders may be processed through third-party intermediaries. For this purpose, Allfunds has implemented a due diligence procedure to select the intermediaries to be responsible for executing orders.
- **Sub-custodian Selection Procedure:** Developing the Client Asset Protection Policy. The purpose of this procedure is (i) to verify that sub-custodians comply with the conditions which led to its appointment and (ii) the conditions which should be carried out the annual monitoring to be performed over the sub-custodians in order to ensure the appropriate compliance with regulatory asset protection requirements (IPAC, CASS rules in UK).

10.2. Emerging risks

Emerging risks are those whose potential impact is not fully understood, have not widely materialized, or have only recently come to the industry's attention. These risks originate from external events beyond the company's influence or control, including natural, geopolitical, technological, regulatory, or macroeconomic factors. Their potential impact is substantial, potentially affecting a significant portion of the company's operations and necessitating strategic or business model adjustments. These risks are characterized by their unknown long-term impact, which, while specific and significant, may not have immediate consequences but could progressively affect the company's operations.

The AFB Banking Group recognizes the critical importance of regularly assessing and adapting to these emerging challenges, incorporating them into its risk management frameworks to maintain financial stability and resilience. Continuously reassessing and updating risk management practices is crucial in a rapidly evolving banking environment.

As part of its comprehensive risk management strategy, Allfunds conducts an ongoing process of risk identification and assessment. These processes are integrated within traditional risk management frameworks, including the Group's ICLAAP exercise, strategic planning, and Board-level evaluations. Specifically, through the "Top & Emerging Risks Assessment" exercise, the Group conducts regular and comprehensive assessments, covering a wide range of potential threats, whether traditional and new ones, that may significantly impact its profitability, solvency, or strategy.

In this regard, this year Allfunds has strengthened its analytical approach by incorporating capabilities on threat monitoring & intelligence from the second line of defence, thus focusing on scenarios not previously included due to their low likelihood but which could potentially increase the company's key/material risks over the next 18-36 months. From this comprehensive analysis, the following emerging risks have been identified:

- **Artificial Intelligence (AI):** The rapid advancement of AI technologies presents significant opportunities to transform business operations, but it also introduces regulatory and ethical challenges. Ensuring compliance with evolving regulations, addressing ethical concerns related to bias and discrimination, and safeguarding against security risks are crucial for leveraging AI effectively. Main impacts for Allfunds include data exfiltration used in training and the discovery of shadow data.
- **Quantum Computing:** As quantum computing technology progresses, it poses potential risks to data security and encryption methods currently in use. The ability of quantum computers to break current encryption standards necessitates the development of quantum-resistant encryption, while the integration of this technology may disrupt existing operations and create competitive disadvantages for those who do not adopt it. Current encryption

systems used by Allfunds could be vulnerable to quantum computer attacks. Worst-case scenario would imply the invalidation of current encryption protocols, rendering existing channels such as VPNs and digital signatures insecure.

- **Web 3.0:** The evolution towards decentralized platforms (Web 3.0) introduces new risks related to data privacy, security, and regulatory compliance. Managing data privacy in a decentralized environment, addressing security vulnerabilities in blockchain technologies, and navigating regulatory uncertainties are essential for adapting to this new internet paradigm. Among the most relevant consequences for Allfunds' Blockchain operations would include the compromise and modification of smart contracts, or the acquisition of private keys in Client wallets.

10.3. Cryptoassets

On a prudential level, the Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) proposed in October 2023 that entities disclose their exposure to digital assets. This initiative has been incorporated into CRR-3, mandating: (a) the reporting of on-balance sheet exposure and (b) the disclosure of the management, control, and governance model developed for this new activity.

Allfunds does not have any exposure to crypto assets, either through offering services to clients related to crypto assets or through direct holdings. However, the Allfunds Group owns a subsidiary called Allfunds Blockchain S.L.U., which provides specialized software enabling participants in the fund industry to join the blockchain network⁶¹.

This positions Allfunds as an active player in the digital ecosystem, adapting its applications and management software to meet the demands of digital operations. Consequently, the current business model remains unchanged by the incorporation of crypto assets but rather evolves through the use of blockchain technology (digital asset applicability).

The modular solutions provided by the Allfunds Blockchain network facilitate connections between various entities involved in the processes of sending, receiving, and confirming orders, including fund managers, transfer agents, depositaries, and distributors.

Through these modular solutions, key components of the processes and operations currently managed by the Company, which form part of its service offering to clients, will be addressed:

⁶¹ The Markets in Crypto-Assets Regulation (MiCA) (Regulation (EU) 2023/1114) does not apply to Allfunds. The operations of Allfunds Blockchain S.L.U. and its assets are subject to securities regulations (MiFid).



- Operations on fund shares, enabling subscription, redemption, and transaction recording through the use of smart contracts, via the digital representation (tokenization) of fund shares on the blockchain network.
- Fund transfer operations (FAST – National Transfers).
- Operations on shares of traditional investment funds (not digitally represented through tokens), facilitating the exchange of necessary information via the blockchain network for subscriptions, redemptions, and specific financial events (corporate actions).
- Stock transfers, or changes in the distributor of international fund shares between accounts held by the same Transfer Agent, facilitated through the exchange of information via the Provider's blockchain network.

By leveraging the blockchain network, the Company gains access to a platform with new capabilities that will enhance the agility of transaction management and represent a significant step forward in data security and governance within the ecosystem. This will improve privacy and the immediacy of information in completed transactions.

However, at present, this operational model is still in a growth and development phase, and there is no material or significant activity in relation to Allfunds' overall business volume.

10.3.1. Perception and Action Plans for Digital Assets.

Given its involvement in the digital assets ecosystem as an intermediary for so-called "security tokens," Allfunds Blockchain does not include the expansion of activity beyond the aforementioned applications in its strategic plans. This approach ensures constant alignment with the risk control and tolerance framework established by Senior Management. The model implemented for the management of digital assets has been authorized by Allfunds Bank's Senior Management following a detailed review conducted by the risk, compliance, and legal advisory teams. The analysis concluded with approval for the outsourcing of services and functions related to digital assets to Allfunds Blockchain, which acts as the provider of technological services.

Furthermore, potential traditional and emerging risks associated with the activity have been carefully assessed. These risks have been integrated into a dynamic control framework, with additional mitigation structures designed to address inherent risks effectively.

Allfunds does not maintain exposures to crypto-assets that require disclosure under current regulatory requirements, as it currently does not offer services related to crypto-assets nor participate in transactions subject to the reporting framework established by the regulation:

Table 30. CAE1 – Exposures to crypto-assets

		Exposure value	Risk weighted exposures amounts (RWEA)	Own funds requirements
	Type of exposures	a	b	c
1	Tokenised traditional assets	-	-	-
2	Asset referencered tokens	-	-	-
3	Exposures to other crypto assets	-	-	-
4	Total	-	-	-
	Memorandum item			
5	Exposures to other crypto assets expressed as a percentage of the institutions' T1 capital	-	-	-

10.4. Climate and environmental risks

10.4.1 Allfunds' sustainability model & strategy

Approach

Allfunds is committed to sustainable long-term value creation for its stakeholders and to prudent risk management. Ultimately, the entity seeks to create a positive impact on society by contributing through the business to broader environmental, social and ethical goals.

The Group takes a practical and integrated approach to address environmental, social and governance (ESG) issues. These are a set of standards measuring its business' impact on society, the environment, and how transparent and accountable they are. ESG considerations are embedded across all aspects of the business, from strategy and operations to products and services, and engaging with stakeholders to apply a responsible and sustainable approach to the WealthTech industry. Allfunds' ESG tools address and support the growing demand for sustainable investing strategies.

Allfunds sustainability framework is based on the major international sustainability initiatives (external), and on corporate policies and procedures (internal) through which aim to achieve the highest standards. To ensure superlative performance, the entity has a governance model that is supported from the executive level and across the leadership in the different areas of the Company, to encompass the entire organisation.

Allfunds' sustainability pillars

Allfunds' approach and action in ESG matters have been structured and defined according to six pillars that show Allfunds' commitment to covering and responding to the needs and concerns of the Group's stakeholders.

Figure 18. Allfunds' sustainability Pillars



Strategy

Allfunds has incorporated ESG-related risks and opportunities into its business and strategic planning through the development of an ESG Strategic Plan that was approved by the Board of Directors.

The ESG Strategic Plan 2026 aims to transitioning the Company from the Entity's sustainable commitment/vision to tangible and measurable targets and actions across short, medium, and long-term horizons.

This Plan, that also addresses the Global Compact Sustainable Development Goals (SDGs), is marked by distinct challenges at the three ESG dimensions:

- **Environmental:** embracing environmentally efficient practices and achieve carbon neutrality by 2030.
- **Social:** investing in their people, fostering leadership, professional growth, and diversity.
- **Governance:** Upholding a culture of integrity and transparency at every organisational level to cultivate trust and robust relationships with stakeholders, particularly employees, clients and investors.

For more information on the ESG Strategy refer to the Sustainability Report 2024.

ESG business solutions

Allfunds reinforced in 2024 its ESG proposal in response to regulatory changes, adapting its tools and services, accordingly, providing a 360-degree ESG solution to Fund Houses and Distributors. An advanced suite of solutions to tackle the ESG challenge and meet the full cycle of financial entities business needs.

Furthermore, the Company integrated its London - based ESG partner, MainStreet Partners, within the global offer and services, contributing to value-added solutions

and providing a better service to the clients and to the end investors. It includes rating risk assessments.

For more information refer to Responsible Investment section of the Sustainability Report 2024.

10.4.2. Governance

The sustainability governance at Allfunds involves several key bodies and processes.

The Board of Directors is in charge of defining the risk appetite and the risk policy, as well as any substantial modification thereto. The CEO and the Senior Management team are responsible for implementing the Board's guidelines by way of a segregated and clear organizational model, qualitative principles, indicators and thresholds and limits on the risk established by the Board.

In addition, the Board oversees on sustainability topics and strategy with the support of its board committees, the Executive Committee and the Sustainability Internal Committee and approves Sustainability-related corporate policies, including this policy. The Board also oversees corporate culture and values and engagement with stakeholders and approves sustainability-related reporting (including the annual report that includes non-financial information and the Sustainability report).

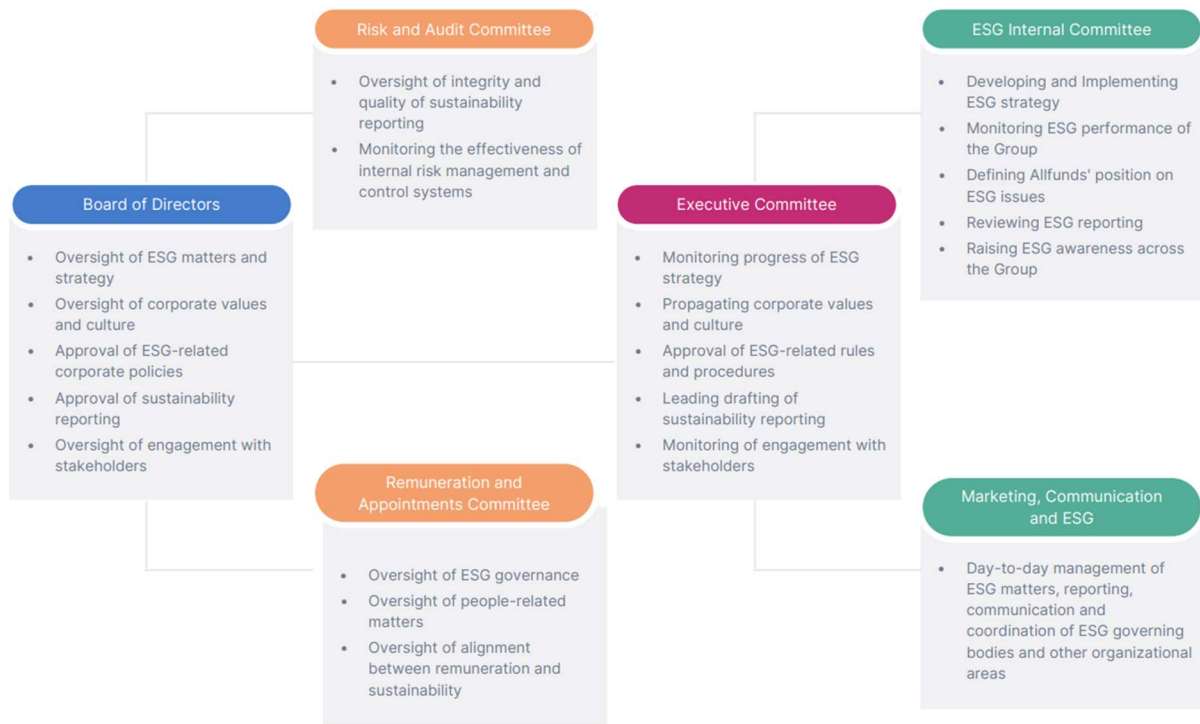
In their duties to assist the Board of Directors, the Risk and Audit Committee oversees the integrity and quality of sustainable reporting and monitors the effectiveness of internal risk management and control systems; and the Remuneration, Appointments and Governance Committee oversees Sustainability governance, people-related matters and the alignment of remuneration and sustainability.

The Executive Committee monitors the progress of Allfunds' sustainability strategy and approves sustainability-related rules and procedures. This Committee also propagates corporate culture and values, monitors engagement with stakeholders and leads drafting of sustainability reporting.

The Sustainability Internal Committee is responsible for developing and implementing Allfunds' general strategy with respect to ESG matters, monitoring ESG performance across the Group, defining Allfunds' position on sustainability issues and reviewing sustainability reporting.

The Sustainability area is tasked with day-to-day management of sustainability matters, reporting, communication and coordination of sustainability governing bodies. Other organizational areas are responsible for managing and controlling key topics under their responsibilities (including Finance, Legal, Strategy & Product, Human Resources, Global Facilities, Compliance, Risk Management, Internal Audit, Communication, Investor Relations and Client Services).

Figure 19. Sustainability Governance



10.4.3. ESG risk management

The Company relies on different analyses to cover the broad scope of ESG-related risks.

1. Sustainability Risk Management model

The main sustainability-related risks are reviewed at least once a year, where also the existing prevention measures and thresholds are analysed in accordance with the Company's overall framework. The result of the assessment carried out during 2024 is a low level of inherent risk.

2. Double Materiality assessment

Allfunds employs the Double Materiality Assessment (DMA) as the foundation for its sustainability reporting in **compliance** with the CSRD and ESRS. The DMA evaluates two key aspects:

- **Impact Materiality** – The Company's impact on people and the environment.
- **Financial Materiality** – How sustainability issues influence the Company's financial performance.

This dual-focus approach, referred to as double materiality, ensures a comprehensive assessment of both external and internal sustainability impacts, aligning with regulatory requirements and providing valuable insights for risk evaluation.

CompanyOverall, the results are consistent with previous materiality analyses, with governance and entity-specific topics being the most material, followed by social topics and environmental topics, respectively.

The results of the Double Materiality Assessment were used as input for the **gap analysis**, which was conducted to compare Allfunds' existing sustainability disclosures against the future requirements of the ESRS, in order to enable an understanding of the readiness and the effort needed to close identified gaps for the Sustainability Report 2024.

For more information refer to the Materiality Analysis section of the Sustainability Report 2024.

3. Environmental and climate related risks

Allfunds' Environmental Management System Manual (EMS) describes the processes implemented across the organisation. The structure of the system follows as reference standard: **ISO 14001: 2015** which is based on the ongoing improvement of environmental performance.

The Group assumes the environmental impacts caused by its activities in each and every one of the countries in which it operates. Through the EMS, it has set its own Environmental Aspect Identification and Assessment Procedure to address risk and opportunities.

For more information refer to Allfunds Environmental Protection section of the Sustainability Report 2024 and [Allfunds ISO 14001 Certification](#).

Risks according to **Task Force on Climate Related Financial Disclosures (TCFD)**

Following an in-depth study conducted internally during 2024, Allfunds has defined and analysed its potential climate risks based on the TCFD framework.

For each of the risks, the group has identified the measures that exist to prevent them.

As a result of the study, the entity has concluded that the risk is low or does not even apply to the type of activity Allfunds performs.

It should be noted that the Group does not carry out credit activities, is not engaged in issuing financial instruments and does not provide portfolio management services. Hence, its exposure to these risks according to the Task Force on Climate Related Financial Disclosures (TCFD) is considered to be limited, but the Company is working to reinforce control and monitoring measures within Allfunds' sphere of influence.

For more information refer Allfunds TCFD Report 2023.

4. Social risks

Allfunds is committed to respecting domestically and internationally recognised human rights, therefore the group must work together not only with its people but also with the external stakeholders it engages with.

Allfunds conducted an internal human rights saliency in line with the UN Guiding Principles Reporting Framework. The assessment was made to identify any risks and to provide us with an informed basis to set Allfunds' commitments and direct the entity's efforts.

The aim was to identify potential negative impacts on peoples' rights rather than risks to the business, so the entity examined actual and potential risks in all of the entity's relationships across its value chain.

The key topic assessed were the following:

- Non-discrimination, decent work conditions and living standards, health and safety, grievance and remedy.
- Privacy and cybersecurity, the right to operate in a criminal activity-free network, grievance and remedy.
- Labour rights and environmental practices across supply chains, the right to supply criminal activity-free network, grievance and remedy.
- Adequate information and the right to engage.
- Clean, healthy and sustainable environment, justice and strong institutions.

The results of this assessment indicated an overall level of low residual risk based on the controls existing at Allfunds.

However, Allfunds acknowledges this is an evolving matter and remains committed to keep re-assessing it and addressing potential human rights impacts beyond these areas.

For more information refer to the Human Rights section of the Sustainability Report 2024.

5. Supply Chain Sustainability risks

In 2024, Allfunds reinforced its governance framework for supplier selection and management to better mitigate risks across its supply chain. Key measures include:

- Developing a new supplier evaluation matrix to identify and address sustainability related risks.
- Strengthening sustainability requirements for key suppliers with the highest potential impact on operational, social, or environmental outcomes in the [Supplier Selection Procedure](#).
- Updating the [Supplier Code of Conduct](#) to set clearer, more rigorous standards for supplier compliance.

This framework plays a critical role in reducing exposure to risks such as non-compliance with corporate governance, anti-money laundering, anti-terrorism, and data protection regulations. It also incorporates comprehensive sustainability considerations, ensuring adherence to the UK Modern Slavery Act 2015 and requiring mandatory compliance for all suppliers joining the Allfunds supply chain.

By diligently monitoring suppliers in 2024, Allfunds proactively assessed potential social or environmental risks. **No significant negative impacts were identified during the approval and ongoing oversight of suppliers, demonstrating the effectiveness of these enhanced measures.**

This approach underscores Allfunds' commitment to mitigating risks while ensuring a resilient, responsible, and sustainable supply chain.

For more information refer to the Supplier section of the Sustainability Report 2024.

10.5. Outsourcing risk

10.5.1. Definition

Sets out the guidelines for acting in the case of outsourcing of services or activities. It takes into account the regulatory context, as well as the practices for governance and management that should be the basis for the relationship with the providers of these services. This is so that the delegation or outsourcing of activities or services is not carried out in a way that can undermine the effectiveness of the internal control function.

10.5.2. Limits and diversification

The Entity has an Outsourcing policy, based on the EBA and ESMA Guidelines⁶² on outsourcing services, which establishes the methodology and guidelines for internal governance, including appropriate risk management, assessment of outsourcing arrangements and the procedure to be followed when outsourcing activities to third parties, with special attention to the outsourcing of critical or important functions.

The decision to outsource involves a risk control assessment performed by the second line of defence. The Compliance and Risk Management departments are responsible for preparing analysis reports, in accordance with the Outsourcing policy, with the objective to assess and mitigate risks to a reasonable extent, prior to the implementation of the outsourced service/process. In the case of outsourcings rated as critical or material, the competent authorities are notified, as set out in the Outsourcing policy.

Subsequent to these reports, the control areas perform regular monitoring activities to verify that the controls and mitigation measures are adequate and do not increase the exposure to the identified risks.

10.5.3. Structure and organization

Allfunds has in place an Outsourcing Function, assumed by the Compliance Unit, which is responsible for supervising the risks of the outsourcing agreements as part of the Company's framework of internal control and shall report to the Board on this matter. Likewise, the Compliance Unit, as well as the Risk Management Unit, advice the Senior Management through specific assessment reports on the suitability of every new outsourcing activity, in accordance with the Outsourcing Policy.

⁶² EBA Guidelines on outsourcing arrangement of 25 February 2019. EBA/GL/2019/02; and ESMA Guidelines on Outsourcing to cloud services providers of 18 December 2020. ESMA50-157-2403

10.5.4. Reporting, measurement and mitigation systems

Allfunds conducts an ongoing monitoring of the service providers using a risk-based approach, in particular ensuring that the service performance, availability, integrity and security of data and information is guaranteed, with a special focus on: (i) monitoring the outsourcing activities classified as essential or material, and also including in the monitoring scope, outsourcing activities not classified as essential; (ii) ensuring the recordkeeping of the outsourced services/functions by maintaining a register of the Outsourcing Agreements

11. Remuneration Policy

11.1. Background and scope of application

The following section includes the content of relevant information on remuneration policies and practices applicable in 2024, in relation to those categories of personnel whose professional activities have a significant impact on the risk profile (“Identified Staff”) in compliance with the requirements established in article 450 of Regulation (EU) No. 575/2013 of the European Parliament and the Council (“CRR2”). This section covers the qualitative requirements established in Table EU REMA - Remuneration Policy of Regulation (EU) No. 2021/637.

Scope of application

The remuneration principles and scheme described in this section are set out in Allfunds Group’s Remuneration Policy (the “Remuneration Policy” or “Policy”, indistinctly).

11.2. Corporate governance

The information in this section complies with the disclosure requirement in relation to Remuneration policy of Article 450.1, letter a) CRR. In addition, it complies with sections a) and e) of the REMA⁶³ requirement.

Board of Directors

As to the Board itself, its responsibilities in the realm of remuneration include the following:

- To ensure the proper elaboration and periodical review of the general requirements of the Remuneration Policy.
- To set out and monitor the remuneration of the management functions’ members.
- To ensure that the Remuneration Policy and practices are appropriately implemented and aligned with the Company’s overall corporate governance framework, corporate culture, risk appetite and related governance processes.
- To approve the Remuneration Policy of the Company and the “Identified Staff” list.
- The remuneration of the members of the Board is set out in the Entity’s bylaws, and in the Directors’ Remuneration Policy approved by the Shareholders General meeting.

Remuneration, Appointments and Governance Committee

As mentioned in section 4. *Corporate Governance* of the Remuneration Policy, the Board of Directors has set up a Remuneration, Appointments and Governance

⁶³ EU REMA - Remuneration policy.

Committee (“RemCo”). This section provides information about the composition and the mandate of the Remco and the number of meetings held during the financial year.

Members of the RemCo (and other staff members who are involved in the design and implementation of the Remuneration Policy) shall have relevant expertise and functional independence from the business units they control and thus be able of forming an independent judgment on the suitability of the Remuneration Policy.

Role of the Relevant Corporate Functions

The Risk and Audit Committee is the body responsible for the risk management, audit and compliance functions of the Entity. On remuneration issues, its main duties are the following:

- To cooperate with the RemCo in the establishment of the Remuneration Policy.
- To examine if the policy of incentives provided for in the Remuneration Policy takes into consideration risk, capital, liquidity and the likelihood and opportunity benefits.
- To ensure that established policies comply with the applicable regulatory framework.

Additionally, it corresponds to the control functions to assist the RemCo, when required, in determining the overall strategy of the Company applicable to remuneration, considering the need to promote sound and effective risk management.

Finally, Human Resources will assume the following specific functions:

- Proposing to the RemCo the Remuneration Policy and its subsequent amendments.
- Coordinating and monitoring, as a complement to the Board of Directors, the implementation of the policy and evaluating its performance.
- Safeguarding employment contracts.
- Preparing the annual remuneration report.
- Disclosing of the List of the “Identified Staff” to the Bank of Spain.

11.3. Allfunds Remuneration Policy

The information complies with section b) of the REMA⁶⁴ requirement.

Allfunds’ Remuneration Policy has been drafted considering that the international corporate structure of Allfunds, through its management team, aspires to create a culture of high performance focusing on ongoing improvement, goals’ achievement and client service, where the employees are rewarded and recognised for their achievements, efforts, performance, engagement and commitment, measured

⁶⁴ EU REMA - Remuneration policy.

through competencies (knowledge, abilities and attitudes) and setting goals, that enable it to capture, manage and retain talented professionals.

Additionally, the Entity has paid special attention to ensuring that the Policy complies with the remuneration regulations applicable to credit institutions, and that the elements that compose it promote adequate and effective risk management, always avoiding potential conflicts of interest. The Risk and Regulatory Compliance areas are in charge of assessing the adequacy of the policy in this regard. As set out above, this Remuneration Policy has been prepared to promote sound and effective risk management, and to this end, the policy also aims to prevent employees from assuming risks that exceed the risk level tolerated by the Entity.

An internal and independent review of the Remuneration Policy and the Identified Staff list is carried out in yearly basis, in order to confirm compliance with the regulatory requirements in force. The results of this review, the necessary changes and/or proposals and the policy will be presented to the Board of Directors and to the Shareholders meeting in case that changes affect to the remuneration of the members of the Board.

The current Remuneration Policy was approved by the Board of Directors in February 2024 and its impact on the Directors' Remuneration Policy was approved by the Shareholders General meeting of 2024.

11.4. Allfunds Identified Staff

The information in this section complies with the disclosure requirement in relation to Remuneration policy of Article 450.1, letters b), c), e) and f) CRR. In addition, it complies with sections a), c), d), f), g) and i) of the REMA⁶⁵ requirement.

In accordance with regulatory requirements for financial institutions, personnel whose activities are deemed to have an impact on the institution's risk profile are considered material risk-takers ("Identified Staff").

To determine the members of its Identified Staff, Allfunds has taken into account both qualitative and quantitative criteria, established under Commission Delegated Regulation (EU) No. 2021/923, supplementing Directive 2013/36/EU of the European Parliament and the Council, with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.

All personnel currently included in the Identified Group have been distinguished in accordance with the qualitative criteria set out in the Regulations. No additional individuals have been identified under quantitative criteria.

The list will be updated according to the circumstances from time to time.

⁶⁵ EU REMA - Remuneration policy.

11.4.1. Application of the Remuneration Policy to Identified Staff

General aspects

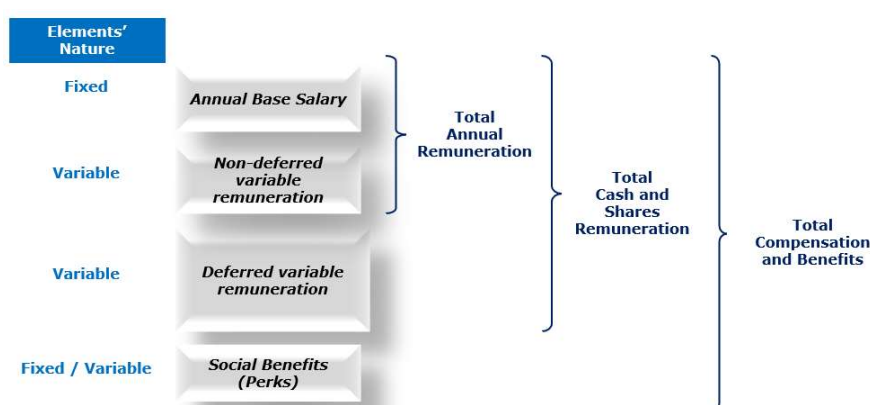
The Remuneration scheme applicable to Identified Staff is governed by the same criteria and principles applicable to Allfunds employees in general.

The remuneration scheme of the Identified Staff includes a mix of annual base salary, variable remuneration and other specific benefits, promoting internal fairness between similar levels of responsibility and performance.

From year 2024, variable remuneration of Identified Staff consists in a single component ("Single Incentive"), which substitutes the former annual bonus and the Long-Term Incentive Plan ("LTIP") set out in 2021 by the parent Company, Allfunds Group plc. Its vesting will depend on the achievement of annual and pluri-annual performance measures. The participation of the CEO in the Single Incentive was approved by the shareholders of Allfunds Group plc at the 2024 Annual General Meeting.

The remuneration scheme for the Identified Staff can be represented as follows:

Figure 20. Elements of the Remuneration Policy



Fixed, remuneration should represent a significant portion of total amount while variable remuneration should reward performance, based, among other factors, on having a solid capital base and achieving the Group's goals, so that it may be limited or modulated in the event of underperformance at Allfunds.

When it is not possible to clearly set out whether a remuneration component is of a fixed nature, it will be considered of a variable nature (separate from the annual variable remuneration or bonus) for the purposes of the limits and/or requirements established in the Policy in accordance with applicable regulations.

All components of the variable remuneration shall not exceed 200% of the fixed remuneration of the relevant member of the Identified Staff (exception made of those in control functions whose variable remuneration cannot exceed 100% of the fixed remuneration). The increase of the ratio up to 200% is approved annually by the Shareholders Meeting as set out by law.

Following the requirements established in article 450 of CRR2, Allfunds' Remuneration Policy aims to encourage responsible business conduct and ensures that employees are not remunerated in a way that conflicts with their duty to act in the best interests of clients.

In particular, the Remuneration Policy does not introduce incentives for employees to favour their own interests or the institution's interests to the detriment of clients.

Guaranteed variable remuneration is exceptional and shall be limited to the first year of employment, payable only when the Entity has a sound and solid capital base.

Fixed Remuneration

Fixed remuneration is the annual gross fixed cash compensation received by each employee. In order to set it up, the Company looks at both external and internal balance, by reference to the various markets where it operates (Spain, Italy, United Kingdom, Luxembourg, Switzerland, Poland, France, LATAM, APAC, UAE...).

Fixed Remuneration fundamentally achieves two goals:

- To remunerate the level of responsibility and complexity of the functions assigned to each job position. In relation to this objective the internal balance of the remuneration is especially important, establishing and maintaining a fair remuneration structure that is coherent with the relative importance of each position, so that the greater the responsibility and/or complexity the higher the benchmark level of Fixed Remuneration.
- To assure enough remuneration so that there is a fair and efficient ratio between the fixed and variable elements of total remuneration, enabling variable remuneration to be modulated to the extent that it might be adjusted or cancelled in the event of underperformance, critical Operational risk or for failure to consider the clients' best interests.

Any increase set out by law, collective agreement or other agreement will be offset within the existing Fixed Remuneration.

Variable Remuneration

Annual variable remuneration is used to reward corporate, unit and individual performance in line with a number of factors, including risk appetite, business unit performance and the performance and corporate strategy of Allfunds.

This type of remuneration is designed to align employees' performance with the shareholders' interests, prudent risk management and the generation of value for the Company in the long term, and it is used to reward individual performance in line with several factors, including risk appetite, business unit performance and the performance and corporate strategy of Allfunds:

Allfunds' annual variable remuneration system is based on a Global Bonus Pool – top-down approach.

The Global Bonus Pool is based on the achievement of corporate, area and individual objectives set out for the relevant year. Objectives will include quantitative and qualitative criteria.

In general, corporate objectives will be based on a combination of financial, business and ESG metrics to be approved every year by the Board of Directors upon proposal from the RemCo.

The weight of the different criteria will depend on the employee category.

Global bonus pool shall consider all current risks, expected losses, estimated unexpected losses and stressed conditions associated with the Entity's activities.

Variable remuneration must be consistent with maintaining a sound and solid capital base of the Entity, and should encourage responsible business conduct, so that no variable remuneration shall be paid unless these conditions are fulfilled. In this sense, Global Bonus Pool is subject to Allfunds complying with liquidity, solvency and capital levels included in the Risk Appetite Framework of Allfunds and can be reduced in case performance indicators of annual objectives do not reach the thresholds predefined.

From the year 2024, the Identified Staff participates in the Single Incentive, which substitutes the former annual bonus and the Long-Term Incentive Plan ("LTIP") set out in 2021 by the parent Company, Allfunds Group plc.

The Single Incentive is subject to the achievement of annual performance metrics over the year of grant. The degree of achievement determines the overall preliminary amount in respect of the year of grant. The annual metrics, their performance scales and payout levels shall be the same as those set for the rest of the employees' annual bonus. If awarded, 50% of the overall preliminary amount will be considered the Non-Deferred Variable Remuneration and payable in the first few months of the year immediately following the accrual period.

The Deferred Variable Remuneration (50% of the overall preliminary amount) will subject to the following adjustments:

- A binary underpin that will be set by the Board when the initial award is granted and will be measured as of 31 December of the year preceding each payment. Failure to achieve the underpin in a given year shall result in the lapse of the deferred amount due that year. For cycle 2024, the underpin consists in maintaining Allfunds Group's CET1 ratios included in the Risk Appetite Framework of Allfunds.
- Pluri-annual performance metrics linked to a performance period of three years, which will be set by the Board when the initial award is granted and will be measured at the beginning of each year of payment. Their degree of achievement may reduce down to nil, but not increase, the final amount to be paid in each deferred instalment. For cycle 2024, deferred payments are linked to the Adjusted EBTIDA performance vs. budgeted, and relative TSR

performance in relation to a peer group. Payouts between threshold and target levels will be calculated on a straight-line basis.

Long-Term Incentive Plan:

The LTIP was set out by the parent Company, Allfunds Group plc in 2021. It consists in the delivery to the beneficiaries of ordinary shares of Allfunds Group plc provided certain conditions are met.

The LTIP has been granted annually since its approval (October 2021, April 2022 and April 2023).

Any vesting will occur over a three-year period subject to continued employment and/or quantitative performance conditions, as decided by the Board of Directors of Allfunds Group plc and set out in the relevant award certificate.

LTIP awards may be subject to adjustment prior to vesting (including to reflect the extent of adherence to the risk framework and compliance with applicable rules and the Company's Code of Conduct).

From 2024, members of the Identified Staff do not participate in the LTIP, due to the implementation of the Single Incentive.

11.4.2. Regulatory requirements on Identified Staff's variable remuneration

Because of the regulations of the Bank of Spain came into force in April 2022, and the classification of the Company as a small and complex entity, variable components awarded to the Identified Staff are subject to deferral, payment in instruments, reduction (malus) and reimbursement (clawback) provisions, in accordance with the provisions set out in the Remuneration Policy.

Nevertheless, deferral and payment in instruments are not applicable to members of the Identified Staff whose variable remuneration does not exceed EUR 50,000 per year and does not account for more than one third of their total annual remuneration.

Deferral

At least 40% of any variable remuneration will be payable in the four years following the year of award in four equal instalments.

In case of the Single Incentive, the percentage of deferral will be 50% of the preliminary amount.

Nevertheless, for variable components higher than EUR 1 million, deferral portion is 60%.

Payment in instruments

50% of any variable remuneration shall be paid in shares or other related financial instrument.

Instruments delivered shall be subject to a holding period of at least one year.

The monetary amount payable in shares shall be converted into a number of shares at the average closing price of the 20 trading days preceding the award date. If needed, the monetary amount will be converted into euro at the average exchange rate of the same period.

Remuneration Reduction/Cancellation Policy (“Malus”)

Deferred variable remuneration pending payment to any member of the Identified Staff, and/or any variable remuneration payment will not be payable (“Malus”) or may be reduced in any of the following circumstances:

- A restatement of the annual financial statements of Allfunds, when so considered by external auditors, and provided that, in accordance with said restatement, a lesser amount of Variable Remuneration was to be payable than that initially determined, or no Variable Remuneration should be paid in accordance with the Variable Remuneration Scheme of Allfunds.
- The Identified Staff member has been sanctioned for serious and negligent breach of any of the internal rules of Allfunds, and in particular for any action that might affect the Company's risk profile.
- Regulatory fines or judgements against the entity for facts attributable to the relevant Identified Staff member.
- Significant variations in the economic capital or risk profile of the Group that make the payment of deferred variable remuneration inadvisable.
- A fraudulent action by the Identified Staff member.
- The Identified Staff member has caused, by action or omission, serious damage to Allfunds, involving culpability or negligence.
- As a result of the termination of the relationship between the Identified Staff member and the Company, other than in case of retirement, death or any degree of incapacity. In these cases, the right to receive payment will be maintained as if they continued in employment.

The terms and conditions of the Remuneration Reduction/Cancellation Policy will apply to all payments of variable remuneration to Identified Staff members and will remain in force for a period of five (5) years from the accrual date of variable remuneration.

The RemCo will monitor the circumstances that might result in the application of measures to reduce any deferred variable remuneration or any variable remuneration payment and will make a judgement in this respect. For these purposes, the RemCo will count on such internal or external means as it deems necessary.

Remuneration Reimbursement Policy (“Clawback”)

In accordance with regulatory requirements, Allfunds has designed some reimbursement (“clawback”) arrangement clauses in its Remuneration Policy applicable to all Identified Staff.

Any member of Identified Staff must repay to the Company part or all the variable remuneration received in the following circumstances:

- If Allfunds restates its annual financial statements, provided that, in accordance with said restatement, a lesser amount of variable remuneration was to be payable than that actually paid or no variable remuneration should have been paid in accordance with the variable remuneration scheme of Allfunds.
- If variable remuneration is paid in relation to a period of accrual in which, it is subsequently shown that, the following took place:
 - A serious and negligent breach of any of the internal rules of Allfunds that, in the event, are applicable, and for any action that might affect the Company's risk profile.
 - Regulatory fines or judgements against the entity for facts attributable to the relevant Identified Person.
 - A fraudulent action by the Identified Staff member.
 - The Identified Staff member has caused, by action or omission, serious damage to Allfunds, involving culpability or negligence.
 - Should circumstances occur that determine the disciplinary dismissal of the Identified Staff members in accordance with applicable labour legislation or, in the case of a Board Director, should circumstances occur that lead to the removal of that person as a director due to breach of duty, or to any action or omission causing damage to Allfunds, or should circumstances occur that entitle the Company to take action against that person.

The terms and conditions of the Remuneration Reimbursement Policy will apply to all payments of variable remuneration to Identified Staff Members.

Annually, Allfunds' RemCo will perform an analysis of the set of circumstances that might result in the application of measures under the Variable Remuneration Reimbursement Policy and will issue a report in this connection. For these purposes, the RemCo will be provided with such internal or external means as it deems necessary.

Early termination of contracts of Identified Staff:

The amounts of severance compensation pursuant to the contracts of the members of the Identified Staff are those set out by law.

Amounts of severance payments are considered variable remuneration and therefore their settlement will be subject to the requirements established in the legislation in force and EBA Guidelines.

According to EBA Guidelines, certain termination payments shall not be taken into account for the purpose of the calculation of the ratio between fixed and variable remuneration, and for the application of deferral and the payment in instruments.

Pension commitments:

Pension commitments undertaken by Allfunds shall be compatible with the institution's business strategy, objectives, values and long-term interests.

Identified Staff are entitled to pension commitments, consisting of the contribution of a fixed annual amount to the relevant plan.

Part of the pension contributions made in favour of executive directors will qualify as a discretionary pension benefit (variable remuneration) in accordance with the regulations of the Bank of Spain.

11.4.3. Remuneration principles applicable to Control Functions and Non-Executive Directors (NEDs):**Control functions**

The method for determining the remuneration of the relevant persons of the management and control functions shall not compromise their objectivity and independence or create conflicts of interest in its advisory role to the Remuneration and Appointments Board Committee.

The ratio between fixed and variable remuneration of the control functions staff shall be weighted in favour of the fixed remuneration. In this sense, their variable remuneration will not exceed 100% of the fixed remuneration.

Their variable remuneration will be based on specific objectives of the unit and should not be determined based on individual financial performance of the business area subject to control or supervision.

Remuneration of Non-Executive Directors:

Non-Executive Directors (NEDs) shall be entitled to receive a fixed annual amount, within the limits established by the Shareholders' Meeting for the Board of Directors as a whole.

Notwithstanding the above, NEDs performing executive or management duties at corporate groups to which shareholders of the Company belong and for which they receive remuneration from those entities, shall not receive any **remuneration** in their capacity as NED.



The Board of Directors, on a proposal from the RemCo shall establish the way to structure the remuneration, and whether it includes the possibility of assessing the specific remuneration for membership of a committee, the presidency, board attendance allowances or based on time.

The Board of Directors will ensure that the Remuneration of the NEDs conforms to criteria of moderation and adequacy to the results of the Company.

11.5. Total remuneration awarded to the Identified Staff for the financial year 2024

The information in this section complies with the disclosure requirement in relation to Remuneration policy of Articles 450.1 g) to j) CRR. In addition, it complies with section h) of the REMA⁶⁶ requirement.

Table 31. REM1 - Remuneration awarded for the financial year

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	11	1	6
	Total fixed remuneration	1,090,000	1,892,094	3,349,950
	Of which: cash-based	1,090,000	1,892,094	3,349,950
	(Not applicable in the EU)	-	-	-
	Of which: shares or equivalent ownership interests	-	-	-
	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-
	Of which: other instruments	-	-	-
	(Not applicable in the EU)	-	-	-
	Of which: other forms	-	-	-
	(Not applicable in the EU)	-	-	-
Variable remuneration	Number of identified staff	-	1	6
	Total variable remuneration (*)	-	1,536,019	3,228,091
	Of which: cash-based	-	589,078	1,124,506
	Of which: deferred	-	-	-
	Of which: shares or equivalent ownership interests	-	924,365	1,534,311
	Of which: deferred	-	-	-
	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-
	Of which: deferred	-	-	-
	Of which: other instruments	-	-	-
	Of which: deferred	-	-	-
	Of which: other forms	-	-	-
	Of which: deferred	-	-	-
Total remuneration		1,090,000	3,428,112	6,578,041
				8,458,309

(*) The amounts included as "Total variable remuneration" correspond to (i) the annual portion of the Combined Incentive awarded in relation to FY 2024, (ii) guaranteed variable remunerations awarded in 2024, (iii) 2022-2024 LTIP cycle awarded, and (iii) the discretionary pension benefit awarded to the CEO in relation to FY 2024. It does not include the portion of the Combined Incentive subject to pluriannual metrics that will be awarded, if applicable, during the deferral period (2026-2029).

⁶⁶ EU REMA - Remuneration policy.

Table 32. REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	-	-	1	1
Guaranteed variable remuneration awards -Total amount	-	-	569,273	37,427
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded during the financial year - Total amount	-	-	-	-
Of which paid during the financial year	-	-	-	-
Of which deferred	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Of which highest payment that has been awarded to a single person	-	-	-	-



Table 33. REM3 - Deferred remuneration

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function								
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MB Management function	949,592	100,822	848,770				100,822	
Cash-based	525,207	100,822	424,385	-	-	-	100,822	-
Shares or equivalent ownership interests	424,385		424,385	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other senior management	812,340	76,424	735,916				76,424	



Cash-based	444,382	76,424	367,958	-	-	-	76,424	-
Shares or equivalent ownership interests	367,958		367,958	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other identified staff	1,273,597	158,491	1,115,106				158,491	
Cash-based	716,044	158,491	557,553	-	-	-	158,491	-
Shares or equivalent ownership interests	557,553	-	557,553	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Total amount	3,035,529	335,737	2,699,792				335,737	

Table 34. REM4 - Remuneration of EUR 1 million or more per year

EUR	Identified staff that are high earners as set out in Article 450 (i) CRR
1 000 000 to below 1 500 000	-
1 500 000 to below 2 000 000	2
2 000 000 to below 2 500 000	-
2 500 000 to below 3 000 000	-
3 000 000 to below 3 500 000	1
3 500 000 to below 4 000 000	-
4 000 000 to below 4 500 000	-
4 500 000 to below 5 000 000	-
5 000 000 to below 6 000 000	-
6 000 000 to below 7 000 000	-
7 000 000 to below 8 000 000	-
To be extended as appropriate, if further payment bands are needed.	-



Table 35. REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions

		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	11	1	12	-	-	-	6	2	15	35	
2	Of which: members of the MB	11	1	12	-	-	-	-	-	-	-	
3	Of which: other senior management	-	-	-	-	-	-	4	-	2	6	
4	Of which: other identified staff	-	-	-	-	-	-	2	2	13	17	
5	Total remuneration of identified staff	1,090,000	3,428,112	4,518,112	-	-	-	4,363,211	554,291	10,118,847	19,554,462	
6	Of which: variable remuneration	-	1,536,019	1,536,019	-	-	-	2,223,785	170,164	4,052,572	7,982,539	
7	Of which: fixed remuneration	1,090,000	1,892,094	2,982,094	-	-	-	2,139,426	384,128	6,066,276	11,571,923	



A-I. Brief Biography on Members of AFB's Board of Directors

ANNEX 1. Profile of Allfunds Bank's Directors

Below is the profile of the members of the Board of Directors as of 31 December 2024.

David Bennett (Independent Chair)

Mr Bennett joined Allfunds' Board in 2022. Throughout his career, he has worked in Alliance & Leicester Group (Abbey National Plc following its acquisition by Banco Santander), the Lloyds TSB Group, Cheltenham & Gloucester, Chemical Bank and Grindlays Bank. David also has extensive experience in board roles, having served as Chairman of Ashmore Group plc and HomeServe Membership Ltd and Non-Executive Director at Together Personal Finance, easyJet, Pacnet, Bank of Ireland UK, CMC Markets and Clarity Commerce Solutions. Mr Bennett holds an MA in Economics from Cambridge University.

Mr. Bennett currently serves as Board Chair at Virgin Money UK plc, Non-Executive Director and Chair of the Audit and Risk Committee at PayPal (Europe) S.à r.l. et Cie., S.C.A., and Non-Executive Director at the department of Work and Pensions of the British Government.

Lisa Dolly (independent Vice Chair)

Ms Dolly joined Allfunds' Board in 2021. Previously, she worked at Pershing LLC where she held positions of strategic importance, most recently as Chairman, CEO and Member of the BNYMellon Executive Committee (2016-2019) and Chief Operating Officer (2013-2016). Earlier positions include Director of Global Operations, Chief Administrative Officer, and Head of Managed Investments, Lockwood, and Albridge. Ms Dolly has also served on the Board of SIFMA (Securities Industry Financial Markets Association) and as Chair of the SIFMA Operations/Technology Committee. As a graduate of Rutgers University, Ms Dolly is a member of the Douglass College, Rutgers University Dean's Advisory Board as well as a member of the Rutgers University Board of Overseers. Ms Dolly is an independent director at Hightower Advisors and at RBB Funds. She also holds a Bachelor of Arts from Rutgers University.

Sofia Mendes (independent Non-Executive Director)

Ms Mendes joined Allfunds' Board in 2021. Ms Mendes is a partner at Arcano Partners. Prior to that, she was a partner in the FIG Corporate Finance team at KPMG in Madrid for five years and a year before she served as investment director at Private Equity ECS in Lisbon. From 2000 to 2009 she worked in the JPMorgan European Financial Institutions team from the London and Madrid offices as Senior Vice President, carrying out mergers and acquisitions (M&A) and capital markets operations for all segments of the financial sector, and as Head of the Business of Bancassurance in Europe. Before joining JPMorgan, Ms Mendes worked as an auditor for KPMG in Lisbon. Ms Mendes holds a degree in Management and Business Administration from the Portuguese Catholic University of Lisbon.

Zita Saurel (Non-Executive Director)

Ms Saurel joined Allfunds' Board in 2017. She joined Hellman & Friedman in 2005 and is now a partner, focusing on the internet & media sectors and financial services sectors. Ms Saurel was formerly a Director of Nets, Wood Mackenzie and Hostelworld (Web Reservations). She was also active in H&F's investments in Scout24, IRIS, Nielsen and Gartmore. Ms Saurel also leads H&F's capital markets activities in Europe related to new investments and for portfolio companies. Prior to H&F, Ms Saurel worked at Investcorp in London and the Leveraged Finance department of Lehman Brothers in London. In addition, she serves as a Director of Glasswing International and a Governor of The Royal Ballet School. Ms Saurel is a graduate of Georgetown University.

Johannes Korp (Non-Executive Director)

Mr Korp joined Allfunds' Board in 2017. He joined Hellman & Friedman in 2014 and is now a partner, focusing on the financial services, software and consumer & retail sectors. Mr Korp has been active in H&F's investments in Action, Allfunds and Nets/Nexi, where he was formerly a Director. Prior to H&F, Mr Korp worked in the financial services and retail investment groups at Warburg Pincus and in the financial services M&A group at Goldman Sachs in London. Mr Korp is a graduate of the University of St. Gallen (Switzerland) and earned an MBA from Stanford Graduate School of Business. He now serves as a non-executive director at Windmill Bidco.

David Pérez Renovales (independent Non-Executive Director)

Mr Pérez Renovales joined Allfunds' Board in 2021. He worked during 18 years at Bankinter, where he occupied various roles (Managing Director of Capital Markets, Managing Director of Products and SME Divisions, Investor Relations Officer, Chief Financial and Risk Officer, General Deputy Director and member of the Steering Committee). Mr Pérez Renovales was also formerly the CFO of Línea Directa Aseguradora, before shifting roles to launch that Company's health business. Until mid-March 2022 he was also a member of the Línea Directa Aseguradora Steering and Investment Committees. He now serves as CFO of Másmóvil. Mr Pérez Renovales is also currently a member of the Board of Directors of Harvard Club in Spain and of the Executive Committee of ICADE Business Club. He holds a degree in Law and Business Economics at the Universidad Pontificia Comillas-ICADE, a PMD from Harvard Business School and an Executive Program from Singularity University. He is also a professor of Corporate Finance at Universidad Pontificia Comillas – ICADE.

JP Rangaswami (independent Non-Executive Director)

Mr Rangaswami joined Allfunds Bank's Board in 2018. His other board appointments include Admiral Group plc, DMGT plc, the National Bank of Greece and EMIS Group plc. In addition, he is the Chairman of the Web Science Trust and serves as trustee of Cumberland Lodge. He is an Adjunct Professor at the University of Southampton, a Fellow of the British Computer Society, a Chartered IT Professional and a Fellow of the Royal Society of the Arts. He is also a Liveryman of the Worshipful Company of Information Technologists and a Freeman of the City of London. Mr Rangaswami

previously served as Chief Data Officer and Group Head of Innovation at Deutsche Bank from 2015-2018, Chief Scientist at Salesforce.com from 2010-2014, Chief Scientist at BT plc from 2006-2010, and Global CIO at Dresdner Kleinwort from 2001-2006 (having joined Dresdner Kleinwort in 1997). Mr Rangaswami holds a degree in Economics and Statistics from St. Xavier's College, University of Calcutta. Mr Rangaswami is a director at Admiral Group plc, DMGT plc, the National Bank of Greece and EMIS Group plc.

Delfin Rueda (independent Non-Executive Director)

Mr Rueda joined Allfunds' Board in 2021. He also serves as partner at Mundi Ventures and Chairman of the Audit Committee of the Supervisory Board of Adyen NV. Previously, Mr Rueda worked as CFO and vice-chair of the Executive Board at NN Group NV, as CFO and CRO of Atradius NV, as Senior Vice President in the Financial Institutions Group of the Corporate Finance department of JPMorgan, as an Executive Director at UBS, and as Senior Consultant at Andersen Consulting. Mr Rueda holds a Master's of Science degree in Economics from Universidad Complutense and an M.B.A. in Finance from The Wharton School. Mr Rueda is managing director at Squirle Capital Advisory, consultant for Mundi Ventures and Chairman of the Audit and Risk Committee of the Supervisory Board of Adyen.

Ursula Schliessler (independent Non-Executive Director)

Ms Schliessler joined Allfunds' Board in 2021. Previously, she worked at Citigroup, Morgan Stanley and Legg Mason. Prior to assuming her current independent Non-Executive Director positions and trustee position, Ms Schliessler was Chief Administrative Officer of Legg Mason until July 2019. Ms Schliessler holds a Master's of Commerce degree in Business Economics from the University of the Witwatersrand in Johannesburg, South Africa. Ms Schliessler is an independent Non-Executive Director at S&P Global Ratings Europe Ltd, S&P Global Ratings UK Ltd and Asset Management One International Ltd, and trustee of Starfish Greathearts Foundation.

Cristopher Reid (Non-Executive Director)

Mr Reid joined Allfunds' Board in 2017. He is a Managing Director and Deputy Head of GIC's European Direct Private Equity investment activities, based in their London office. He joined GIC in 2012, having previously worked at Arle Capital and 3i Group Plc in their private equity investment business. Previously, he trained at Arthur Andersen and then Deloitte in the Financial Services and Transaction Services practices. He is a qualified accountant with the Institute of Chartered Accountants England and Wales, and graduated from the University of Southampton with a MSc in International Financial Markets

Andrea Valier (Non-Executive Director)

Mr Valier joined Allfunds' Board in 2024. He is also the Head of Corporate Development and Strategy at BNP Paribas Securities Services. Previously, he served in senior positions within BNP Paribas Corporate and Institutional Banking (CIB). Mr Valier holds a Master's in Economics from Università Bocconi – Milan.



Juan Alcaraz (Chief-Executive Director)

Mr. Alcaraz is the founder and CEO of Allfunds. Before launching Allfunds in 2000, he spent five years as the head of investment funds at BSN, Santander Group's private bank. From 2009 until 2016 he held a dual role as both CEO of Santander Asset Management and CEO of Allfunds.

He holds a degree in Business Administration from Cox Business School, Southern Methodist University in Dallas, Texas.

Mr. Alcaraz has an extensive knowledge of the financial services industry, with a focus on asset management and wealth management. He is a highly qualified and talented leader who inspired Allfunds' purpose of transforming the WealthTech world and led the Group's transformation and growth strategy from its foundation to the present day. Throughout his career, Mr Alcaraz has gained an established reputation in the industry. He is deeply involved in Allfunds' philanthropic activities and contributes valuable insight to Allfunds' sustainability strategy.

A-II. Tables and Figures



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A-III. Acronyms



ANNEX 3. Acronyms

AFB	Allfunds Bank, S.A.U.
AI	Artificial Intelligence
AIA	Allfunds Internal Audit
ALMM	Additional Liquidity Monitoring Metrics
AMA	Advanced Measurement Approach
AML	Anti-Money Laundering
AuA	Assets under Administration
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoD	Board of Directors
B2B	Business to Business
CCF	Credit Conversion Factor
CCP	Central Counterparty Clearing House
CCyB	Countercyclical Buffer
CDS	Credit Default Swap
CET1	Common Equity Tier 1
CIUs	Collective Investment Undertakings
CRM	Comprehensive Risk Measure
CRD IV	Capital Requirements Directive 2013/36/UE
CRD V	Capital Requirements Directive 2019/878/UE, amending Directive 2013/36/UE
CRR	Capital Requirements Regulation 575/2013
CRR II	Capital Requirements Regulation 2019/876, amending Directive 575/2013
CSRD	Corporate Sustainability Reporting Directive
CSSF	Commission de Surveillance du Secteur Financier
DMA	Digital Markets Act
DORA	Digital Operational Resilience Act
EBA	European Banking Authority
EC	Economic Capital
ECAI	External Credit Assessment Institutions
HQLA	High Quality Liquid Assets
IFRS	International Financial Reporting Standards
ISDA	International Swaps and Derivatives Association
IMM	Internal Model Method
IMA	Internal Model Approaches
IRRBB	Interest Rate Risk in Investment Portfolio
ICT	Information and Communication Technology
ITS	Implementing Technical Standards
OKIs	Operational Key Indicators
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
PD	Probability of Default
RAF	Risk Appetite Framework
RAS	Risk Appetite Statement
RCSA	Risk and Control Self-Assessment
RemCo	Remuneration and Appointments Committee
RTS	Regulatory Technical Standards
RWA	Risk Weighted Assets
SA	Standardised Approach
SA-CCR	Standardised Approach for counterparty Credit risk
KyC	Know Your Customer
SFTs	Securities Financing Transactions



SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TCFD	Task force on climate-related financial disclosures
UCIs	Undertakings for the Collective Investment
UCITS	Collective investment in transferable securities

A-IV. CRR Mapping

ANNEX 4. CRR mapping

CRR Mapping			
Article	Description	Pillar III Report section	Tables & figures
431. Scope of disclosure requirements			
431.1	Requirement to publish Pillar 3 disclosures	Section 1.5	
431.2	Permission granted by the competent authorities under Part Three for the instruments and methodologies referred to in Title III shall be subject to the public disclosure by institutions of the information laid down therein	N/A	
431.3	Institution must have a policy covering the frequency of disclosures, their verification, comprehensiveness and appropriateness, as well as policies for assuring the overall comprehension of their Risk profile by market participants	Section 1.5	
431.4	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary	Pillar III Disclosure Report (Allfunds Bank website)	
431.5	Explanation of SMEs ratings decision upon request	N/A	
432. Non-material, proprietary or confidential information			
432.1	Institutions may omit information that is not material if certain conditions are respected	Section 1.5	
432.2	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Section 1.5	
432.3	Where 432.2 applies this must be stated in the disclosures, and more general information must be disclosed	Section 1.5	
433. Frequency of disclosures			
433	Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c	Section 1.5	
433.bis Disclosures by large institutions			
433.bis	Large institutions shall disclose the information outlined below with the following frequency	N/A	
433.ter Disclosures by small and non-complex institutions			
433.ter	Small and non-complex institutions shall disclose the information outlined below with the following frequency	N/A	
433.quater Disclosures by other institutions			
433.quater	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency	Section 1.5	
434. Means of disclosure			
434.1	Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location	Pillar III Disclosure Report (Allfunds Bank website)	
434.2	Disclosures made under other requirements (e.g. accounting, listing) can be used to satisfy Pillar 3 requirements, if appropriate	Pillar III Disclosure Report (Allfunds Bank website)	
434.bis Uniform disclosure formats			
434.bis	EBA shall develop draft implementing technical standards specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III shall be made	N/A	

435. Risk management objectives and policies

435.1	Disclose of information for each separate category of risk:		
435.1.a	The strategies and processes to manage risks	Section 2.4	
435.1.b	Structure and organisation of the risk management function	Section 2.4.1 Section 4.3 Section 5.3 Section 6.3 Section 7.3 Section 8.3 Section 9.3	
435.1.c	Risk reporting and measurement systems	Section 4.4 Section 5.4 Section 6.4 Section 7.4 Section 8.4 Section 9.4	
435.1.d	Hedging and mitigating risk – policies, strategies and processes	Section 4.4 Section 5.4 Section 6.4 Section 7.4 Section 8.4 Section 9.4	
435.1.e	A declaration of adequacy of risk management arrangements approved by the Board	Section 1.5	
435.1.f	Inclusion of a concise risk statement approved by the Board	Section 2.4.5	
435.2	Information on governance arrangements, including information on Board composition and recruitment, and risk committees		
435.2.a	Number of directorships held by Board members	Section 2.3 Annex I	Table 4
435.2.b	Recruitment policy for the selection of Board members, their actual knowledge, skills and expertise	Section 2.3	
435.2.c	Policy on diversity of Board membership, objectives, and achievement status	Section 2.3	
435.2.d	Existence of a dedicated risk committee, and number of meetings during the year	Section 2.3	
435.2.e	Description of the information flow on risks to the Board	Section 2.1 Section 2.3	

436. Scope of application of the requirements

436	Institutions shall disclose the following information regarding the scope of application of the requirements of this Regulation in accordance with Directive 2013/36/EU:		
436.a	Name of institution to which the requirements of this Regulation applies	Section 1.3	
436.b	Difference in the basis of consolidation for accounting and prudential purposes, briefly describing entities that are: (i) fully consolidated (ii) proportionally consolidated (iii) deducted from own funds (iv) neither consolidated nor deducted	Section 1.3.1	
436.c	A breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One	Section 1.3.1	Table 3
436.d	A reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One	Section 1.3.1	
436.e	A breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks,	N/A	

	and the total of constituent elements separately for the trading book and non-trading book positions	
436.f	Impediments to transfer of own funds between parent and subsidiaries	Section 9.6.1
436.g	Capital shortfalls in any subsidiaries outside the scope of consolidation	N/A
436.h	The circumstance of making use of articles on derogations from: a) Prudential requirements b) Liquidity requirements for individual subsidiaries/entities	N/A

437. Disclosure of own funds

437	Institutions shall disclose the following information regarding their own funds:		
437.a	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution	Section 1.3.1 Section 3.3	Table 3 Table 9
437.b	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution	Section 3.3	
437.c	Full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments	Section 3.3	
437.d	Disclosure of the nature and amounts of the following:		
437.d.i	Each prudential filter applied pursuant to Articles 32 to 35	Section 3.3	Table 9
437.d.ii	Each deduction made pursuant to Articles 36, 56 and 66	Section 3.3	Table 9
437.d.iii	Items not deducted in accordance with Articles 47, 51, 56, 66 and 79	Section 3.3	Table 9
437.e	Description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply	Section 3.3	Table 9
437.f	Explanation of the calculation basis of the disclosed capital ratios estimated using elements of own funds determined, on a basis other than that laid down in this Regulation	N/A	

437.bis Disclosure of own funds and eligible liabilities

437.bis	Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities: (a) the composition of their own funds and eligible liabilities, their maturity and their main features; (b) the ranking of eligible liabilities in the creditor hierarchy; (c) the total amount of each issuance of eligible liabilities instruments referred to in Article 72b; (d) the total amount of excluded liabilities referred to in Article 72a(2).	N/A	
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438. Capital requirements

438	Institutions shall disclose the following information regarding their compliance with Article 92 of this Regulation and with the requirements laid down in Article 73 and in point (a) of Article 104(1) of Directive 2013/36/EU:		
438.a	A summary of their approach to assessing the adequacy of their internal capital to support current and future activities	Section 3.7	
438.b	The amount of the additional own funds requirements	Executive Summary	Table 1
438.c	Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process	Section 3.7	
438.d	The total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the	Section 3.3	Table 9

	different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	
438.e	The on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance sheet exposures and risk weighted exposure amounts for the categories of equity exposures set out in Article 155(2)	N/A
438.f	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding Company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub consolidated and consolidated basis	N/A
438.g	The supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied	N/A
438.h	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations	N/A

439. Exposure to Counterparty Credit risk

439	Institutions shall disclose the following information regarding the institution's exposure to Counterparty Credit risk as referred to in Part Three, Title II, Chapter 6:	
439.a	Description of process to assign internal capital and credit limits to CCR exposures	Section 4.2
439.b	Discussion of policies for securing collateral and establishing credit reserves	N/A
439.c	Discussion of management of wrong-way risk exposures	N/A
439.d	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade	N/A
439.e	The amount of segregated and unsegregated collateral received and posted per type of collateral	N/A
439.f	For derivative transactions, the exposure values before and after the effect of the Credit risk mitigation	N/A
439.g	For securities financing transactions, the exposure values before and after the effect of the Credit risk mitigation	N/A
439.h	The exposure values after Credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge	N/A
439.i	The exposure value to central counterparties and the associated risk exposures	N/A
439.j	The notional amounts and fair value of credit derivative	N/A
439.k	The estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha	N/A
439.l	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452	N/A
439.m	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance sheet derivative business	N/A

440. Capital buffers

440	Disclosure of the following information in relation to its compliance with the requirement for a countercyclical capital buffer referred to in Title VII, Chapter 4 of Directive 2013/36/EU:		
440.a	Geographical distribution of credit exposures relevant for the calculation of countercyclical capital buffer	Section 3.2	Table 7
440.b	Amount of the specific countercyclical capital Buffer	Section 3.2	Table 8
441. Indicators of global systemic importance			
441	Disclosure of the indicators of global systemic importance	N/A	
442. Credit risk adjustments			
442	Institutions shall disclose the following information regarding the institution's exposure to Credit risk and dilution risk:		
442.a	The scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes	Section 4.7	
442.b	A description of the approaches and methods adopted for determining specific and general Credit risk adjustments	N/A	
442.c	Information on the amount and quality of performing, nonperforming and forborne exposures for loans, debt securities and off-balance sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to Credit risk and amounts of collateral and financial guarantee	Section 4.7.2	Table 22
442.d	An ageing analysis of accounting past due exposures	Section 4.7.2	Table 22
442.e	The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general Credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off balance-sheet exposures	N/A	
442.f	Any changes in the gross amount of defaulted on- and off-balance sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off	Section 4.7.1	Table 21
442.g	Breakdown of loans and debt securities by residual maturity	Section 4.5	Table 17
443. Unencumbered assets			
443	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered	Section 9.7	Table 29
444. Use of ECAs			
444	For institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2, the following information shall be disclosed for each of the exposure classes specified in Article 112:		
444.a	Names of the ECAs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes	Section 4.6	
444.b	Exposure classes associated with each ECAI	Section 4.6	
444.c	Description of the process used to transfer credit assessments to non-trading book items	N/A	
444.d	Mapping of external rating to credit quality steps (CQS)	Section 4.6	Table 19

444.e	Exposure value pre and post-Credit risk mitigation, by CQS	Section 4.5	Table 13 Table 14 Table 15
445. Exposure to Market risk			
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk	Section 5.5	
446. Operational risk			
446	Institutions shall disclose the following information about their Operational risk management:		
446.a	The approaches for the assessment of own funds requirements for operation risk that the institution qualifies for	Section 6.5	
446.b	A discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach	N/A	
446.c	In the case of partial use, the scope and coverage of the different methodologies used	N/A	
447. Disclosure of key metrics			
447	Institutions shall disclose the following key metrics in a tabular format:		
447.a	The composition of their own funds and their own funds requirements as calculated in accordance with Article 92	Executive Summary	Table 1
447.b	The total risk exposure amount as calculated in accordance with Article 92(3)	Executive Summary	Table 1
447.c	Where applicable, the amount and composition of additional own funds which the institutions are required to hold	Executive Summary	Table 1
447.d	Their combined buffer requirement which the institutions are required to hold	Executive Summary	Table 1
447.e	Their leverage ratio and the total exposure measure as calculated in accordance with Art. 429	Executive Summary	Table 1
447.f	Information in relation to their liquidity coverage ratio	Executive Summary	Table 1
447.g	Information in relation to their net stable funding requirement	Executive Summary	Table 1
447.h	Their own funds and eligible liabilities ratios and their components, numerator and denominator	Section 3.3	Table 9
448. Exposure to interest rate risk on positions not included in the trading book			
448.1	As from 28 June 2021, institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities		
448.1.a	The changes in the economic value of equity calculated under the six supervisory shock scenarios for the current and previous disclosure periods	Section 8.4	Table 25
448.1.b	The changes in the net interest income calculated under the two supervisory shock scenarios for the current and previous disclosure periods	Section 8.4	Table 25
448.1.c	A description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income	N/A	
448.1.d	An explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date	Section 8.5	
448.1.e	The description of how institutions define, measure, mitigate and control the interest rate risk of their nontrading book activities for the purposes of the competent authorities'	Section 8.4	

	review		
448.1.f	The description of the overall risk management and mitigation strategies for those risks	Section 8.2	
448.1.g	Average and longest repricing maturity assigned to non-maturity deposits	N/A	
448.2	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e) (iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU	Section 8.4	Table 25
449. Exposure to securitisation positions			
449	Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Article 337 or 338 shall disclose the following information separately for their trading book and non-trading book activities:	N/A	
449.a	A description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities	N/A	
449.b	The type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions	N/A	
449.c	Their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities	N/A	
449.d	A list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts	N/A	
449.e	A list of any legal entities in relation to which the institutions have disclosed that they have provided support	N/A	
449.f	A list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions	N/A	
449.g	A summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions	N/A	
449.h	The names of the ECAs used for securitisations and the types of exposure for which each agency is used	N/A	
449.i	A description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three	N/A	
449.j	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures	N/A	
449.k	For the non-trading book activities, the following information:	N/A	
449.k.i	The aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches	N/A	
449.k.ii	The aggregate amount of securitisation positions where institutions act as investor and the associated risk weighted assets and capital requirements by regulatory approaches	N/A	
449.l	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific Credit risk adjustments made by the institution during the current period, both broken down by exposure type	N/A	
449.bis Disclosure of environmental, social and governance risks (ESG risks)			
449.bis	From 28 June 2022, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU.	Section 10.4	

450. Remuneration policy			
450	Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions:		
450.1.a	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders	Section 11.2	
450.1.b	Information about the link between pay of the staff and their performance	Section 11.4.1	
450.1.c	The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria	Section 11.4.1	
450.1.d	The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU	Section 11.4.1	
450.1.e	Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	Section 11.4.1	
450.1.f	The main parameters and rationale for any variable component scheme and any other non-cash benefits	Section 11.4.1 Section 11.4.3	
450.1.g	Aggregate quantitative information on remuneration, broken down by business area	Section 11.5	Table 35
450.1.h	Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following: (i) the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments; (v) the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; (vi) the severance payments awarded in previous periods, that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person	Section 11.5	Table 31 Table 32 Table 33
450.1.i	The number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million	Section 11.5	Table 34
450.1.j	Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management	Section 11.5	Table 31

450.1.k	Information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU	N/A	
450.2	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and nonexecutive members.	N/A	
451. Leverage			
451.1	Institutions that are subject to Part Seven shall disclose the following information regarding their leverage ratio:		
451.1.a	The leverage ratio and how the institutions apply Article 499(2)	Section 3.5	Table 11
451.1.b	A breakdown of the total exposure measure referred to in Article 429(4), as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Section 3.5	Table 11 Table 12
451.1.c	Where applicable, the amount of exposures and the adjusted leverage ratio	N/A	
451.1.d	A description of the processes used to manage the risk of excessive leverage	Section 3.5	Table 13
451.1.e	A description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	Section 3.5	Table 13
451.2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1)	N/A	
451.3	Large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure	N/A	
451.bis Disclosure of liquidity requirements			
451.bis.1	Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and Liquidity risk management in accordance with this Article	Section 9.4 Section 9.6	
451.bis.2	Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1)		
451.bis.2.a	The average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	Section 9.6	Table 27
451.bis.2.b	The average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer	Section 9.6	Table 27
451.bis.2.c	The averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition	Section 9.6	Table 27
451.bis.3	Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six		
451.bis.3.a	Quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period;	Section 9.6	Table 28
451.bis.3.b	An overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six;	Section 9.6	Table 28

451.bis.3.c	An overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six.	Section 9.6	Table 28
451.bis.4	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their Liquidity risk in accordance with Article 86 of Directive 2013/36/EU	Section 9.4	

452. Use of the IRB Approach to Credit risk

452	Institutions calculating the risk-weighted exposure amounts under the IRB Approach shall disclose the following information:	N/A	
452.a	Permission for use of the IRB approach from the competent authority	N/A	
452.b	For each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach or to the IRB Approach, as well as the part of each exposure class subject to a roll-out plan	N/A	
452.c	The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include	N/A	
452.c.i	The relationship between the risk management function and the internal audit function	N/A	
452.c.ii	The rating system review	N/A	
452.c.iii	The procedure to ensure the independence of the function in charge	N/A	
452.c.iv	The procedure to ensure the accountability of the functions in charge of developing and reviewing the models	N/A	
452.d	The role of the functions involved in the development, approval and subsequent changes of the Credit risk models	N/A	
452.e	The scope and main content of the reporting related to Credit risk models	N/A	
452.f	A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering	N/A	
452.f.i	The definitions, methods and data for estimation and validation of PD	N/A	
452.f.ii	Were applicable, the definitions, methods and data for estimation and validation of LGD	N/A	
452.f.iii	Where applicable, the definitions, methods and data for estimation and validation of conversion factors	N/A	
452.g	As applicable, the following information in relation to each exposure class referred to in Article 147:	N/A	
452.g.i	Their gross on-balance-sheet exposure	N/A	
452.g.ii	Their off-balance-sheet exposure values prior to the relevant conversion factor	N/A	
452.g.iii	Their exposure after applying the relevant conversion factor and Credit risk mitigation	N/A	
452.g.iv	Any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of Credit risk	N/A	
452.g.v	Separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the	N/A	

	institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission;	
452.h	Institutions' estimates of PDs against the actual default rate for each exposure class over a longer period	N/A

453. Use of Credit risk mitigation techniques

453	Institutions applying Credit risk mitigation techniques shall disclose the following information:		
453.a	Use of on and off-balance sheet netting	N/A	
453.b	How collateral valuation is managed	N/A	
453.c	Description of types of collateral used by the institution	N/A	
453.d	Main types of guarantor and credit derivative counterparty, creditworthiness.	N/A	
453.e	Market or Credit risk concentrations within risk mitigation exposures	N/A	
453.f	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, the total exposure value not covered by any eligible Credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments	N/A	
453.g	The corresponding conversion factor and the Credit risk mitigation associated with the exposure and the incidence of Credit risk mitigation techniques with and without substitution effect	Section 4.5	Table 13 Table 14
453.h	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated Credit risk mitigation	Section 4.5	Table 13 Table 14
453.i	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the Credit risk mitigation associated with the exposure	Section 4.5	Table 13 Table 14
453.j	For institutions calculating risk-weighted exposure amounts under the IRB Approach, the risk-weighted exposure amount before and after recognition of the Credit risk mitigation impact of credit derivatives	N/A	

454. Use of the Advanced Measurement Approaches to Operational risk

454	Description of the use of insurance or other risk transfer mechanisms to mitigate Operational risk	N/A
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455. Use of Internal Market risk Models

455	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following information:	N/A
455.a	For each sub-portfolio covered:	N/A
455.a.i	Disclosure of the characteristics of the Market risk models used	N/A
455.a.ii	Disclosure of the methodologies used to measure incremental default and migration risk	N/A
455.a.iii	Descriptions of stress tests applied to the portfolios	N/A
455.a.iv	Methodology for back-testing and validating the models	N/A
455.b	Scope of permission for use of the models	N/A
455.c	Policies and processes to determine trading book classification, and to comply with prudential valuation	N/A



requirements

455.d	High/Low/Mean values over the year of VaR, SVaR and incremental risk charge	N/A
455.e	The elements of the own fund calculation	N/A
455.f	Weighted average liquidity horizons for each sub-portfolio covered by internal models	N/A
455.g	Comparison of end-of-day value-at-risk (VaR) measures compared with one-day changes in the portfolio's value	N/A