

Disclosure under Article 5 of the Sustainable Finance Disclosure Regulation

Andbank aims to maintain its current strong levels of solvency and prudent approach to risk. Consequently, the group wants to align the risks incurred with the long-term strategy and objectives of the bank. In order to achieve these aims the group is promoting an internal risk and control culture and has developed prudent risk policies.

Andbank also acknowledges that risk management is not exclusive of the risk specialists or control functions. Business units, under the oversight of the management structure, are also responsible for managing risks on a daily basis and should take into account the group's risks tolerance defined within its policies, procedures and controls.

The risk management set up should enable the bank to have enough and quality information to make sound risk decisions. Risks must be assessed both individually and on an aggregate or portfolio basis. In order to avoid unexpected losses, the bank will perform stress test scenarios to measure potential risk exposures in unlikely but possible future developments.

Andbank Luxembourg activities are subject to the Risk Policy approved by the group and subsequently by the Specialized Risk Committee and the Board. Risk exposures and their performance must be elevated and reported to the Board and the global function on a regular basis and at least quarterly.

Finally, "In accordance with article 5 of the Sustainable Finance Disclosure Regulation EU 2019/2088 (SFDR), Andbank's Remuneration Policy promotes sound and effective risk management with respect to sustainability risks, ensuring that the structure of remuneration does not encourage excessive risk-taking with respect to sustainability risks. The current exposure to those risks has been assessed as not material and are deemed not to have any impact on the financial return of the investment. As such, there are no impact on the Remuneration Policy.

However, Andbank Luxembourg will continue to monitor sustainability risks and if its position should change, it will review and plan to implement necessary changes to its Remuneration Policy.

Moreover, in accordance with Circular CSSF 21/773 point 34, the bank performed a Climate-related and Environmental risks("CR&E") identification and materiality assessment. At this stage, and considering its business model, operating environment, and the limited impact of the variable remuneration of the Identified Staff on the risk profile of the company, the Bank has not implemented specific CR&E achievement and consequently do not consider implementing a variable remuneration linked to the achievement of some ESG objectives.