

AMFIE



**FINANCIAL COOPERATIVE ASSOCIATION
OF INTERNATIONAL CIVIL SERVANTS**

Pillar 3 Disclosures

Year Ended December 31, 2025

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1. Overview

1.1. Purpose

This Pillar III disclosure report is intended to present the prudential information required regarding the Company's own funds, own funds requirements, risk profile, risk management framework, governance arrangements and other relevant information, in accordance with the regulatory framework applicable to Class 2 investment firms.

AMFIE falls within the regime applicable to Class 2 investment firms under Regulation (EU) 2019/2033 on the prudential requirements applicable to investment firms (the "IFR"), as it does not meet the conditions set out in Article 12(1) of the IFR to qualify as a small and non-interconnected investment firm ("Class 3"). The IFR and Directive (EU) 2019/2034 on the prudential supervision of investment firms (the "IFD") constitute the prudential framework applicable to the Company.

Consequently, AMFIE is subject to the own funds, liquidity, concentration risk and prudential reporting requirements set out in the IFR and the IFD. Class 2 investment firms are, in particular, subject to quarterly IFR reporting requirements. The Association therefore prepares the applicable prudential returns in accordance with the IFR, the IFD, Commission Implementing Regulation (EU) 2021/2284 and the applicable CSSF instructions.

In accordance with the prudential framework applicable to Class 2 investment firms, AMFIE has established and documented an Internal Capital Adequacy and Risk Assessment ("ICARA") process. This process is designed, in particular, to identify, assess and manage the risks to which the Association is exposed and to determine the levels of internal capital and liquidity that it considers appropriate to cover those risks.

This report complements the work carried out by the Company as part of its ICARA process and presents the information required under Pillar III.

The prudential framework applicable to AMFIE is based, in particular, on the following three pillars:

- **Pillar I:** defines the minimum own funds requirements applicable to the Company in accordance with the IFR. For a Class 2 investment firm, the overall own funds requirement is the highest of the fixed overheads requirement, the permanent minimum capital requirement and the K-factor requirement.
- **Pillar II:** is based on the Supervisory Review and Evaluation Process ("SREP") and the Internal Capital Adequacy and Risk Assessment ("ICARA") process. It aims to ensure that the Company maintains appropriate levels of internal capital and liquidity in light of its risk profile. As part of the SREP, the CSSF periodically assesses the adequacy of the Company's internal measures and levels of own funds and liquidity.
- **Pillar III:** aims to enhance market discipline by ensuring transparency regarding, in particular, the Company's own funds, own funds requirements, risk profile, governance arrangements, and remuneration policies and practices, in accordance with the disclosure requirements applicable to Class 2 investment firms.

AMFIE is authorized and regulated by the CSSF and as such is subject to minimum regulatory capital requirements. As a regulated company, the Association is required to disclose certain aspects of regulatory information and certain details of internal processes relating to the structure and operations in place to measure and report risks. As part of this disclosure, details of the capital structure and regulatory capital requirements are required. The disclosures are to be published so they are readily available for any party interested in doing business with the regulated entity and are to be verified as a formal document of the Company.

1.2. Frequency and Location

The cooperative's Pillar 3 disclosure report shall be published annually or more frequently depending on business model significant changes. The cooperative has an accounting reference date of 31 December. The date of publication of the report is shortly after the date of publication of the Annual Accounts.

The report will be published on the cooperative's website, www.amfie.org and will not be subject to external audit, except to the extent that any disclosures are equivalent to those made in the annual accounts. Per regulation it is not required to have Pillar 3 disclosures audited.

The Pillar 3 disclosures have been prepared purely for explanation of the basis on which the Association has prepared and disclosed certain capital requirements and information about the management of certain risks and for no other purpose.

1.3. AMFIE

AMFIE was founded on November 24, 1990 in Luxembourg by international civil servants for international civil servants, and has taken the form of a cooperative society organized as a “société anonyme”, with approximately 8,000 members. Its aim is to offer savings and investment services not always available to them locally, at a reasonable cost and with a satisfactory return. Its main purpose is to manage the cooperative members' liquid assets, which are collectively invested to generate a global income that is then distributed among the members in proportion to their respective deposits, after deduction of the cooperative's operating costs and the reserves required for its development. Educated by long professional and personal experience, the founding members were well aware that international civil servants, whether active or retired, and their dependents generally lack local access to targeted financial services, given the diversity of their duty stations. Where many of them are expected to reside, financial services are often non-existent or very limited. Local banks can offer excellent services, but in a limited number of currencies. AMFIE was set up by a group of active or retired international civil servants, mainly from the United Nations system or European Institutions, acting mainly on a voluntary basis to benefit all their colleagues. Their experience extended to all areas of financial management: law, banking, investments, accounting, auditing, IT and taxation. AMFIE's management is based on three pillars: security, liquidity and confidentiality. In keeping with these principles, every effort is made to optimize results in terms of financial services and investment products.

AMFIE - Association Coopérative Financière des Fonctionnaires Internationaux SCOP S.A., originally incorporated as Association Coopérative Européenne des Fonctionnaires Internationaux (AMFIE) as a cooperative society under Luxembourg law on November 24, 1990, was established by notarial deed in the form of a cooperative society organized as a société anonyme on October 31, 2014 for an indefinite period.

The purpose of the cooperative is to promote, in a mutualist spirit, cooperation, mutual assistance and solidarity between Members, in particular international civil servants, by carrying on the activities of reception and transmission of orders in relation to one or more financial instruments and portfolio management in accordance with Articles 24-1 and 24-4 of the amended Law of 5 April 1993 on the financial sector (the “LSF”) for the purpose of managing their savings and liquid assets.

In addition, the cooperative is able to carry out intermediation loans with partner financial institutions. Finally, it is authorised to provide investment advice and order execution on behalf of third parties, as referred to in articles 24-5 and 24-2 of the LSF. However, these activities are not currently carried out by the cooperative.

The Financial Sector Professional license was granted by the Ministry of Finance on 17 October 2014 under reference 54/14.

1.4. Significant events

AMFIE has started the development of a new website and mobile application to replace the existing ones. They were rolled out in the second quarter of 2026.

2. Governance and Organisation of the Risk Management Function

2.1. Governance and Organisation

The cooperative's risk management process and associated governance structure are designed to ensure that there is an effective process and a clear organizational structure with well-defined responsibilities to identify, manage and monitor risk.

Board of Directors

The Board of Directors has the ultimate responsibility for limiting and monitoring the cooperative's risk exposure. The Board is responsible for determining the nature and extent of the risks it is willing to take in order to achieve its strategic objectives. Each Business Area is responsible for managing the risks within its operations, which includes identification, control, mitigating actions and reporting.

The mandate and the composition of the Board of Directors (BOD) are defined in paragraph 8.2.1 to 8.2.8 of the articles of incorporation. The internal regulation lays out the rules of operation of the BOD. As of 2025, the BOD is composed of 8 members elected by the General Assembly for a period not exceeding 2 years, renewable.

The Board's central role is to create and deliver value by effectively governing the cooperative's business, while meeting the interests of shareholders and other stakeholders through transparent reporting and active engagement. Risk is measured and reported according to common principles and policies approved by the

Board of Directors, which also decides on policies for credit risk, counterparty credit risk, liquidity risk and operational risk management.

The cooperative's current Board of Directors consists of members with a range of diverse perspectives, including but not limited to age, cultural and educational background, professional experience, skills, knowledge, independence and length of service.

The details of expertise and professional experiences of members of the Board of Directors are in the cooperative annual report available to members on the cooperative's website.

Each member of the Board was duly authorised to act as a director by the CSSF, which assessed their professional standing, experience and reputation in accordance with the Law of 5/04/1993 on the financial sector, as modified. It ensured that the Board is of sufficient size, independent and that it can offer the technical expertise to conduct its activities effectively.

Board of Director composition as of 31/12/2025

Position	Name	Number of other directorships
Chairman & non-executive director	Stéphane Argyropoulos	3
Vice-chairman & non-executive director	Xavier Roblin	0
Treasurer & non-executive director	Nicolas Salomon	1
General secretary & non-executive director	Adrienne Hervé	0
Non-executive director	Pierre Guislain ¹	0
Non-executive director	Rita Umeh-Okoyeocha	0
Non-executive director	Fabrice Andreone	2
Non-executive director	Olivier Maréchal	3

¹ Member since 11 December 2025

The Board met 5 times in 2025.

In accordance with Article 8.2.4. of the Articles of Association, it sets the general and strategic guidelines for the cooperative's various policies and guiding principles, and ensures the smooth running of its business.

Authorised Management

The Authorised Management implements all decisions taken in accordance with the strategies and leading principles laid down by the Board of Directors as well as current laws and regulations. Decisions are taken to preserve the cooperative's long-term financial interests, its solvency and the liquidity situation. The Authorised Management is present daily on site. The Authorised Management is in charge of the daily management and reports regularly to the BOD. They act as managers ensuring that the four-eyes principle is applied, and to ensure internal control of the cooperative's operations. Management is required also to strengthen the risk culture within the company and embeds all aspects of the Risk Appetite Statement having regard for the need to improve internal control and minimise risk within the business.

During the financial year, the composition of the authorised management board changed with the prior approval of the CSSF. It now comprises three members:

Authorised Management composition as of 31/12/2025

Position	Name	Number of other directorships
Managing Director from 12/11/2024	Giancarlo Danieli	0
Director - Chief Compliance Officer from 11/09/2025	Anne Camille	0
Director – Finance & Accounting Manager - Chief Risk Officer from 11/09/2025	Stéphanie Mozzati	0

Authorised Management is in charge of the preparation and maintenance of the Risk Management reports. These reports are reviewed on an annual basis. This frequency is subject to review should the risk profile of the cooperative change.

2.2. Risk Management Function

2.2.1. Risk structure

In accordance with the applicable requirements regarding internal governance and risk management, in particular those set out in CSSF Circular 20/758, as amended by CSSF Circulars 21/785 and 22/806, the Association ensures that responsibilities are clearly defined and that there is effective coordination between the various functions involved in risk management and control.

In this context, and taking into account the nature, scale and complexity of its activities, the Association has adopted a governance model based on the 'three lines of defence' principle. This model aims to ensure a clear allocation of responsibilities for the identification, management, control and monitoring of risks, as well as appropriate coordination between the various functions concerned, as follows:

First line of defence: the operational departments (e.g., Operations, Front Office, etc.) that have primary accountability for the day-to-day management, control and reporting of risk exposures in accordance with the risk appetite, strategies and policies set out by the Board of Directors and carried out by the Authorised Management. In addition, the Authorised Management monitors the overall risk profile on a regular basis (with the support of the second line) and ensures that adequate financial resources are maintained.

Second line of defence: risk monitoring functions (i.e., the Compliance function, Risk Control function, IT and Finance and Accounting) - the aim of the second line of defence is to ensure independent risk oversight from the (first line of defence) departments, by monitoring and reporting to governing bodies on the effectiveness of the risk management structure to efficiently address the various risk exposures.

Third line of defence: risk assurance function (Internal Audit) - this line of defence provides independent assurance on the quality of risk identification, measurement, management and control processes. This is performed by Internal Audit, which directly reports to the Board of Directors. In addition, the Internal Audit function may interact with external control bodies, the statutory auditors (réviseur d'entreprises agréé) and the Luxembourg regulatory authorities (CSSF), seen as the fourth line of defence by the Basel Committee.

Through this model, the cooperative aims for an efficient, sound and prudent management of its activities and risks. These three lines of defence are complementary and each assumes its control responsibilities independently from the other lines.

2.2.2. Control functions

In accordance with the provisions of the CSSF Circular 20/758 as amended, the cooperative has implemented the following three independent, objective and permanent internal control functions:

- Risk function
- Compliance function
- Internal Audit function

The Chief Risk Officer, the Chief Compliance Officer and the Chief Internal Auditor are appointed and revoked in accordance with an internal written procedure.

The persons in charge of the three internal control functions are responsible vis-à-vis the Authorised Management and ultimately vis-à-vis the Board of Directors for the performance of their mandate. In this respect, these persons are responsible to contact and inform, directly and on their own initiative, the Chairman of the Board of Directors.

The persons in charge of these functions have a direct access right to the Authorised Management and the Board of Directors or its Chairman or, where appropriate, to the Statutory Auditors of the cooperative (réviseur d'entreprises agréé) as well as to the CSSF.

The main purposes of the internal control functions are as follows:

- To verify compliance with all internal policies and procedures which fall under their respective areas of competencies,
- To regularly assess their suitability as regards the organisational and operational structure, strategies, activities and risks of the Association as well as regards the applicable legal and regulatory requirements,
- To report directly to the Authorised Management and the Board of Directors.

2.2.3. Risk management function

The responsibility of the Risk Management function, under the supervision of the Chief Risk Officer, is to monitor the overall risk profile of the Association and the respect of the Risk Appetite Statement defined by the Board. The function of Chief Risk Officer is held by the Finance & Accounting Manager Ms Stéphanie Mozzati since 11 september 2025. The CRO also has a dotted reporting line to the Board of Directors.

The risk management function also benefits from further resource capabilities and expertise through regular technical assistance from external consultants, notably in relation to operational tasks for information security risk management activities and ad-hoc technical support for the implementation of forthcoming local regulations.

The cooperative's Risk Management Policy, laid down by the Board of Directors and most recently reviewed on 24 March 2026, defines the risk exposures and limits. Both financial and reputational risk levels have been defined in this document. There is no estimate of the financial impact of each reputational risk level, or of the required effort to re-establish confidence should a reputational risk event materialise.

The term financial risk within the scope of investments made by the Association consists of risk of financial losses related to:

1. Market risk relating to interest rates, currencies and shares;
2. Counterparty risk associated with financial instruments and with exposures to banks and other counterparties;
3. Liquidity risk, which is the risk of being unable to meet short term financial demands. This may be due to the inability to convert a security or asset into cash without a loss in capital and/or income.
4. Investments in multiple currencies through placements in cash, bonds and investment funds.
5. The cooperative's credit risk is limited to the funds deposited with its main banks as the cooperative does not lend money to members or employees;
6. The Association is exposed to Counterparty and Exchange rate risk on deposits held on omnibus accounts, and this being the case in several currencies (AUD, CAD, CHF, DKK, GBP, EUR and USD) and bank accounts with credit institutions incorporated in Luxembourg and abroad (Australia, Austria, Spain, The Netherlands, Belgium, France, and Switzerland).

Reputational risk is the risk of loss resulting from damages to a firm's reputation, measured in lost revenues, in increased operating, capital or regulatory costs, or in destruction of shareholder value, consequent to an adverse or potentially criminal event - even if the Association is not found guilty.

The risk management function of the Association addresses the following types of risk:

- i. Financial risks incurred through members' savings and investments made through their AMFIE member accounts;
- ii. Financial risks embedded in AMFIE's Treasury portfolio management;
- iii. Operational and execution risks within the Association's administrative operations;
- iv. Reputational risk introduced by the above-mentioned areas of risk.

Risk Control Function

The Risk function is an integral part of the Association's control framework. In addition to the regulatory obligations, the Risk function assists the Authorised Management and the Board of Directors in the following:

- Promoting proactive management and early identification of risk;
- Avoiding unnecessary risk exposures;
- Overseeing the inventory of operational procedures & controls, and ensuring their regular risk management review;
- Ensuring the preparation of a Business Continuity Management system;
- Overseeing the Incident Management system;
- Preparing regular reporting related to Risk Management, the development and maintenance of the risk control methods and principles of the Association;

Compliance Function

The Chief Compliance Officer is designated by the Authorised Management and validated by the Board of Directors based on objective criteria.

The Compliance Function is in charge of the management of the risks of non-conformity towards laws, regulations and professional standards. It also performs anti-money laundering verifications. It contributes, as an integral part of the internal controls of the second line of defence, to the correct implementation of the rules of conduct applicable to the Financial sector by the Association. Additionally, its contribution to the functioning of the Association improves the quality of the service to the Members and the control of the risks of non-conformity.

Internal Audit

The Internal Audit function acts at the level of the third line of defence. It provides independent advice on the internal control system and verifies and assesses its proper functioning. Its main objective is to give an assurance on the degree of mastery of the operations and to contribute to added value creation within the Association.

The Board of Directors, in agreement with the Authorised Management, has decided to externalise the Internal Audit function. Therefore, Internal Audit is externalised to a certified and adapted Luxembourgish audit firm. The contracts are signed for a period of three years.

2.3. Declaration on the adequacy of risk management arrangements

The Association's risk management organisation is based on the Three Lines of Defence model with a set of adapted and effective internal controls. The Association manages risk data and has systems supporting regulatory reporting and disclosures as well as internal management reporting on a regular or ad hoc basis for the various risk types (credit risk, market risk, liquidity risk, operational risk, and all others).

In accordance with article 47 of Regulation (UE) 2019/2033 (IFR), the Board of Directors considers that the risk management arrangements in place and the risk thresholds established are adequate in light of the Association's overall risk profile and strategy.

The Authorised Management and the Board consider that this document demonstrates the adequacy of the risk management system.

3. Capital Management and Regulatory own funds

Commission Implementing Regulation (EU) 2021/2284 of 10 December 2021 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 (IFR) with regard to supervisory reporting and disclosures of investment firms establishes the templates and instructions applicable to disclosures relating to the own funds of investment firms. In accordance with Article 49 of Regulation (EU) 2019/2033, information relating to own funds is disclosed using the templates set out in Annex VI and the corresponding instructions in Annex VII to Commission Implementing Regulation (EU) 2021/2284. These templates can be found in the annex of this document.

3.1. Capital Management

The management and adequacy of the Association's own funds are carried out on an integrated basis, with the objective of ensuring the Association's financial soundness and compliance with the prudential requirements applicable to investment firms. These requirements are primarily laid down in Regulation (EU) 2019/2033 on the prudential requirements of investment firms ("IFR") and Directive (EU) 2019/2034 on the prudential supervision of investment firms ("IFD"). The management of own funds takes into account the Association's strategic objectives, risk profile and risk appetite as defined by the Board of Directors.

In accordance with Article 9 of Regulation (EU) 2019/2033, the Association's own funds consist of Common Equity Tier 1 ("CET1") capital, Additional Tier 1 ("AT1") capital and Tier 2 ("T2") capital. The Association ensures on an ongoing basis that it maintains an adequate level and composition of own funds in light of its activities and the prudential requirements applicable to it.

In accordance with Article 11 of Regulation (EU) 2019/2033, the Association shall at all times hold own funds at least equal to the highest of: (i) its fixed overheads requirement ("FOR"), calculated in accordance with Article 13 of the IFR; (ii) its permanent minimum capital requirement ("PMCR"), in accordance with Article 14 of the IFR; and (iii) its K-factor requirement, in accordance with Article 15 of the IFR.

The Association regularly monitors the adequacy of its own funds against these regulatory requirements and seeks to maintain an appropriate own funds buffer in order to address the risks arising from its activities and potential changes in its operating environment.

As part of its own funds management framework, the Association therefore does not rely on solvency ratios based on risk-weighted exposure amounts ("RWA") applicable to credit institutions under the CRR. The adequacy of its own funds is assessed in accordance with the specific prudential framework for investment firms established by the IFR.

In accordance with Article 49 of Regulation (EU) 2019/2033, the Association discloses the required information relating to its own funds, including their composition, the reconciliation between regulatory own funds and the audited financial statements, and the main applicable restrictions and deductions. Such information is presented in accordance with the disclosure templates set out in Commission Implementing Regulation (EU) 2021/2284, in particular template "EU IF CC1.01 – Composition of regulatory own funds".

The Board of Directors establishes higher Capital Targets (Limits and Thresholds) in order to mitigate the risk of breaching Minimum Capital Requirements.

Tier 1 capital is the core measure of a financial institution's financial strength from a regulator's point of view. It is composed of core capital, which consists primarily of common stock and disclosed reserves (or retained earnings). Credit Risk includes Counterparty Risk calculated in accordance with the provisions of Regulation (UE) 2019/2033 (IFR). Market Risk concerns Interest rate -, Currency -, and Equity risks.

Capital Targets are intended to ensure the Association remains adequately capitalized under prolonged economic stress conditions. Thresholds function as early indicators of serious capital adequacy risk. In limited circumstances and for short durations, the Association could operate below the Capital Thresholds. Capital Limits act as outer boundaries that determine the stage at which the Association must assess whether it is still within its risk appetite. The capital position and solvency ratio are frequently reported to the Board of Directors.

The Association complied with the regulatory capital ratio for all periods.

3.2. Regulatory Own Funds

The Association's strategy is to ensure that an adequate level of own funds is maintained using the profit generated from its business activity. The Association must maintain a sufficient capital buffer to satisfy internal and regulatory limits considering that its internal capital adequacy is reached when the amount, the type and the distribution of internal own funds allow the permanent and effective coverage of risks.

Own funds are calculated in accordance with Article 9 of Regulation (EU) 2019/2033 (IFR); consequently, the Association's own funds consist of the Sum of Tier1 capital (Common Equity Tier1 (CET1) capital + Additional Tier1 (AT1) capital) and Tier 2 capital (T2).

Common Equity Tier 1 (« CET 1 ») is composed of subscribed capital, share premiums, reserves and previous year's retained earnings. CET 1 includes deductions for immaterial goods amortization.

The Association does not have any Common Equity Tier 2.

As at 31 December 2025, the Association's permanent capital amounted to EUR 1,281,959 (compared with EUR 1,305,677 as at 31 December 2024). This amount, divided into 92,766 shares, all fully paid-up, takes into account a deduction corresponding to 8% of the number of the ordinary shares, as these shares are not considered permanent. This deduction is notably related to Article 6.3 of the Association's Articles of Association, which provides that: "The Association may acquire, redeem and hold its own ordinary shares up to an overall limit of 8% of the total number of shares comprising the Association's share capital.

Disclosure of capital instruments

In EUR	31/12/2025	31/12/2024
Common Equity Tier 1 (CET1)		
Fully Paid-up capital instruments	798,367	927,660
Share premium	483,592	378,017
Retained earnings	2,834,022	1,971,535
Accumulated other comprehensive income		
Other reserves	701,997	724,176
Profit eligible for the current financial year	2,615,322	1,116,757
<i>Deductions from Common Equity Tier 1</i>		
(-) Own CET1 instruments	-4,787	-27,783
(-) Losses for the current financial year	0	0
(-) Other intangible assets	-1,021,750	-324,071
Common Equity Tier 1 (CET1) capital	6,406,763	4,766,291
Tier 1 (T1) capital	6,406,763	4,766,291
Tier 2 (T2) capital	0	0
Total Capital (T1 + T2)	6,406,763	4,766,291

The table "Information on the nature and amounts of specific own funds items" (see Appendix) presents the nature and amounts of the items comprising the Association's regulatory own funds, in accordance with Article 49 of Regulation (EU) 2019/2033 (IFR) and Commission Implementing Regulation (EU) 2021/2284.

3.3. Capital ratios according to IFD IFR

The Company is subject to the regime applicable to Class 2 investment firms within the meaning of Regulation (EU) 2019/2033 (IFR), as it does not meet the conditions set out in Article 12 of the IFR to qualify as a small and non-interconnected investment firm (Class 3). Consequently, taking into account the nature of its activities, the Company prepares the prudential reporting elements required under the "IFD package" on a quarterly basis, in accordance with Regulation (EU) 2019/2033 (IFR), Directive (EU) 2019/2034 (IFD), CSSF Circular No. 21/784 and the applicable EBA implementing technical standards. Consequently, the own funds requirements applicable to Class 2 investment firms are determined in accordance with Regulation (EU) 2019/2033 (IFR), in particular as follows:

- Own funds (Article 9 of IFR);
- Calculation of capital requirements (Article 11 of IFR);
- Fixed overhead requirement (Article 13 of IFR);
- The level of activity in relation to the conditions mentioned in article 12(1) of IFR;
- K factors requirement (Article 15 of IFR) :

- Risk-to-Customer or “RtC” (Article 17 to 20 of IFR) to cover the business areas in which harm to clients can conceivably be generated in case of problems
- Risk-to-Market or RtM (Article 21 to 23 of IFR) to cover all trading book positions, and
- Risk-to-Firm or RtF that captures, amongst other things, concentration risk and operational risk (Articles 26 to 40 of IFR)

The capital adequacy ratio is defined to ensure that the Association maintains sufficient capital to cover the credit risk, dilution risk, operational risk, foreign exchange risk, commodity price risk and trading book risk incurred. The Company is required to have sufficient capital at all times to cover their overall capital requirement on an individual basis and where appropriate on a consolidated basis.

The capital adequacy ratio is calculated on a quarterly basis in accordance with the IFR report sent to the CSSF.

The denominator is composed of the highest of the following elements representing the overall capital requirements:

- the fixed overheads requirement calculated in accordance with Article 13 of IFR;
- the permanent minimum capital requirement in accordance with Article 14 of IFR; or
- the K-factor requirement calculated in accordance with Article 15 of IFR.

As of 31 December 2025, the Company's capital requirements are as follows (IF 02.1):

In EUR	31/12/2025	31/12/2024
Permanent minimum capital requirement	150,000	150,000
Fixed overhead requirement	948,737	872,732
Total K-Factor Requirement	603,305	579,394
Own Fund requirement	948,737	872,732

As of 31 December 2025, the requirements in terms of overheads as set out in table IF 02.01 above are calculated as follows (IF 03.00):

In EUR	31/12/2025	31/12/2024
Annual Fixed Overheads of the previous year after distribution of profits	0	0
Total expenses of the previous year after distribution of profits	4,148,551	3,797,999
(-) Total deductions	-353,604	-307,072
Annual fixed overheads of the previous year after distribution of profits	3,794,947	3,490,927
Fixed Overhead Requirement	948,737	872,732

As of 31 December 2025, the requirements in terms of K factors as set out in table IF 02.01 above are calculated as follows (IF 04.00):

In EUR	Factor Amount	K-factor requirement
TOTAL K-FACTOR REQUIREMENT		
Risk to client		603,305
Assets under management		
Client money held - Segregated	113,394,058	453,576
Client money held - Non - segregated		
Assets safeguarded and administered	374,190,098	149,676
Client orders handled - Cash trades	52,561	53
Client orders handled - Derivatives Trades		
Risk to market	0	0
K-Net positions risk requirement		
Clearing margin given		
Risk to firm	0	0
Trading counterparty default		
Daily trading flow - Cash trades		
Daily trading flow - Derivative trades		
K-Concentration risk requirement		
TOTAL K-FACTOR REQUIREMENT		603,305

The composition of Regulatory own funds is defined in the Article 9 of IFR. The Company shall meet the following capital requirements at all times:

- a Common Equity Tier 1 capital ratio is equal or above 56%;
- a Tier 1 (CET 1 + Additional Tier 1 capital) capital ratio is equal or above 75%;
- a total capital ratio (CET 1 + AT1 + Tier 2 capital) is equal or above 100%.

As of 31 December 2025, the Company's capital ratios are calculated as follows (IF 02.02):

In EUR	31/12/2025	31/12/2024
CET 1 Ratio	675.29 %	546.13 %
Surplus (+)/ Deficit (-) of CET1 Capital	5,875,470	4,277,562
Tier 1 Ratio	675.29 %	546.13 %
Surplus (+)/ Deficit (-) of Tier 1 Capital	5,695,210	4,111,742
Own funds ratio	675.29 %	546.13 %
Surplus (+)/ Deficit (-) of Total capital	5,458,026	3,893,560

4. Capital Adequacy

4.1. Capital Adequacy according to the Pillar Plus approach

The current regulatory framework for capital requirements is articulated around the below pillars:

- Pillar I defines the minimum own funds requirements applicable to investment firms in accordance with Regulation (EU) 2019/2033 (IFR). For Class 2 investment firms, these requirements include, in particular, the fixed overheads requirement, the permanent minimum capital requirement and the K-factor requirement, covering Risk-to-Client (RtC), Risk-to-Market (RtM) and Risk-to-Firm (RtF).
- Pillar II is based on the supervisory review and evaluation process carried out by the competent authority in accordance with Directive (EU) 2019/2034 (IFD). It aims, in particular, to assess whether the risks to which the investment firm is exposed are adequately covered by its own funds and risk management arrangements. Where the Pillar 1 own funds requirements do not adequately cover certain material risks or elements of risk, the competent authority may impose an additional own funds requirement in accordance with Article 40 of the IFD.

The Association reviews the adequacy of its capital in detail through the Internal Capital Adequacy and Risk Assessment (ICARA). This process requires the Association to look in detail at the risks it faces and stresses the amount and quality of capital the Association has against these risks. Should the Authorised Management of the Association determine that an increased amount of capital is required in order to meet perceived risks, then an additional capital requirement would be added (Pillar Plus approach).

The Pillar plus approach includes a quantification of risks identified under Pillar 2 that are added to the Pillar 1 calculations. The table below presents Pillar 1 and Pillar 2 capital requirements as defined above and according to CSSF circular 07/301, Annex Point I.2.

Total capital requirements, capital buffers as of 31/12/2025

Total own funds as of 31/12/2025		6 406 763
Risk Category		Total capital allocated
Pillar I		
Own funds requirements under IFD-IFR		948 737
Total Pillar I requirement		948 737
Pillar I capital surplus		5 458 026
Pillar II add-on		
Combined Capital Buffers		
Add-on	Market risk	3 150 000
Add-on	Operational risk	0
Total Combined Capital Buffer		3 150 000
Total Internal Capital Requirement		4 098 737
Internal Capital Surplus		2 308 026
Total Capital Ratio		156,3%

5. Credit and counterparty risks

5.1. Overview

Credit risk is the risk of loss arising from the default or deterioration in the credit quality of a counterparty, which may result in an inability to meet its contractual obligations and lead to financial losses, including the loss of principal, interest or other expected cash flows. Credit risk is applied to all assets: deposits with financial institutions (risk weight varies according to credit rating assigned by a nominated external credit assessment institution), loan to members and to other balance sheet assets (risk weighted at 100%).

Counterparty risk is a component of credit risk, corresponding to the risk of loss arising from the default of a counterparty to a financial transaction prior to the final settlement of the contractual cash flows, particularly where the exposure has a positive market value. The Association itself has a material credit risk exposure through its cash deposits with financial institutions in Luxembourg. This risk is considered fully covered by the Pillar 1 capital requirements taking into consideration the robustness of the correspondent banks the Company is dealing with. The Association has no exposure towards its members as it does not extend loans

to them. Members' assets are kept in segregated accounts that are off-balance sheet and therefore do not impact the Association's credit risk.

The Association's assets, which mainly consist of its own funds, can only be deposited in Luxembourg banks rated investment grade.

5.2. Breakdowns of credit risk exposure by type

Credit risk is mainly derived from cash and credit exposure towards third party banks (treasury placements). The Association does not currently perform lending operations and is therefore not exposed to credit risk linked to lending to members.

A breakdown of the Association's credit risk exposures by exposure class, geography and maturity is provided in the following tables.

Credit Risk Exposure by geographic distribution as 31/12/2025

In EUR	Luxembourg	Other	Total
Institutions	359,208	0	359,208
Claims in the form of CIU	0	0	0
Other items	7,679,293	0	7,679,293
Total	8,038,501	0	8,038,501

Credit Risk Exposure by residual contract maturity as of 31/12/2025

In EUR	0-3 months	3-12 months	1 to 5 years	>5 years	Unspecified	Total
Institutions	354,421	4,787	0	0	0	359,208
Claims in the form of CIU	0	0	0	0	0	0
Other items	6,067,968	0	0	0	1,611,325	7,679,293
Total (Standardised Approach)	6,422,389	4,787	0	0	1,611,325	8,038,501

5.3. Member's assets (off-balance sheet items)

The Association has established omnibus accounts with Luxembourg and international financial institutions. The accounts are held in European currencies (CHF, DKK, EUR, and GBP) as well as AUD, CAD and USD. Members deposit their assets in the Association's Omnibus accounts in any of the currencies offered, and this from anywhere in the world. Fund deposits in accounts abroad are repatriated to Luxembourg bank accounts within 48 hours. The majority of the funds received into accounts held abroad are transferred to Luxembourg bank accounts within a maximum of 48 hours. Balances held abroad are limited to the minimum necessary to meet day-to-day operational requirements, in particular to honour members' requests for withdrawals. This arrangement reduces the Association's exposure to counterparty risk in relation to institutions located outside Luxembourg. Furthermore, members' assets are fully segregated from the Association's own assets. Cash held in omnibus accounts with Luxembourg-based institutions is also covered by the Luxembourg Deposit Guarantee Fund (FGDL), up to the limits set out in the applicable regulations.

5.4. Risk management objectives and policies

Mitigation of credit risk towards financial institutions

The CSSF expects the Association to keep its assets and those of its members in Luxembourg banks. Minimal operational amounts are kept in its accounts in banks outside of Luxembourg.

The risk of loss due to the bankruptcy of any of its financial counterparties is deemed low.

The Association deposits funds almost exclusively with the main Luxembourg banks. The Association itself has accounts with Société Générale Bank & Trust and Banque de Luxembourg.

Member's liquidities are mainly deposited with Banque Internationale à Luxembourg (BIL), ING Luxembourg and the same two banks than the Association.

6. Market risk: Interest Rate-, Currency- and Equity exposure risks

6.1. Overview

Under the IFR framework, market risk is covered by the K-RtM factor requirement. In accordance with Article 21 of the IFR, this requirement applies to the trading book positions of investment firms that deal on their own account and, where applicable, to positions outside the trading book that give rise to foreign exchange risk or commodity risk. The Association has no trading activities and has no securitization.

The Association has defined two sub-categories of market risk resulting from commercial activity:

Type	Concerns	Adverse circumstance
1. Interest rate risk	Association	Insufficient revenues generated from the off-balance sheet assets due to adverse interest rate conditions.
	Off-Balance sheet	Interests earned on Omnibus accounts lower than interests offered to members. Portfolio value as bond prices go down when interest rates go up. Valuation variation of bond funds may generate unrealised losses in the portfolio that would need to be accounted for at Association level.
2. Currency risk	Association	Revenue denominated in foreign currencies and converted into euros is exposed to foreign exchange risk and decreases if the euro appreciates.
	Off-balance sheet	Profit of funds on foreign exchange accounts going down in parallel with the EUR exchange rate.
3. Equity exposure risk	Association	None.
	Off-balance sheet	None, as the mandate does not allow for stock investments.

Notes on market risk:

Interest rate risk

AMFIE offers its members attractive interest rates on fixed-term deposits and savings accounts in seven currencies.

Market developments

From July 2022, the European Central Bank (ECB) began a cycle of monetary tightening in response to rising inflation. The deposit facility rate, which stood at -0.50 per cent since 2019, was gradually raised to 4.00 per cent in September 2023. From June 2024, the ECB began a cycle of monetary easing, which continued throughout 2025. The deposit facility rate was thus gradually lowered to 2.00% in June 2025, against a backdrop of slowing inflation and moderating economic growth. The US Federal Reserve also began easing its monetary policy, albeit on a different timeline, whilst maintaining an approach based on economic data developments.

Exposure to interest rate risk

Interest rate risk arises primarily from a mismatch between the rates paid to members and the returns generated by the AMFIE's investment portfolio.

The interest paid into members' accounts is derived from the profits generated by investing members' deposits in longer-term investments offering higher interest rates. The risk is that the interest generated by the AMFIE's bank accounts and investment portfolio could be lower than the interest offered to members.

In the event of a rise in interest rates, AMFIE could face a temporary mismatch between the returns generated by existing investments – which were taken out at lower rates and have a longer duration – and market conditions that negatively impact the funds (10 per cent of the portfolio) whilst improving the return on investments with a maturity of less than one year (36 per cent of the portfolio).

Risk management

The rates paid to members are reviewed on a quarterly basis. At each review, a financial analysis is carried out to determine the appropriate rate of return. This analysis takes into account the income generated by the investment portfolio, expected future income – which is largely predictable due to the predominance of fixed-coupon instruments with known maturities and cash flows – as well as market conditions and the Association's operating costs.

This approach enables remuneration rates to be set in line with the Association's financial capacity, whilst maintaining its financial stability. Furthermore, the quarterly frequency of the reviews allows the rates paid to members to be adjusted rapidly in response to changes in market conditions and portfolio income, thereby limiting the risk of paying an inappropriate rate of return.

Furthermore, the investment portfolio (excluding funds) has a duration of approximately 2.42 years. This duration strikes a balance between seeking returns and managing interest rate risk, avoiding excessive lock-in of investments at rates that have become less favorable in the event of rising interest rates, whilst retaining the ability to reinvest under more favorable market conditions.

Market risk has been assessed in terms of its indirect impact on the Association's results and equity. Although the assets in question are predominantly held off-balance sheet and the Association does not hold proprietary trading positions, changes in the value of the investment portfolio may affect the income transferred to the Association, particularly in the event of unrealised capital losses on the funds held. As such, the fund portfolio, valued at market value, may have an adverse impact on the Association's results, as has been observed during previous periods of market stress. It was therefore deemed prudent to take this potential impact into account in the internal assessment of capital requirements.

Consequently, the Association has set aside a supplementary, non-mandatory internal reserve corresponding to 5 per cent of the value of securities as at 31 December 2025, i.e. EUR 3,150,000, to cover market risk under the 'Pillar Plus' approach. This reserve is intended to provide prudent coverage for the potential impact of significant unrealised losses on the fund portfolio. Furthermore, the Association's direct exposure to foreign exchange risk remains limited, whilst interest rate risk is considered to be under control in the medium term, given the monitoring and adjustment mechanisms put in place.

6.2. Risk management objectives and policies

Currency (FX) risk

The Association does not engage in FX transactions with market risk exposures for its own account and does not hold foreign currencies on its own balance sheet; it is therefore not directly exposed to currency risk on its own funds. However, as described in Section 2.2.3, the Association is exposed to counterparty and exchange rate risk on deposits held on omnibus accounts denominated in several currencies (AUD, CAD, CHF, DKK, GBP, EUR and USD), reflecting Members' assets held off-balance sheet in their chosen currencies. This exposure is monitored by the CRO as part of the Association's risk management framework.

Interest rate risk

The Association is not exposed to significant interest rate risk on its own funds. The treasury function makes risk-balance decisions when taking treasury decisions that materially impact its exposure.

7. Operational Risk

7.1. Overview

Operational risk is the risk of loss arising from the inadequacy or failure of internal processes, people and systems, or from external events.

The procedure for reassessing operational risk is based on an analysis of operational incidents that have occurred during the past period, carried out on an annual basis. This analysis makes it possible to identify the main sources of risk and to assess the effectiveness of the control measures in place. As part of its risk management framework, the Association has identified and classified the main operational risks to which it is exposed.

These risks are grouped into the following categories:

- Cybersecurity and Information Systems Risk
- Operational Error Risk
- Compliance Risk, including AML/CFT and KYC
- Outsourcing and Third-Party Risk
- Business Continuity and Disaster Recovery Risk (BCP/DRP)
- External Fraud Risk
- Internal Fraud Risk

The main operational risk for the Association, considering the location of its members, would be external fraud. The most frequent fraud attempts are fraudulent transfer instruction of Members' funds to external third-party accounts, either through falsified transfer orders or fully-fledged identity thefts. The Association did not suffer any fraudulent transfers in the last five years, and none since 2016. As a result, it has not been considered necessary anymore to include an additional capital buffer for the operational risk in the framework of the Pillar plus approach.

7.2. Risk management objectives and policies

Operational risk reporting and measurements systems

Built on the three lines of defence structure, the Association manages and monitors its operational risks through a close cooperation between the business functions of the Association, as first line of defence and the risk monitoring functions, as second line of defence. The audit function provides independent review and verification of the effectiveness of the first and second lines of defence in fulfilling their mandates and managing risks faced by the Association.

Each department has the primary responsibility to identify, implement and perform efficient controls to mitigate the operational risk on their own processes and the risk for the Association.

To minimise operational errors and to deter fraud, operational control operates on two levels, prevention and detection. Preventive measures include the vetting of staff at the recruitment stage and ongoing review of performance and training undertaken so that staff are equipped to meet their responsibilities and obligations.

Moreover, each of the Association's functions maintains written procedures for critical processes, which ensure a consistent outcome when conducting the activity. Policies and procedure help to ensure that identified and required control measures are implemented in the way they were intended and assists in managing risks.

Key operational risk by sub-risk categories

Operational risk is inherent to all business activities of the Association. The key sub-risk categories are the most relevant ones for the Association, in view of its business model.

- Business Disruptions & Systems failures, including business continuity

In the event of a disaster, the Association has established a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). These plans cover the Association's critical activities and aim to ensure that the Association can resume its business-critical activities within a reasonable timeframe while minimizing the disruption to its members. These plans are tested annually.

- Member, Products & Business Practices

Please refer to section compliance risk (9.3).

As part of its digital operational resilience framework, the Association has implemented a framework for managing risks related to information and communication technologies ("ICT risks"), in accordance with Regulation (EU) 2022/2554 on digital operational resilience for the financial sector ("DORA").

The identification and assessment of ICT risks are carried out by the external service provider **Rsecure**, under the supervision of the Association. This framework is integrated into the Association's overall risk management framework and covers, in particular, the identification and assessment of ICT risks, incident management, business continuity and recovery, resilience testing, as well as the management of risks arising from third-party ICT service providers.

The framework is subject to regular monitoring and review to ensure its adequacy with the Association's risk profile and compliance with applicable regulatory requirements.

8. Liquidity Risk

8.1. Overview

Liquidity risk is the risk that an entity may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset into cash without a loss of capital and/or income in the process.

The Association's liquidity is made up of the following:

Type	Reference	Adverse circumstance
1. Liquidity risk	Association	Insufficient cash to cover operational expenses.
	Off-Balance sheet	Inability to meet short term demands for cash reimbursement from members.
2. Assets side liquidity	Association	The most liquid assets are cash in bank accounts = €354 K, as well as an outstanding receivable between HB and the Association = €3.9 M. The least liquid assets comprise property not used for operational purposes, recorded as tangible fixed assets at €464,000. Their liquidity is limited due to the time taken to sell them, although one of them generates rental income.
	Off-Balance sheet	The most liquid assets are cash and balances in bank accounts, which amount to €119.1 million and represent approximately 25 per cent of the debt owed to members (€476 million, excluding AMFund). Conversely, the least liquid assets consist of financial fixed assets (€298 million) and marketable securities (€63 million), the liquidity of which depends on market conditions and liquidation timeframes.
3. Liability side liquidity	Association	Tax and Other debt = EUR 968 thousand
	Off-balance sheet	Total Debt to members = EUR 494 million (including AMFund)

Notes on liquidity risk:

- 1 . The Association has cash available on bank accounts to cover its operating expenses;
- 2 . Member assets are managed Off-Balance sheet. In the event of a significant withdrawal of funds from members' accounts, it could become necessary to start selling off financial assets but only when withdrawals surpass 20% of the total assets deposited on member accounts.

The liquidity position is the difference between the sum of liquid assets and incoming cash flows on one side and outgoing cash flows resulting from commitments on the other side. The liquidity position measured over a defined period defines the measure of the liquidity risk.

8.2. Liquidity requirements according to IFD IFR

The calculation of the liquidity requirement is calculated in accordance with Article 43 of IFR requesting the Company shall maintain at all times Liquid assets over and above 1/3 of the fixed overhead requirement.

In EUR	31/12/2025	31/12/2024
Liquidity Requirement	316,246	290,911
Total liquid assets	355,149	512,068
Unencumbered short-term deposits		
Level 1 assets	355,149	512,068
Qualifying CIU shares/units	0	0
Total other eligible financial instruments		

Liquidity requirements under the IFR

In accordance with Article 43 of Regulation (EU) 2019/2033 (IFR), the Association shall at all times maintain a level of liquid assets equal to at least one third (1/3) of its fixed overhead requirement ('Fixed Overhead Requirement' – FOR), calculated in accordance with Article 13 of the IFR.

The liquidity requirement is monitored regularly as part of the liquidity management framework to ensure ongoing compliance with prudential requirements. As at 31 December 2025, the liquid assets held by the Association fully cover the regulatory requirement.

As an investment firm subject to Regulation (EU) 2019/2033 (IFR), the Association is not subject to the liquidity ratios applicable to credit institutions, such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). It applies the liquidity requirement set out in Article 43 of the IFR, corresponding to one-third of its fixed-cost requirement.

8.3. Risk management objectives and policies

Liquidity positions on-balance and off-balance are monitored by the treasury function and the finance and accounting department. The off-balance sheet liquidity on members' assets is governed by the discretionary mandate signed by the members. It states that at least 20% and no more than 50% of members' assets must be kept very liquid in very short-term instruments or cash.

Given the structure of the Association's assets and liabilities, liquidity risk arises principally from the balance between immediately available funds, assets whose liquidity is subject to conditions, and liabilities to members, which constitute the main source of cash outflows.

The levels of available liquidity, both in terms of day-to-day operations and portfolio management activities (HB), are generally sufficient to cover operational requirements and short-term liabilities. Maintaining a minimum level of liquidity within the framework of the management mandate also provides an important safeguard.

Other assets, notably fixed financial assets and property, are structurally less liquid but do not constitute a source of immediate strain in the context of the Association's normal operations.

In this context, and given the monitoring and management systems in place, liquidity risk is assessed as moderate and remains under control.

Considering the high level of liquid funds available at the Association and the high level of liquidities available in off-balance, it has not been considered necessary to add an additional capital buffer for the liquidity risk in the framework of the Pillar plus approach.

9. Other material risks

9.1. Concentration Risk

The concentration risk is the result from significant exposure to an individual counterparty or groups of related counterparties whose likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type.

Risk management objectives and policies

The Association manages concentration risk as part of its credit, market, operational and liquidity management policies.

- On Client Concentration risk

The Association has for objective to develop a portfolio of clients which is not reliant on any single client. This objective is being achieved through general client acquisition and new product cross-selling and regular measurement and monitoring.

- Off-balance Investment Concentration risk

Members' assets must be invested in a diversified portfolio as defined in the discretionary mandate. The treasury function monitors daily the composition and evolution of the treasury portfolio and quarterly reports to the Board of Directors.

- Service Provider Concentration risk

The Association reduces this specific concentration risk through robust initial and ongoing due diligence of its sub-contractors, and ongoing oversight monitoring.

9.2. Execution Error Risk

AMFIE operates an order transmission service for the Swissquote investment accounts members may open should they want to directly invest in securities. The good execution of transactions is under the responsibility of Swissquote. AMFIE is only exposed to a possible error made in the transmission of the members' instructions to Swissquote. This is a limited activity with low volumes. In 2025, 219 transactions were processed, and no material errors were identified.

It has therefore not been considered necessary to add an additional capital buffer for the execution error risk in the framework of the Pillar plus approach at this stage.

9.3. Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Association may suffer as a result of its failure to comply with laws, including the spirit of the law, regulations, and generally accepted practices and standards. Legal compliance ensures that the Association and its employees are abiding by the laws and regulations of the financial sector. Common compliance risks involve illegal practices and include fraud, theft, bribery, money laundering and corruption.

Risk management objectives and policies

The Compliance department is accountable for identifying, assessing, monitoring and reporting on whether the Association complies with applicable laws, regulations and internal requirements. It also monitors the respect of internal rules such as policies and procedures in place.

The Compliance department has notably to identify possible money laundering, terrorism financing, customer tax evasion and market abuse.

The Compliance function of the Association is headed by the Chief Compliance Officer (CCO), under the supervision of the authorised director in charge of Compliance.

The Association mainly accepts physical persons as members. The product complexity and the risk profile are rather limited, but the Association accepts members resident in various EU and non-EU jurisdictions and has to comply with all relevant rules and regulations that apply to the provided financial services. The Association's compliance risk thereby mainly lies in the potential breaches of external rules and regulations or internal ones.

The control environment framework in place ensures policies and procedures are updated regularly in order to reflect the local regulations, and to adapt the Association's controls where appropriate.

9.4. Reputational Risk

Reputational risk is defined as the current or prospective risk to earnings and capital arising from an adverse perception of financial institutions on the part of existing and potential transactional stakeholders, i.e. clients, trading counterparties, employees, suppliers, regulators/governmental bodies, and investors.

Risk management objectives and policies

The risk of reputational damage arises from a variety of sources with the potential to cause direct damage to the Association. The Association uses various risk management strategies to mitigate the associated risks. However, it remains extremely difficult to quantify reputational risks.

9.5. Strategic/Business Risk

AMFIE is based in Luxembourg where the financial sector is the largest contributor to the economy. The success of the financial centre is based on the social and political stability of the Grand Duchy and on a modern legal and regulatory framework that is continuously updated, inspired by regular consultation between the government, the legislator and the private sector. The Luxembourg financial centre is characterised by a strong culture of investor protection and rigorous anti money-laundering policies.

The Associations' business model is based on members being officials from public institutions worldwide and a conservative investment policy of members' savings.

With the two above factors, in addition to well-documented business goals, the Association is likely to continue its business model. Events that may have impact on future results are:

- A high number of members withdrawing their membership and assets managed by AMFIE;
- A substantial reduction in the net profit coming from the investment management of members' assets, with the consequence of transferring lower net profit to the Association, potentially insufficient to cover its operational cost. The average headcount for 2025 of 25 people represents the minimum number to cover operational and regulatory compliance.
- Further increase or tightening of the European and/or Luxembourg regulations which would impact the cost structure of the organization and the quality of service delivered to its members

None of these risks are considered very likely to materialise in the near future as the Association business model is considered sound. The Association has a considerable margin for progression as its coverage of the target segment is still quite low.

It has not been considered necessary to add an additional capital buffer for the strategic and business risks in the framework of the Pillar plus approach.

9.6. Macroeconomic Risk

The Association operates in an economic, political and regulatory environment that may indirectly influence its business and risk profile. As such, particular attention is paid to macroeconomic developments, such as significant fluctuations in interest rates, changes in inflation, financial market conditions and changes to the regulatory framework applicable to investment firms.

As covered under strategic risk, AMFIE is based in Luxembourg to benefit from the strength and safety provided by the social and political stability of the Grand Duchy and its modern legal and regulatory framework. This is the cornerstone of AMFIE's strategy which is to offer a safe haven for the funds of its members, regardless of where they may be located on the planet.

Any significant change to that framework that would lessen the protection that members benefit from could be considered as a major risk to the Association. Additionally, for that risk to fully materialize, a concurrent offer to AMFIE that could potentially be more attractive would need to appear elsewhere in the world. Such a risk is very unlikely at this point in time and would be very difficult to quantify.

It has not been considered necessary to add an additional capital buffer for the strategic and business risks in the framework of the Pillar plus approach.

10. Remuneration disclosures

10.1. Governance

- The Association's remuneration policy is grounded in the IFD, as transposed into Luxembourg law under Articles 38-22 to 38-24 of the LSF of 5 April 1993, while the IFR governs the disclosure obligation, and it promotes sound and effective risk management based on the following key principles: Alignment of personal objectives with the long-term objectives of the Association;
- Evaluation of the employees' individual performance in a yearly and multi-year framework using financial and non-financial criteria;
- A fair balance between the fixed and variable components of the remuneration;
- Remuneration packages aligned with the market while taking into account the results of the Association.

The remuneration policy has been established and approved by the Board of Director, in collaboration with the Compliance and Risk Control functions, as well as the Human Resources department.

Considering the limited size of the Association, its nature, scope and complexity of activities and its total balance sheet, the Association has chosen to resort to the proportionality principle among institutions and therefore not to apply the following requirements:

- Requirement to pay out a part of the variable remuneration in instruments and, de facto, the related instrument retention obligations;
- Requirement to pay out a part of the variable remuneration through a deferral scheme and, de facto, the related ex-post risk adjustment obligations (malus);
- Requirement to set up a remuneration committee.

However, in line with best practice, remuneration oversight is undertaken by the Association's Board of Directors.

The general principles of the policy are applicable to all the employees. The detailed requirements on the variable component of the remuneration are only applicable to the category of personnel having a material impact on the risk profile of the Association ("Identified Staff"). Currently, the Authorised Directors and the Chief Compliance Officer have been identified within the Association as such persons.

The remuneration of all employees is composed of two elements: a fixed component, which is the annual fixed salary and a variable component, which is the annual bonus that is dependent on certain performance criteria and on the financial performance of the Association.

In all instances, the variable component of the remuneration is linked to the evolution and the performance of the Association in the sense that insufficient financial results may render the attribution of a bonus impossible. A variable component will be granted only if its amount is financially viable for the Association.

Non-identified staff

The Authorised Management defines the remunerations of the staff members, in line with the guidance given by the Board of Directors and in conformity with legal requirements. In addition to the fixed component of the remuneration, staff members may receive a bonus that may not exceed 50% of the total fixed component. This variable component is at the discretion of the Authorised management. These employees do not have a significant impact on the risk profile of the Association.

Board of Directors

Regarding the Board of Directors, while their activity does have a material impact on the risk profile of the Association, they are not employees of the Association. Additionally, Board members do not receive a variable remuneration and therefore the requirements on variable remunerations do not apply.

Most members of the Board of Directors are volunteers and, by default, are not paid for the work done within their respective mandates. However, travel and representative expenses incurred as part of their work for the Association are reimbursed. Board members spending a significant amount of time on the execution of the missions of their function on the Board may receive a fixed compensation, as well as Board members having been charged with a specific mission requiring a regular, significant and important workload.

Compensation paid to the members of the Board is subject to approval by the General Assembly and is subject to a note in the annual accounts of the Association.

Identified Staff

For the members of the Authorised management, the fixed component represents a sufficiently important part of the total remuneration so that their commitment is not linked to their bonus. Their remunerations are defined in their contract and is coherent with their powers, tasks, expertise and responsibilities.

In addition to the fixed remunerations, they may receive a bonus, at the discretion of the Board of Directors. The attribution of this variable remuneration takes into account the adequation between the remunerations, the economic situation and the long-term growth of the Association. The variable component of the remuneration may never exceed 50% of the total fixed component of the remuneration of each person.

Particular attention is paid so that these bonuses do not exclusively depend on financial and commercial aspects, but also qualitative criteria. To that effect a list of performance indicators for the evaluation of the performance of the Authorised Management has been defined by the Board of Directors.

In order to guarantee the independence of the control functions, in this case the Chief Compliance Officer, who has control authority over the operations of the Association, the analysis of the performance of this employee is based on objectives linked to the control function and not the financial performance of the Association. However, the variable component is still dependent of the global performance of the Association, meaning that in order to allocate a bonus, the Association must have the financial resources available in order to do so. This variable component is supervised by the Board of Directors. A list of performance indicators for the evaluation of the performance of the Chief Compliance Officer has been defined by the Board of Directors.

10.2. Remuneration Plan Design and Disclosures

Fixed Remuneration

Material levels of fixed remuneration offered by the Association mainly comprise:

- Salary
- Car allowance
- Occupational pension scheme

The provision of fixed benefits and their value vary per employee, and is dependent on the employee's role within the Association.

Variable Remuneration

In addition to fixed remuneration, the Association also provides variable remuneration to all its employees. Each individual can be entitled to a bonus which is linked to the performance of the individual during the year. The total amount available for distribution is defined by the Board of Directors and is dependent on the Association's overall performance.

Ratios between fixed and variable remuneration

The table below indicates the minimum and maximum variable remuneration for Identified Staff (assuming the lowest and highest level of employee and Association performance respectively) as a percentage of basic salary and as a percentage of total remuneration.

Minimum and maximum variable remuneration for Identified Staff

Identified Staff	Minimum Payout (as % of basic salary)	Maximum Payout (as % of basic salary)	Maximum Payout (as % of total remuneration)
Authorised Directors	0%	50%	33%
Chief Compliance Officer	0%	25%	20%

The following table summarises the total remuneration awarded to Identified Staff employed by the Association in respect of the performance year ending December 31, 2025. Due to the size of the Identified Staff population, and data protection issues, we are not differentiating between Authorised Managers and other Identified Staff.

Aggregate remuneration

	Total
Number of Identified Staff*	3
Remuneration (in EUR th.)	390

Other elements

To align with regulatory requirements and good governance principles, the Association will only provide guaranteed remuneration in exceptional circumstances when hiring new staff and, where offered, the guarantee will not extend beyond 12 months from the date of hire. Such guaranteed remuneration has never been granted as of now.

The Association's Board of Directors will review all guarantees and exceptional awards. The guarantees and the exceptional awards will only be paid in accordance with applicable regulations.

To support effective oversight and control of severance, Human Resources leads all severance negotiations to ensure alignment with local employment law.

Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.

11. Annex

Disclosure of nature and amounts of specific items on own funds

Row	EU IF CC1.01 - Composition of regulatory own funds	Amounts (EUR)
1	OWN FUNDS	6 406 762,61
2	TIER 1 CAPITAL	6 406 762,61
3	COMMON EQUITY TIER 1 CAPITAL	6 406 762,61
4	Fully paid up capital instruments	798 366,80
5	Share premium	483 591,56
6	Retained earnings	5 449 344,78
7	Previous years retained earnings	2 834 022,30
8	Profit eligible	2 615 322,48
9	Accumulated other comprehensive income	-
10	Other reserves	701 997,46
11	Minority interest given recognition in CET1 capital	-
12	Adjustments to CET1 due to prudential filters	-
13	Other funds	-
14	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	- 1 026 537,99
15	(-) Own CET1 instruments	- 4 787,46
16	(-) Direct holdings of CET1 instruments	-
17	(-) Indirect holdings of CET1 instruments	-
18	(-) Synthetic holdings of CET1 instruments	-
19	(-) Losses for the current financial year	-
20	(-) Goodwill	-
21	(-) Other intangible assets	- 1 021 750,53
	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-
22	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-
	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-
24	(-) CET1 instruments of financial sector entities where the investment firm does not have a significant investment	-
25	(-) CET1 instruments of financial sector entities where the investment firm has a significant investment	-
26	(-) Defined benefit pension fund assets	-
27	(-) Other deductions	-
28	CET1: Other capital elements, deductions and adjustments	-
29	ADDITIONAL TIER 1 CAPITAL	-
30	Fully paid up, directly issued capital instruments	-
31	Share premium	-
32		-
33	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-
34	(-) Own AT1 instruments	-
35	(-) Direct holdings of AT1 instruments	-

36	(-) Indirect holdings of AT1 instruments	-
37	(-) Synthetic holdings of AT1 instruments	-
38	(-) AT1 instruments of financial sector entities where the investment firm does not have a significant investment	-
39	(-) AT1 instruments of financial sector entities where the investment firm has a significant investment	-
40	(-) Other deductions	-
41	Additional Tier 1: Other capital elements, deductions and adjustments	-
42	TIER 2 CAPITAL	-
43	Fully paid up, directly issued capital instruments	-
44	Share premium	-
45	(-) TOTAL DEDUCTIONS FROM TIER 2	-
46	(-) Own T2 instruments	-
47	(-) Direct holdings of T2 instruments	-
48	(-) Indirect holdings of T2 instruments	-
49	(-) Synthetic holdings of T2 instruments	-
50	(-) T2 instruments of financial sector entities where the investment firm does not have a significant investment	-
51	(-) T2 instruments of financial sector entities where the investment firm has a significant investment	-
52	Tier 2: Other capital elements, deductions and adjustments	-