



Andbank Luxembourg S.A.

Pillar III Disclosure Report 2025

Table of contents

Table of contents	2
List of tables.....	3
1 Introduction & General Requirements for disclosure	4
2 Key prudential metrics.....	5
3 Andbank Luxembourg.....	8
3.1 Bank’s overview.....	8
3.2 Governance.....	8
3.2.1 Executive management bodies	8
3.2.2 Risk Management department	10
4 Risk Management Framework	10
4.1 Risk strategy.....	10
4.2 Risk Statement	11
5 Own funds.....	12
6 Capital Requirements	12
7 Credit Risk.....	12
8 Operational Risk	13
9 Market Risk.....	14
9.1 Trading book	15
9.2 Banking book.....	15
9.2.1 Investment Portfolio	15
9.2.2 Interest Rate Risk in the Banking Book (“IRRBB”)	15
9.3 Foreign exchange (FX) transactions	16
10 Liquidity Risk.....	16
10.1 Liquidity and funding risk management framework	16
10.1.1 Liquidity and funding strategy.....	16
10.1.2 Liquidity risk management	17
10.2 Risk Appetite Statement	17
10.3 Liquidity Adequacy Statement	17
11 Appendices	18

List of tables

Table 1: Template EU KM1	7
Table 2: Disclosure index	18

1 Introduction & General Requirements for disclosure

This document (hereinafter the “Report”) provides the Pillar III disclosure for Andbank Luxembourg S.A (the “Bank” or “Andbank”) on an individual basis as of 31st December 2025. The aim of the Pillar III standards is to improve comparability and consistency of disclosures through the introduction of a harmonized disclosure report.

This Report aims to provide disclosure on different topics as required by the Basel framework, enforced in the European Union by Directive (EU) 2019/878 (“CRD V”) amending Directive 2013/36/EU (“CRD IV”), and by Regulation (EU) 2019/876 (“CRR II”) amending Regulation (EU) No 575/2013 (“CRR”), as further amended by Regulation (EU) 2024/1623 (“CRR III”) and Directive (EU) 2024/1619 (“CRD VI”).

The Bank has been qualified as Small and Non-Complex Institution (SNCI) by the CSSF from 30th June 2024, hence required to publish the information outlined in Article 433b(1)(a) and 433b(2) of the CRR III). This disclosure is made annually and published as soon as practicable after the publication of its Annual Report and Financial Statement. The Bank will reassess the frequency of disclosure in light of any material change in its business structure, the approach used for the calculation of capital or regulatory requirements.

This Pillar III report has been drafted by the Risk Management Department, approved by the Joint Specialised Committee (“JSC”) and ultimately acknowledged by the Board of Directors (“BoD”) on 04 June 2026.

The Bank’s overall risk profile as presented in the document is considered to be moderate to low, in line with its risk tolerance and business model. Indeed, at the 2025 year-end, the Bank is very well capitalised with a Capital ratio of 43.8% and shows a strong liquidity profile with a Liquidity Coverage Ratio (“LCR”) at 180.9% and a Net Stable Funding Ratio (“NSFR”) at 136.20% as showed in Table 1: Template EU KM1

2 Key prudential metrics

As per the Article 433b(2) of the CRR III, the Bank shall disclose, on an annual basis, information on the key metrics using Table 1: Template EU KM1

		a	b	c	d	e
		31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	45.717.665	45.898.277	51.865.386	51.956.321	45.318.660
2	Tier 1 capital	45.717.665	45.898.277	51.865.386	51.956.321	45.318.660
3	Total capital	45.717.665	45.898.277	51.865.386	51.956.321	45.318.660
Risk-weighted exposure amounts						
4	Total risk exposure amount	104.299.551	105.662.624	104.436.260	103.794.724	86.876.447
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	43,83%	43,44%	49,66%	50,06%	52,16%
6	Tier 1 ratio (%)	43,83%	43,44%	49,66%	50,06%	52,16%
7	Total capital ratio (%)	43,83%	43,44%	49,66%	50,06%	52,16%
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 (%)	1,75%	1,75%	1,75%	1,75%	3,00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0,98%	0,98%	0,98%	0,98%	1,69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1,31%	1,31%	1,31%	1,31%	2,25%
EU 7d	Total SREP own funds requirements (%)	9,75%	9,75%	9,75%	9,75%	11,00%

Combined buffer and overall capital 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 (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,49%	0,22%	0,18%	1,78%	1,70%
EU 9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 10a	Other Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
11	Combined buffer requirement (%)	2,99%	2,72%	2,68%	4,28%	4,20%
EU 11a	Overall capital requirements (%)	12,74%	12,47%	12,43%	14,03%	15,20%
12	CET1 available after meeting the total SREP own funds requirements (%)	34,08%	33,69%	39,91%	40,31%	41,16%
Leverage ratio						
13	Total exposure measure	484.980.065	454.950.984	503.110.252	548.899.000	484.494.641
14	Leverage ratio (%)	9,43%	10,09%	10,31%	9,47%	9,35%
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 (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
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 (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%	3,00%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	143.466.717	151.437.895	169.813.569	178.649.869	187.509.700
EU 16a	Cash outflows - Total weighted value	146.956.941	144.535.314	148.284.045	145.916.728	142.755.600
EU 16b	Cash inflows - Total weighted value	65.271.717	63.012.678	67.519.833	61.162.716	60.082.138
16	Total net cash outflows (adjusted value)	81.685.224	81.522.636	80.764.211	84.754.012	82.673.463
17	Liquidity coverage ratio (%)	180,92%	190,64%	225,93%	227,19%	245,25%
Net Stable Funding Ratio						
18	Total available stable funding	245.757.146	215.766.979	239.992.613	251.831.102	238.614.815
19	Total required stable funding	180.441.464	175.164.968	199.737.833	184.017.363	161.166.950
20	NSFR ratio (%)	136,20%	123,18%	120,15%	136,85%	148,05%

Table 1: Template EU KM1

3 Andbank Luxembourg

3.1 Bank's overview

Andbank is a wholly owned subsidiary of Andorra Banc Agrícola Reig S.A. ("ABAR" or "the Parent Company") based in Andorra.

Andbank is a bank under Luxembourg law belonging to the Andbank Group (the "Group"). The Bank is a Société Anonyme (public limited company) incorporated on 23 November 2009 for an indefinite period.

The Parent Company is the result of the merger of two Andorran banks: Banca Reig S.A. and Banc Agricol I Commercial d'Andorra S.A. The merger took place in 2001 and marked the starting point of the creation of the Group. The merged banks were specialised in Private Banking since 1930.

The Bank's business strategy aims at pursuing and supporting the Group's strategy of developing and evolving the private banking business model.

The Bank's corporate object is to receive deposits and other funds repayable to individuals and to offer all services that a bank may perform in accordance with Luxembourg law, including those of an investment company. On a case-by-case basis, the Bank might grant credit facilities mainly linked to the private banking activity, i.e. Lombard credit lines. The Bank may also make investments of any kind in companies based in Luxembourg or abroad, through the purchase, sale, exchange or other type of transactions of equities, bonds, bond certificates or any other securities, as well as develop and manage its own portfolio of securities. The Bank may lend or borrow preferably with underlying collateral, although there might be the case where collateral might not be available. The borrowed funds are solely used for the Bank's objective or that of the Bank's subsidiaries or affiliated companies. Overall, Andbank Luxembourg's core business is to provide private banking services to its clients.

3.2 Governance

3.2.1 Executive management bodies

3.2.1.1 Board of Directors ("BoD")

The Bank has put in place a policy for selecting and assessing members of the management body and/or key function holders. This policy complies with the internal governance principles and refers to the criteria of CSSF Circular 12/552 as amended. This policy also includes diversity principles in the individual and collective assessment of the BoD and key functions, which are as follow:

- / Age;
- / Gender;

- / Geographical origin;
- / Residence country;
- / Educational & professional background.

The Bank also informs by formal letter sent to CSSF about any appointments. For the appointments of a member of the management body and/or a key function holder, the Bank should wait for CSSF's no objection letter.

The BoD as a whole has appropriate skills with regard to the nature, scale and complexity of the activities and the organisation of the Bank. As a collective body, the BoD fully understands all activities (and inherent risks) as well as the economic and regulatory environment in which the Bank operates. Each member of the BoD has a complete understanding of the internal governance arrangements and her/his responsibilities within the Bank. The members of the BoD control the activities falling within their areas of expertise and have a sound understanding of the other significant activities of the Bank.

The Bank assesses the suitability of the appointee with fit and proper declarations (from Bank and from appointee), collective assessment, Curriculum Vitae, extract of criminal records (Luxembourgish and residency) and copy of the ID. The members of the BoD ensure that their personal qualities enable them to properly perform their Director's mandate with the required commitment, availability, objectivity, critical thinking and independence. The members of the BoD make sure that their director's mandate is and remains compatible with any other positions and interests they may have, in particular in terms of conflicts of interest and availability. They are requested to inform the BoD of the mandates they have outside the Bank.

The BoD has the overall responsibility for the Bank. In this respect, the BoD is invested with the broadest powers to perform all acts of administration and disposition in the Bank's interest to ensure execution of activities and to promote its business continuity. The professional qualifications and the full professional biographies of all Directors are maintained and monitored by the Human Resources department of the Bank.

The BoD, the highest responsible body of the Bank, is responsible for establishing, documenting and communicating to the AM the risk strategy and risk appetite of the Bank, outlining the main principles and objectives governing risk taking and risk management. It guarantees the correct execution of the activities and oversees the continuity of the business and its profitability.

The BoD of the Bank is composed of seven members as of 31st December 2025

3.2.1.2 Joint Specialised Committee ("JSC")

The JSC is competent to assist the Supervisory Body in the compliance, risk and internal audit areas. This delegation of power does not relate to area of competences or matters which are reserved by current regulations to the Supervisory Body.

The members of such committees must have, individually or collectively, the knowledge, the skills and the necessary expertise to perform their functions.

The Bank shall also try to ensure a rotation of the Chairman and members of the JSC, having regards to the experience, the knowledge and the collective and individual specific competences required.

3.2.1.3 Authorised Management (“AM”)

The AM is composed of two permanent members and is responsible for the effective, sound and prudent handling of the regular everyday business of the Bank and its associated risks. The AM shall constructively and critically assess all the proposals, explanations and information submitted to it for decision.

3.2.2 Risk Management department

The Risk Management (“RM”) department promotes an internal risk culture aiming at improving staff awareness for sound and prudent operational management. RM department is in charge of the identification (jointly with the first Line of Defense - LoD), mitigation, management and reporting of all the risks to which the institution is, or may be, exposed to. In addition, the RM department ensures that strategies, activities and the Bank’s organisational and operational structure are aligned with the risk appetite as defined by the BoD. It monitors the respect of the regulatory limits, with particular reference to the prudential regulations and, in case of breach, ensures that they are escalated to competent bodies and remedial actions are effectively implemented

The RM department directly reports to the Global Risk Management department of the Group, the AM, the JSC and the BoD. The risk reporting is performed on different timeframes, spanning from daily to annually, depending on the subject matter.

4 Risk Management Framework

4.1 Risk strategy

The principles for internal control and risk management are defined and implemented in order to ensure that the Bank:

- / conducts business and transactions in compliance with external and internal rules and regulations,
- / has formal process and controls in place to ensure efficient business processes and transactions,
- / recognises a wide common understanding of risks and how to manage risks, and
- / ensure the soundness of risk management processes.

The risk management and internal control within the Bank is based on a set of high-level principles as follows:

- / there is always a process or control in place that ensures adequate segregation of duties;
- / the organisational structure is appropriate in order to mitigate the risk that the Bank is facing and in order to ensure the internal control;
- / the organisation is transparent enough and that roles and responsibilities regarding internal control and risk management are clear to the organisation and to all concerned employees;
- / the Bank has established an independent function (Internal Audit function) that monitors that the risk management and internal control processes and control are adequate;
- / all material risk decisions must be approved by at least two employees (four eyes principles);
- / a risk-based approach should be applied to all processes, limits, exposure measurements and procedures.

The Bank established a comprehensive risk management framework based on a three LoD model, which groups different roles and responsibilities that are coherently delimited:

- / the first LoD consists of the business units that take or acquire risks under a predefined policy and limits and carry out controls on a day-to-day basis. Their objective is to identify as soon as possible the errors and mistakes occurred during the processing of current transactions;
- / the second LoD encompasses the support functions including: finance and accounting, IT, compliance and risk;
- / finally, the Internal Audit function, the third LoD, which provides an independent review and a critical valuation of the previous two lines.

4.2 Risk Statement

The Risk Appetite Framework is consistent with the strategic and business plan (please refer to section 4.1), capital planning and liquidity (please refer to chapter 10).

Key Risk Indicators (“KRI”) and set of thresholds within each area of material risk identified have been defined and implemented. The Risk Appetite Statement, embedded part of the risk strategy, outlines all level and types of risk that the Bank is willing to assume within its risk capacity to achieve the strategic objectives defined in the business plan.

5 Own funds

The Bank's own funds consist of the Social Capital and the Reserve account. The Social Capital is composed by ordinary shares subscribed by the Parent Company. The reserved accounts consist of the yearly accumulated net results of the Bank. The intangible asset account is also deducted to come up with the ultimate own funds figure. The Bank's regulatory capital consists exclusively of Common Equity Tier 1 ("CET1") capital. The Bank does not have issued additional Tier 1 capital or Tier 2 capital as defined in the CRR III.

6 Capital Requirements

The core business activities developed by the Bank expose the entity to credit, operational and market risks, each of which has capital requirements and risk mitigation practices in place.

In order to calculate the own funds requirements for each of the regulatory material risks, the Bank is applying:

- / the Standardised Approach ("SA") as described in Part Three, Title II, Chapter 2 of the CRR III for credit risk, including counterparty credit risk and Credit Value Adjustment ("CVA");
- / the new methodology for operational risk introduced by CRR III, based on the Business Indicator ("BI") and the Business Indicator Component ("BIC") defined in Part Three, Title III of the CRR III, with the Internal Loss Multiplier set to 1 in accordance with the Union election;
- / the Standardised Approach ("SA") as described in Part Three, Title IV, Chapter 3 of the CRR III for market risk stemming from foreign exchange risk.

7 Credit Risk

The credit and counterparty risk are the potential loss due to failure of a borrower to meet its contractual obligation to repay a debt in accordance with the agreed terms. A material exposure is classified as Non-Performing Exposure ("NPE"), when either one or both of the following have taken place:

- / the exposure is more than 90 days past due;
- / the debtor is assessed as unlikely to pay its credit obligations in full, regardless of the existence of any past due amount or of the number of days past due.

Most of the credit lines granted by the Bank is concentrated on clients holding assets at Andbank. The current version of the credit risk policy aims at standardising the process by detailing, in

particular, the collateralisation features with the application of appropriate haircuts to the pledged assets market value according to their credit worthiness, liquidity, volatility and level of diversification.

As the credits are collateralised, the Bank monitors that the evolution of the eligible marketable securities, guarantees and other forms of collateral respect the limits established by the contracts signed by the customers. The main objective is to promote the early detection of any problem which might arise and to focus attention on those credits which need to be more closely watched.

The credit risk monitoring is organised in particular around the following controls:

- / daily examination of irregular exposures;
- / weekly review of irregularities exposures and/or watch list clients during the Credit Committee;
- / monthly review of exposures for the provisioning process;
- / quarterly review of the composition and quality of assets collateralised, during the production of the solvency ratio;
- / annual review within the framework of the credit lines renewals.

The JSC and the BoD are informed, on quarterly basis, about the main irregularities on the credit activity, including accounts overdrafts, exceeded and matured credit lines;

The Bank has also implemented controls on concentration risks, whether direct or indirect:

- effects of the diversification of the client's portfolio when computing the maximum Lombard value available for each credit line;
- analysis of the concentration of indirect risks (sectorial, geographical, issuer and carbon-intensive industry concentrations);

Finally, the Bank ensures to receive enough collateral and ensures that assets are of good quality and broadly diversified in terms of nature, countries, industries and entities.

8 Operational Risk

According to the Basel Committee on Banking Supervision ("BCBS"), Operational Risk is defined in the capital framework as the risk of loss 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.

The operational risk management of the Bank is framed by an internal policy supplemented by procedure dedicated to the realisation of controls and on the collection of incidents.

The responsibility for the mitigation of these risks is the responsibility of all individuals within the business lines and support functions, which must promote an operational risk culture within their teams. The management control mechanism is also based on processes supervised by the Bank's control function.

In addition, Andbank forecasts the maximum amount of operational losses that might happen by stressing historical data considering three different scenarios. This information is used to calculate expected and unexpected losses and thus allocates additional capital amount to cover operational risk.

The processes in place to ensure a proper operational risk management are the following:

- Awareness session(s) to improve the awareness of the staff and strengthen the risk culture within the Bank;
- Annual review of the Risk and Control Self-Assessment ("RCSA");
- Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") with yearly testing;
- Internal data-gathering related to operational risks. Incident reports are formalised by the business lines and support functions to ensure an exhaustive declaration of all profits or losses arising from an operational risk event. These reports contain all the necessary information to their analysis and follow-up and are sent for approval to the RM department and to the Parent Company (the latter only for losses >10K EUR);
- A Key Risk Indicator, which is also a Recovery Indicator, defined as the total operational losses on the ordinary margin. The indicator was within the Appetite Zone (< 1.5%) during the year.

During 2025, there were 21 operational risk events among which 17 resulted in a financial loss for the Bank (total loss of EUR 375K).

9 Market Risk

The market risk is the risk of losses in positions on the trading or banking book arising from movements in the market price. Market risk is managed in accordance with the market risk policy, which defines the fundamental principles, framework and governance for the management of market risk.

Market risk is subject to the limits and policies established by the BoD. The Assets and Liabilities Committee ("ALCO") defines strategies and methodologies to achieve the objectives as defined by the BoD. The RM department monitors and reports the Bank's market risk. In this sense, a series of different restraints are established for banking and trading book.

For this purpose, depending on the activity, the Bank establishes the limits exposures as follows:

9.1 Trading book

Trading book may comprise derivative instruments held for hedging purpose, such as interest rate swaps (IRS) or foreign exchange swaps. The Bank's may enter into IRS contracts to cover interest rate risk stemming from its portfolio of securities or loans.

In addition, the positions that can be held in the Bank's trading portfolio have two limits set by the ALCO or AM:

- A limit on term of sensitivity is set at EUR 5,000;
- A limit on the notional amount is set at EUR 5 Million.

9.2 Banking book

9.2.1 Investment Portfolio

Related to the investment banking activity and with the ALCO, the Bank limits the interest rate risk arising from the Fair Value through Other Comprehensive Income ("FVOCI") portfolio to EUR 50,000 VBP and for Hold To Maturity portfolio to EUR 40,000 VBP.

Positions in the Investment Portfolio must be investment grade fixed income assets on corporate, financial, sovereign or supranational issuers and must comply with the credit risk / interest rate sensitivity limits.

To avoid concentration risk, the following investment limits are set:

- Investment with the same issuer: 50%;
- Investment of the same type (i.e. asset class): 100%;
- Investment in the same country (excluding government bonds issued by any EU countries): 50%.

9.2.2 Interest Rate Risk in the Banking Book ("IRRBB")

The Bank calculates on a quarterly basis the following regulatory stress tests as set out in Commission Delegated Regulation (EU) 2024/856 (originating from EBA/RTS/2022/10), within the IRRBB and CSRBB management framework defined in EBA/GL/2022/14 (transposed into Luxembourg law by CSSF Circular 24/848), and reported in accordance with CSSF Circular 24/849:

- Parallel shift of +/-200 bps of the interest rate curve are computed as a complementary internal sensitivity metric, in continuity with the historical Standard Shock under Article 98(5) of Directive 2013/36/EU;
- Scenarios SC1 to SC6 (Parallel shock up, Parallel shock down, Short rates shock up, Short rates shock down, Steepener shock, Flattener shock) are the defined EBA rate shock scenarios for measuring Economic Value of Equity ("EVE") under the standard Supervisory Outlier Test ("SOT"). When the decline in EVE is greater than 15% of the

institutions Tier 1 capital under any of the six scenarios, the Bank should inform the competent authority within the next reporting cycle. When the amount of the negative impact on EVE is greater than 20% of the institution's Own Funds, the Bank will inform the competent authority immediately;

- EBA/RTS/2022/10 suggests applying only two supervisory shock scenarios (Parallel shock up and down +/-200 bps) for the calculation of the change in Net Interest Income ("NII"). When the NII undergoes a large decline, defined as greater than 5% of its Tier 1 capital, the bank will inform the competent authority within the next reporting cycle.

9.3 Foreign exchange (FX) transactions

Limits on FX exchange transactions are set in order to avoid excessive exposure of the Bank to one or a group of currencies on a daily basis. To this extent, the Bank has divided all the currencies it trades according to their specific liquidity profile, with specific bespoke thresholds for some of them, currently only the Brazilian Real (BRL). In detail:

- Liquid currency – intraday & overnight: 100,000 in EUR equivalent;
- Liquid currency – non-working days in Luxembourg, Andorra or Spain: No limit;
- Illiquid currency: 50,000 in EUR equivalent;
- BRL: same as an illiquid currency.

10 Liquidity Risk

10.1 Liquidity and funding risk management framework

10.1.1 Liquidity and funding strategy

The Bank's liquidity risk profile is a function of its business model, and the liquidity risk factors linked to it. However, it also evolves over time due to the (changing) operational and economic environments the Bank operates in.

The Bank's balance sheet is liability driven primarily due to deposits generated by its Private Banking business activity and term deposits made by the Parent Company. On the assets side, the Bank has a loans portfolio and its own portfolio of securities.

The funding plan is part of the strategic budget and business planning process of the Bank.

In addition, the Bank benefits from the support of its Parent Company and has established a Global Master Repurchase Agreements ("GMRA") with several counterparties allowing to perform repurchase operations to be used in business-as-usual ("BAU") configuration or in case of need.

10.1.2 Liquidity risk management

The liquidity risk management strategy aims to maintain a sound liquidity position to meet all the liabilities when due, whether under BAU or stressed conditions. With this purpose, the Bank has established a liquidity management policy to cover the needs in terms of liquidity buffers.

Moreover, the Bank works to ensure a balanced matching between its funding structure and assets investment.

The Bank also designed a Contingency Liquidity Plan in order to have a clear plan to raise liquidity quickly at the first signs of increased potential need.

On a quarterly basis, the Bank performs liquidity stress testing tests to assess the potential impact of extreme stress scenarios on its liquidity positions and current mitigation techniques taking into account both market liquidity (external factors) and funding liquidity (internal factors).

10.2 Risk Appetite Statement

For the liquidity risk, the Bank has selected five main risk indicators, including LCR, NSFR and Loan-to-Deposits (“LtD”). These risk appetite metrics represent a key component of the Liquidity Management Framework developed by the Bank.

The Bank is performing a daily monitoring of regulatory ratios (LCR and NSFR) as well as the internal ratio (LtD) to ensure the liquidity situation is sufficient to handle the ordinary business requirements while maintaining a robust liquidity profile to face unforeseen situations in the market.

The evolution of the LCR and NSFR are presented in the Table 1: Template EU KM1.

10.3 Liquidity Adequacy Statement

Liquidity risk is managed prudently to ensure the proper functioning of the Bank’s core activities under both BAU and stressed conditions. The Bank’s liquidity strategy has aimed to maintain a sound liquidity position under business-as-usual or stressed conditions. In addition, the Bank considers that the measures of management and internal control ensure a proper mitigation of the liquidity risk. Nevertheless, the Bank shall keep working to ensure a diversified funding structure avoiding high concentrations and potential liquidity stress in case of run on deposits.

11 Appendices

The table below provides reference to articles of Part Eight of the CRR III requiring information disclosed in this Report:

Article	Description	Reference chapter	Template EU 2021/637
447	Disclosure of key metrics		
447 (a)	Composition of own funds and own funds requirements	2	EU KM1
447 (b)	Amount of total risk exposure	2	EU KM1
447 (c)	Amount and composition of additional own funds	Not applicable	
447 (d)	Combined buffer requirement	2	EU KM1
447 (e)	Leverage ratio and total exposure measure	2	EU KM1
447 (f)	Composition of Liquidity Coverage Ratio	2	EU KM1
447 (f) (i)	Average or averages of the liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period		
447 (f) (ii)	Average or averages of total liquid assets coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period		
447 (f) (iii)	Averages of their liquidity outflows, inflows and net liquidity outflows end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.		
447 (g)	Composition of Net Stable Funding Ratio:	2	EU KM1
447 (g) (i)	The net stable funding ratio at the end of each quarter of the relevant disclosure period		
447 (g) (ii)	The available stable funding at the end of each quarter of the relevant disclosure period		
447 (g) (iii)	The required stable funding at the end of each quarter of the relevant disclosure period		
447 (h)	Own funds and eligible liabilities ratios and components, numerator and denominator	Not applicable	

Table 2: Disclosure index